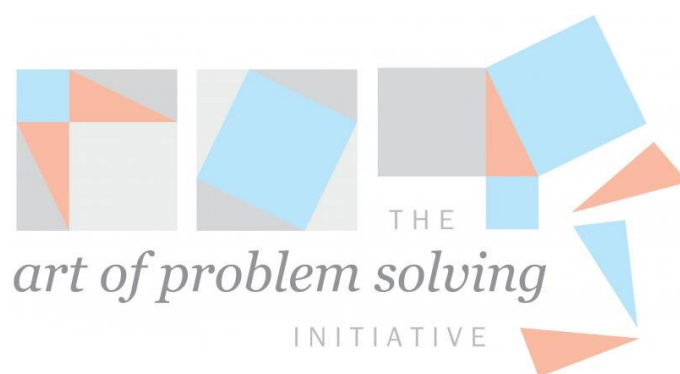


THE ART OF PROBLEM SOLVING INITIATIVE, INC.



FINANCIAL STATEMENTS

Years Ended May 31, 2022 and 2021

**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.

Opinion

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, 2022 and 2021, 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 The Art of Problem Solving Initiative, Inc. as of May 31, 2022 and 2021, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Art of Problem Solving Initiative, 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 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 Art of Problem Solving Initiative, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Art of Problem Solving Initiative, Inc.'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 Art of Problem Solving Initiative, Inc.'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 audits.

Johnson O'Connor Feron & Carucci LLP

Wakefield, Massachusetts
November 8, 2022

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

	May 31,	
	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,338,473	\$ 7,674,387
Current portion of contributions and grants receivable	710,218	689,876
Prepaid expenses and other current assets	37,518	271,079
Total current assets	11,086,209	8,635,342
PROPERTY AND EQUIPMENT, NET	13,629	8,294
CONTRIBUTIONS AND GRANTS RECEIVABLE, NET OF CURRENT PORTION	550,000	-
Total assets	\$ 11,649,838	\$ 8,643,636
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 11,806	\$ 169,645
Accrued expenses	124,837	74,749
Total current liabilities	136,643	244,394
NET ASSETS		
Without donor restrictions	6,685,630	5,433,730
With donor restrictions	4,827,565	2,965,512
Total net assets	11,513,195	8,399,242
Total liabilities and net assets	\$ 11,649,838	\$ 8,643,636

See notes to financial statements.

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

	Year Ended May 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions and grants	\$ 1,953,460	\$ 5,943,293	\$ 7,896,753
In-kind contributions	181,025	-	181,025
Interest income	4,148	-	4,148
Miscellaneous income	9,784	-	9,784
Gain on forgiveness of note payable	-	-	-
Net assets released from restrictions	4,081,240	(4,081,240)	-
Total revenues	6,229,657	1,862,053	8,091,710
EXPENSES			
<u>Program services -</u>			
Educational and program services	3,724,516	-	3,724,516
<u>Supporting services -</u>			
Management and general	881,359	-	881,359
Fundraising	371,882	-	371,882
Total supporting services	1,253,241	-	1,253,241
Total expenses	4,977,757	-	4,977,757
Change in net assets	1,251,900	1,862,053	3,113,953
NET ASSETS - BEGINNING OF YEAR	5,433,730	2,965,512	8,399,242
NET ASSETS - END OF YEAR	\$ 6,685,630	\$ 4,827,565	\$ 11,513,195

See notes to financial statements.

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

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

See notes to financial statements.

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

Year Ended May 31, 2022

	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	\$ -	\$ 2,601,528	\$ 6,369	\$ 2,607,897	\$ 454,690	\$ 318,621	\$ 773,311	\$ 3,381,208
Supplies	-	305,073	3,152	308,225	3,781	6,100	9,881	318,106
Outside contract service	-	117,481	27,132	144,613	124,999	2,356	127,355	271,968
Rent	-	24,926	-	24,926	146,825	2,080	148,905	173,831
Food	-	170,439	-	170,439	152	844	996	171,435
Insurance	-	115,556	214	115,770	41,095	13,674	54,769	170,539
Information technology	-	123,937	562	124,499	31,443	1,283	32,726	157,225
Employee benefits	-	103,206	-	103,206	25,243	17,192	42,435	145,641
Postage and delivery	-	30,190	1,309	31,499	907	4,708	5,615	37,114
Professional fees	-	-	-	-	34,126	-	34,126	34,126
Awards and grants	10,051	12,451	-	22,502	-	-	-	22,502
Licenses, permits, and fees	-	3,419	11,690	15,109	1,463	763	2,226	17,335
Advertising	-	6,142	8,905	15,047	238	-	238	15,285
Travel	-	11,526	-	11,526	29	1,887	1,916	13,442
Field trips	-	11,366	-	11,366	-	-	-	11,366
Bank charges	-	-	-	-	8,094	-	8,094	8,094
Telephone	-	150	-	150	7,004	-	7,004	7,154
Depreciation	-	5,551	-	5,551	610	896	1,506	7,057
Printing	-	4,798	10	4,808	-	694	694	5,502
Other	-	3,596	475	4,071	-	512	512	4,583
Staff development	-	3,312	-	3,312	660	272	932	4,244
Bad debts	-	-	-	-	-	-	-	-
Total expenses	\$ 10,051	\$ 3,654,647	\$ 59,818	\$ 3,724,516	\$ 881,359	\$ 371,882	\$ 1,253,241	\$ 4,977,757

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

See notes to financial statements.

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

	Years Ended May 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,113,953	\$ 3,963,724
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,057	7,126
Donated investments	(13,280)	(14,828)
Proceeds from sale of donated investments	13,280	14,828
Gain on forgiveness of note payable	-	(223,750)
(Increase) decrease in operating assets:		
Contributions and grants receivable	(570,342)	(253,653)
Prepaid expenses and other current assets	233,561	(145,591)
Increase (decrease) in operating liabilities:		
Accounts payable	(157,839)	138,317
Accrued expenses	50,088	(15,051)
Net cash provided by operating activities	2,676,478	3,471,122
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(12,392)	(2,195)
Net cash used by investing activities	(12,392)	(2,195)
Net increase in cash and cash equivalents	2,664,086	3,468,927
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	7,674,387	4,205,460
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 10,338,473	\$ 7,674,387
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES		
Forgiveness of principal on note payable	\$ -	\$ 223,750

See notes to financial statements.

THE ART OF PROBLEM SOLVING INITIATIVE, INC.
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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 November 8, 2022, the date the financial statements were available to be issued.

Cash and Cash Equivalents –

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

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 ART OF PROBLEM SOLVING INITIATIVE, INC.
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Grants Receivable (Continued) –

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 uncollectible. As a result, there was no allowance for uncollectible contributions and grants receivable at May 31, 2022 and 2021.

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.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued) –

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 rent totaling \$146,825 for the years ended May 31, 2022 and 2021, respectively. The Organization received non-cash donations of software licenses from a related party totaling \$34,200 and \$4,299 for the years ended May 31, 2022 and 2021.

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. There were no donations of professional services for the year ended May 31, 2022. The Organization received donations of professional services totaling \$10,000 for the year ended May 31, 2021.

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 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.

THE ART OF PROBLEM SOLVING INITIATIVE, INC.
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2022.

Advertising Expense –

The Organization's policy is to expense advertising costs as incurred. Advertising expenses totaled \$15,285 and \$16,682 for the years ended May 31, 2022 and 2021, 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.

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, 2022 and 2021, the Organization received contributions and grants totaling \$2,508,566 and \$2,454,910 from two funders, respectively. These amounts represent approximately 31% of total contributions and grants received during each year, respectively. As of May 31, 2022 and 2021, approximately 79% and 98% of contributions and grants receivable were due from three funders, respectively.

THE ART OF PROBLEM SOLVING INITIATIVE, INC.
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4. LIQUIDITY AND AVAILABILITY

The following table reflects the Organization's financial assets as of May 31, 2022 and 2021, 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,	
	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 10,338,473	\$ 7,674,387
Contributions and grants receivable	1,260,218	689,876
Financial assets, at year end	<u>11,598,691</u>	<u>8,364,263</u>
Contributions and grants receivable collectible beyond one year	<u>550,000</u>	<u>-</u>
	<u>550,000</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 11,048,691</u>	<u>\$ 8,364,263</u>

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, 2022 and 2021, the level of liquidity and reserves was managed within the policy requirements.

5. CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable are due to be collected as follows:

	May 31,	
	2022	2021
Amounts due in:		
Less than one year	\$ 160,218	\$ 689,876
One to two years	550,000	-
	<u>\$ 710,218</u>	<u>\$ 689,876</u>

THE ART OF PROBLEM SOLVING INITIATIVE, INC.
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6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net is summarized as follows:

	May 31,	
	2022	2021
Furniture and fixtures	\$ 26,309	\$ 21,320
Less: Accumulated depreciation	12,680	13,026
	\$ 13,629	\$ 8,294

7. 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 was uncollateralized and was 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 recognized \$223,750 as a gain on forgiveness of note payable for the year ended May 31, 2021.

8. NET ASSETS WITH DONOR RESTRICTIONS

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

	May 31,	
	2022	2021
Subject to expenditure for specified purpose:		
Bridge to Enter Advanced Mathematics	\$ 3,617,358	\$ 2,946,254
Emergency Assistance Fund	10,207	19,258
	3,627,565	2,965,512
Subject to expenditure for specified purpose and to the passage of time:		
Bridge to Enter Advanced Mathematics	1,200,000	-
	\$ 4,827,565	\$ 2,965,512

There were no net assets restricted in perpetuity as of May 31, 2022 and May 31, 2021.

THE ART OF PROBLEM SOLVING INITIATIVE, INC.
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8. 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,	
	2022	2021
Bridge to Enter Advanced Mathematics	\$ 4,010,971	\$ 2,403,249
Emergency Assistance Fund	10,051	156,573
USA Mathematical Talent Search	60,218	61,200
	<u>\$ 4,081,240</u>	<u>\$ 2,621,022</u>

9. 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.

10. 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 \$173,831 and \$170,789 for the years ended May 31, 2022 and 2021, respectively.

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