



## **Per Scholas, Inc.**

**Financial Statements,  
Supplementary Information,  
and Schedule of Expenditures of  
Federal Awards  
Year Ended December 31, 2021**

## **Per Scholas, Inc.**

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Financial Statements, Supplementary Information,  
and Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2021

# Per Scholas, Inc.

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## **Independent Auditor's Report**

The Board of Directors  
Per Scholas, Inc.  
Bronx, New York

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Per Scholas, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, and the changes in net assets, functional expenses, and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.



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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government 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 Organization'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 Organization'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.

### ***Other Matters***

#### **Report on Summarized Comparative Information**

We have previously audited the financial statements of Per Scholas, Inc. as of and for the year ended December 31, 2020, and our report, dated June 25, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein is consistent, in all material respects, with the audited financial statements from which it has been derived.



### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 22 to 24 is presented for purposes of additional analysis by program and location and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and to other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*BDO USA, LLP*

June 30, 2022, except for our report on the supplemental schedule of expenditures of federal awards, for which the date is August 24, 2022

**Per Scholas, Inc.**

**Statement of Financial Position  
(with comparative totals for 2020)**

<i>December 31,</i>	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	\$ 15,009,514	\$ 11,560,340
Investments (Notes 2 and 3)	10,150,851	6,261,672
Grants and contracts receivable (Notes 2 and 4)	2,774,820	905,410
Accounts receivable (Note 2)	647,169	797,420
Prepaid expenses and other assets	411,244	418,976
<b>Total Current Assets</b>	<b>28,993,598</b>	<b>19,943,818</b>
<b>Fixed Assets, Net (Notes 2 and 5)</b>	<b>3,977,886</b>	<b>3,796,422</b>
<b>Total Assets</b>	<b>\$ 32,971,484</b>	<b>\$ 23,740,240</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 968,587	\$ 448,520
Accrued payroll and related expenses	1,427,364	956,172
Deferred revenue (Notes 2 and 10)	8,906,788	7,398,178
Deferred rent, current portion (Note 2)	139,599	152,065
<b>Total Current Liabilities</b>	<b>11,442,338</b>	<b>8,954,935</b>
<b>Loans Payable (Note 6)</b>	<b>-</b>	<b>2,574,350</b>
<b>Deferred Rent, long-term portion (Note 2)</b>	<b>379,539</b>	<b>418,037</b>
<b>Total Liabilities</b>	<b>11,821,877</b>	<b>11,947,322</b>
<b>Commitments and Contingencies (Notes 6, 7, 9, 10, 11, 12, 13, and 14)</b>		
<b>Net Assets (Notes 2 and 8)</b>		
Without donor restrictions	18,249,607	10,573,418
With donor restrictions	2,900,000	1,219,500
<b>Total Net Assets</b>	<b>21,149,607</b>	<b>11,792,918</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 32,971,484</b>	<b>\$ 23,740,240</b>

*See accompanying notes to financial statements.*

**Per Scholas, Inc.**  
**Statement of Activities**  
**(with comparative totals for 2020)**

*Year ended December 31,*

	Without Donor Restrictions	With Donor Restrictions	2021	2020
<b>Support and Operating Revenues</b>				
Foundation and other contributions	\$ 31,493,773	\$ 7,282,500	\$ 38,776,273	\$ 20,458,376
Government and contract revenue	2,255,813	-	2,255,813	1,925,814
Social Ventures (Note 2)	1,745,141	-	1,745,141	2,599,726
Other income	153,536	-	153,536	208,211
Net assets released from restrictions (Note 8)	5,602,000	(5,602,000)	-	-
<b>Total Support and Operating Revenues</b>	<b>41,250,263</b>	<b>1,680,500</b>	<b>42,930,763</b>	<b>25,192,127</b>
<b>Operating Expenses</b>				
Program operations:				
New York, New York	6,930,150	-	6,930,150	5,262,590
Newark, New Jersey	1,943,343	-	1,943,343	1,320,892
Columbus, Ohio	1,610,952	-	1,610,952	1,145,753
Cincinnati, Ohio	1,039,139	-	1,039,139	674,421
Silver Spring, Maryland - National Capital Region (NCR)	2,509,135	-	2,509,135	1,644,619
Dallas, Texas	1,474,007	-	1,474,007	959,293
Atlanta, Georgia	1,639,346	-	1,639,346	1,134,365
Boston, Massachusetts	1,501,156	-	1,501,156	827,354
Baltimore, Maryland	999,972	-	999,972	447,217
Philadelphia, Pennsylvania	351,424	-	351,424	61,773
Detroit, Michigan	403,511	-	403,511	158,626
Chicago, Illinois	99,206	-	99,206	-
Charlotte, North Carolina	123,246	-	123,246	-
Pittsburgh, Pennsylvania	21,450	-	21,450	-
Seattle, Washington	9,108	-	9,108	-
Customized training	8,588,475	-	8,588,475	6,417,593
<b>Total Program Operations</b>	<b>29,243,620</b>	<b>-</b>	<b>29,243,620</b>	<b>20,054,496</b>
Supporting operations:				
Fundraising	2,478,273	-	2,478,273	1,527,303
Administration	4,426,531	-	4,426,531	3,224,218
<b>Total Supporting Operations</b>	<b>6,904,804</b>	<b>-</b>	<b>6,904,804</b>	<b>4,751,521</b>
<b>Total Operating Expenses</b>	<b>36,148,424</b>	<b>-</b>	<b>36,148,424</b>	<b>24,806,017</b>
<b>Change in Net Asset, before non-operating revenues</b>	<b>5,101,839</b>	<b>1,680,500</b>	<b>6,782,339</b>	<b>386,110</b>
<b>Non-Operating Revenues</b>				
Forgiveness of Paycheck Protection Program loan	2,574,350	-	2,574,350	-
<b>Change in Net Assets</b>	<b>7,676,189</b>	<b>1,680,500</b>	<b>9,356,689</b>	<b>386,110</b>
<b>Net Assets, beginning of year</b>	<b>10,573,418</b>	<b>1,219,500</b>	<b>11,792,918</b>	<b>11,406,808</b>
<b>Net Assets, end of year</b>	<b>\$ 18,249,607</b>	<b>\$ 2,900,000</b>	<b>\$ 21,149,607</b>	<b>\$ 11,792,918</b>

*See accompanying notes to financial statements.*



**Per Scholas, Inc.**  
**Statement of Functional Expenses**  
**(with comparative totals for 2020)**

Year ended December 31,

	Program Services											
	New York, New York	Newark, New Jersey	Columbus, Ohio	Cincinnati, Ohio	Silver Spring, Maryland - NCR	Dallas, Texas	Atlanta, Georgia	Boston, Massachusetts	Baltimore, Maryland	Philadelphia, Pennsylvania	Detroit, Michigan	
<b>Salaries and Related Expenses</b>												
Salaries and wages	\$ 3,575,987	\$ 1,024,224	\$ 887,817	\$ 618,450	\$ 1,335,309	\$ 764,503	\$ 909,086	\$ 803,996	\$ 550,951	\$ 175,715	\$ 198,439	
Fringe benefits	615,001	159,002	142,365	81,877	236,734	127,685	188,648	129,069	64,670	20,097	25,070	
<b>Total Salaries and Related Expenses</b>	<b>4,190,988</b>	<b>1,183,226</b>	<b>1,030,182</b>	<b>700,327</b>	<b>1,572,043</b>	<b>892,188</b>	<b>1,097,734</b>	<b>933,065</b>	<b>615,621</b>	<b>195,812</b>	<b>223,509</b>	
<b>Other Expenses</b>												
Recruitment/advertising	66,635	24,389	16,979	11,723	36,586	24,526	21,076	20,689	5,361	8,545	9,783	
Technology: data, website	189,693	61,944	42,659	23,301	84,052	35,741	34,658	39,630	16,829	13,641	13,615	
Student supplies	629,751	174,354	215,915	127,950	283,489	149,172	202,526	157,453	142,048	38,851	64,976	
Professional service	483,927	132,723	99,295	57,178	200,569	73,770	72,966	94,598	28,212	12,021	21,787	
Professional service - legal	24,063	6,710	-	3,563	8,610	5,047	5,641	5,166	-	-	-	
Professional service - accounting and audit	12,860	2,838	2,458	1,891	4,840	2,458	2,459	2,978	2,458	-	-	
Professional payroll service	19,460	3,623	3,623	2,013	5,636	2,822	4,027	2,416	1,613	809	1,205	
Rent	412,119	166,532	90,406	50,664	170,297	156,000	90,000	173,560	74,382	61,548	40,037	
Utilities	56,583	21,287	-	-	-	-	-	1,051	11,478	-	-	
Real-estate tax	31,195	-	-	-	-	4,458	-	-	-	-	-	
Building operating and maintenance	83,269	12,390	1,990	2,625	4,482	1,979	7,091	248	4,657	309	-	
Security services	14,572	5,576	1,341	-	-	-	-	405	5,675	-	7,388	
Business insurance	107,379	15,894	14,455	14,455	22,715	14,455	14,455	14,455	14,455	14,455	14,455	
Employee development and training	8,487	5,899	5,466	462	387	889	387	387	718	609	500	
Job training - interns	-	-	-	-	-	-	-	-	-	-	-	
Employment and drug verifications	71,069	7,268	10,482	3,533	10,641	4,466	6,492	3,779	3,704	255	654	
Office supplies	51,095	4,531	4,254	597	8,843	3,678	690	2,745	5,970	-	482	
Shipping and postage	7,581	3,136	4,131	818	1,785	2,885	3,869	1,988	1,462	371	169	
Equipment lease	13,110	4,153	2,112	2,599	4,041	2,948	-	-	2,561	-	-	
Graduation expense	-	143	-	-	-	-	-	-	-	-	-	
Communications, telephone, and internet	70,641	12,359	9,115	3,171	34,138	24,154	15,038	6,958	17,662	305	-	
Finance charges and other fees	1,240	1,366	126	680	379	86	1,166	182	316	121	143	
Filing expenses	12,719	-	271	-	-	-	-	-	25	-	969	
Membership fees	4,062	3,175	3,594	973	315	279	861	560	59	-	169	
Conference registration fees	-	20	-	-	-	741	88	150	25	-	-	
Travel and transportation	2,794	2,042	1,096	1,581	3,084	2,388	4,658	2,139	664	879	2,153	
Hotel and meals	7,374	14,630	3,092	2,010	4,779	5,504	11,151	2,624	1,507	283	1,220	
Miscellaneous	4,885	1,243	409	567	371	268	1,792	647	6,407	118	297	
Depreciation	352,599	71,892	47,501	26,458	47,053	63,105	40,521	33,283	36,103	2,492	-	
<b>Total Expenses</b>	<b>\$ 6,930,150</b>	<b>\$ 1,943,343</b>	<b>\$ 1,610,952</b>	<b>\$ 1,039,139</b>	<b>\$ 2,509,135</b>	<b>\$ 1,474,007</b>	<b>\$ 1,639,346</b>	<b>\$ 1,501,156</b>	<b>\$ 999,972</b>	<b>\$ 351,424</b>	<b>\$ 403,511</b>	

Per Scholas, Inc.

Statement of Functional Expenses (continued)  
(with comparative totals for 2020)

Year ended December 31,

	Program Services					Supporting Services			Total		
	Chicago, Illinois	Charlotte, North Carolina	Pittsburgh, Pennsylvania	Seattle, Washington	Customized Training	Total Program Services	Fundraising	Administration	Total Supporting Services	2021	2020
<b>Salaries and Related Expenses</b>											
Salaries and wages	\$ 5,856	\$ 32,965	\$ -	\$ -	\$ 4,873,002	\$ 15,756,300	\$ 1,838,958	\$ 2,762,146	\$ 4,601,104	\$ 20,357,404	\$ 14,369,902
Fringe benefits	417	2,047	-	-	817,541	2,610,223	283,950	473,769	757,719	3,367,942	2,219,006
<b>Total Salaries and Related Expenses</b>	<b>6,273</b>	<b>35,012</b>	<b>-</b>	<b>-</b>	<b>5,690,543</b>	<b>18,366,523</b>	<b>2,122,908</b>	<b>3,235,915</b>	<b>5,358,823</b>	<b>23,725,346</b>	<b>16,588,908</b>
<b>Other Expenses</b>											
Recruitment/advertising	6,219	7,368	1,156	-	131,182	392,217	9,443	26,727	36,170	428,387	189,764
Technology: data, website	6,893	6,943	2,000	1,234	229,746	802,579	58,906	367,120	426,026	1,228,605	708,710
Student supplies	53,877	51,543	13,658	4,513	462,053	2,772,129	56	132	188	2,772,317	708,052
Professional service	7,452	14,413	2,661	2,661	746,521	2,050,754	192,521	295,016	487,537	2,538,291	2,017,034
Professional service - legal	356	475	-	-	43	59,674	-	17,664	17,664	77,338	40,813
Professional service - accounting and audit	-	-	-	-	16,673	51,913	3,755	23,611	27,366	79,279	57,931
Professional payroll service	-	-	-	-	17,477	64,724	2,944	23,240	26,184	90,908	71,876
Rent	-	-	-	-	436,421	1,921,966	3,966	3,967	7,933	1,929,899	1,684,358
Utilities	-	-	-	-	30,856	121,255	-	-	-	121,255	91,299
Real-estate tax	3,283	-	-	-	38,533	77,469	-	2,097	2,097	79,566	89,376
Building operating and maintenance	6,149	410	-	-	80,993	206,592	-	7,842	7,842	214,434	170,996
Security services	-	-	-	-	-	34,957	941	1,382	2,323	37,280	56,740
Business insurance	-	-	-	-	104,589	366,217	14,455	41,226	55,681	421,898	332,324
Employee development and training	387	387	387	-	2,348	27,700	500	34,824	35,324	63,024	115,241
Job training - interns	-	-	-	-	-	-	-	-	-	-	13,082
Employment and drug verifications	1,091	1,575	153	-	20,014	145,176	1,744	8,115	9,859	155,035	82,050
Office supplies	2,387	858	-	-	39,279	125,409	20,344	37,767	58,111	183,520	139,298
Shipping and postage	221	515	-	-	19,027	47,958	2,308	10,928	13,236	61,194	28,936
Equipment lease	-	-	-	-	6,348	37,872	-	3,920	3,920	41,792	43,821
Graduation expense	29	-	-	-	999	1,171	-	-	-	1,171	6,343
Communications, telephone, and internet	4,000	118	-	-	92,052	289,711	10,276	55,724	66,000	355,711	280,280
Finance charges and other fees	130	49	37	125	144	6,290	-	23,323	23,323	29,613	23,423
Filing expenses	19	-	-	-	5,346	19,349	-	1,517	1,517	20,866	53,661
Membership fees	-	-	-	500	8,910	23,457	5,172	8,636	13,808	37,265	35,934
Conference registration fees	105	80	-	-	889	2,098	20	6,976	6,996	9,094	4,667
Travel and transportation	84	731	-	-	26,965	51,258	9,782	27,954	37,736	88,994	82,154
Hotel and meals	124	2,760	124	75	70,455	127,712	16,883	40,136	57,019	184,731	69,865
Miscellaneous	9	9	21	-	29,389	46,432	1,349	59,579	60,928	107,360	94,561
Depreciation	118	-	1,253	-	280,680	1,003,058	-	61,193	61,193	1,064,251	924,520
<b>Total Expenses</b>	<b>\$ 99,206</b>	<b>\$ 123,246</b>	<b>\$ 21,450</b>	<b>\$ 9,108</b>	<b>\$ 8,588,475</b>	<b>\$ 29,243,620</b>	<b>\$ 2,478,273</b>	<b>\$ 4,426,531</b>	<b>\$ 6,904,804</b>	<b>\$ 36,148,424</b>	<b>\$ 24,806,017</b>

See accompanying notes to financial statements.

## Per Scholas, Inc.

### Statement of Cash Flows (with comparative totals for 2020)

<i>Year ended December 31,</i>	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 9,356,689	\$ 386,110
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,064,251	924,520
Unrealized loss (gain) on investments	2,167	(18,812)
Realized loss on investments	53,474	-
Forgiveness of Paycheck Protection Program loan	(2,574,350)	-
Decrease (increase) in assets:		
Grants and contracts receivable	(1,869,410)	3,080,954
Accounts receivable	150,251	(653,069)
Prepaid expenses and other assets	7,732	(62,227)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	520,067	(86,879)
Accrued payroll and related expenses	471,192	310,013
Deferred revenue	1,508,610	4,502,929
Deferred rent	(50,964)	(18,457)
<b>Net Cash Provided by Operating Activities</b>	<b>8,639,709</b>	<b>8,365,082</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(14,497,135)	(6,244,557)
Proceeds from sale of investments	10,552,315	1,614,747
Purchases of fixed assets, net	(1,245,715)	(638,551)
<b>Net Cash Used in Investing Activities</b>	<b>(5,190,535)</b>	<b>(5,268,361)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from Paycheck Protection Program loan	-	2,574,350
<b>Net Cash Provided by Financing Activities</b>	<b>-</b>	<b>2,574,350</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>3,449,174</b>	<b>5,671,071</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>11,560,340</b>	<b>5,889,269</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 15,009,514</b>	<b>\$ 11,560,340</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest	\$ -	\$ 8,236

*See accompanying notes to financial statements.*

# Per Scholas, Inc.

## Notes to Financial Statements

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### 1. Description of the Organization

Per Scholas, Inc. (the Organization) is a national nonprofit organization committed to providing free high-quality technology job training, job placement, and career development services to individuals from overlooked communities. The asset recovery program partners with leading asset disposition vendors to offer a complete IT asset disposition solution for retired computer equipment to corporations.

The Organization is currently expanding into four locations in 2022. The expansion will be mainly funded by cash on hand, investments as needed and seeking out continued donor support.

### 2. Summary of Significant Accounting Policies

#### *Basis of Presentation*

The financial statements of the Organization have been prepared on the accrual basis and conform to accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to not-for-profit organizations. In the statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

#### *Net Assets Classification*

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—with and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

Income from investment gains and losses, including unrealized gains and losses, dividends, interest, and other investments, should be reported as increases (or decreases) in net assets without donor restrictions, unless the use of the income received is limited by donor-imposed restrictions.

These classes are defined as follows:

*With Donor Restrictions* - This class consists of net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When such stipulations end or are fulfilled, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature), while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations. For the year ended December 31, 2021, the Organization has no permanent donor-restricted assets.

*Without Donor Restrictions* - This class consists of the part of net assets that are not restricted by donor-imposed stipulations and/or net assets, which the Board of Directors has discretionary control in carrying out the operations of the Organization in accordance with its charter and by-laws.

# Per Scholas, Inc.

## Notes to Financial Statements

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### *Cash and Cash Equivalents*

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with original maturities of three months or less to be cash and cash equivalents. Cash and cash equivalents are recorded at cost, which approximates fair market value.

### *Receivables*

Receivables are recorded at their net realizable values, based upon an estimated allowance for doubtful accounts. Grants and contracts receivable due after one year are discounted to net present value using the risk-adjusted interest rate in effect on the date of the grants or contracts.

### *Provision for Allowance for Doubtful Accounts*

The Organization reviews receivables as to their uncertainty in regard to collectability and, when needed, maintains an allowance for doubtful accounts.

An allowance for doubtful accounts was not needed in 2021, based on management's assessment of individual receivables from customers.

### *Fixed Assets and Depreciation*

Fixed assets are stated at cost. Expenditures for additions, renewals, and betterments are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. The Organization's policy is to capitalize expenditures in excess of \$5,000, which represents new purchases, or extend the life of existing fixed assets. The current estimated useful lives are as follows:

Asset Category	Years
Furniture and fixtures	7
Computers, equipment, and software	3-5

### *Impairment of Long-Lived Assets*

The Organization reviews long-lived assets, including fixed assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of December 31, 2021, there have been no such losses.

### *Deferred Rent*

The Organization records rent expenses for the long-term leases under a straight-line basis over the life of the lease, in accordance with U.S. GAAP. Total deferred rent in the amount of \$519,138, which relates to the difference from cash payments for rent to straight-line expenses, is included in current and long-term liabilities on the statement of financial position as of December 31, 2021.

# Per Scholas, Inc.

## Notes to Financial Statements

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### ***Fair Value Measurements***

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and expands the disclosures about fair value measurements. U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or unobservable. U.S. GAAP established a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The standard requires that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment, considering factors specific to the asset or liability, and may affect the valuation of the asset or liability and their placement within the fair value hierarchy. The Organization classifies fair value balances based on the fair value hierarchy defined by U.S. GAAP as follows:

*Level 1* - Valuations are based on quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

*Level 2* - Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Level 2 inputs include: (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical assets or liabilities traded in non-active markets (i.e., dealer or broker markets); and (iii) inputs other than quoted prices that are observable, or inputs derived from or corroborated by market data.

*Level 3* - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

### ***Investment Income***

Investment income is recognized when earned and consists of interest, dividends, and realized and unrealized gains and losses, less direct external investment expenses. Dividends are recorded at the ex-dividend date. Purchases and sales are recorded on a trade-date basis.

### ***Risks and Uncertainties - Investments***

The Organization's investments consist of a variety of investment securities. Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of the Organization's investments will occur in the near-term and that such changes could materially affect the amounts reported in the accompanying financial statements.

### ***Contributions***

All contributions are considered to be available without donor restrictions, 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 net assets with donor restrictions. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is

# Per Scholas, Inc.

## Notes to Financial Statements

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accomplished—net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

### ***Revenue Recognition***

The Organization receives most of its revenues from contributions and government contracts. In addition, the Organization earns revenue from the recycling of end-of-life computer equipment.

Government grants and other contracts designated for use in specific activities are recognized as revenue in net assets without donor restrictions when expenditures have been incurred in compliance with the grantor's restrictions or when deliverable results specified in the grant have been achieved. Advances are received under certain grant agreements to assist the Organization with expenditures incurred in the first several months of the grant period. Cash received in excess of revenue recognized is recorded as deferred revenue.

Contributions are recorded as revenue when either unrestricted cash is received or when donors make a promise to give. Contributions and promises to give are classified as either with donor restrictions or without donor restrictions.

Social ventures revenues represent fees charged to the Organization's clients for asset recovery services and providing customized training.

### ***Functional Allocation of Expenses***

Common costs incurred for the administration to support the various functions of the various programs are allocated directly to respective programs as incurred. Depreciation of common shared space is based on predetermined square footage allocation rates established by management. Any expenses that can be specifically identified to a project or program are charged directly to that project and program. Payroll and related expenses are allocated based on time spent among the programs. Rent and utilities are allocated based on square footage of the programs occupied, and any other expenses that cannot be specifically identified are allocated using the ratio value method.

### ***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

### ***Comparative Financial Information***

The financial statements include certain prior-year summarized comparative information. With respect to the statement of activities and statement of functional expenses, the prior-year information is presented in total not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the prior-year financial statements from which the summarized information was derived.

# Per Scholas, Inc.

## Notes to Financial Statements

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### *Income Taxes*

The Organization was incorporated in the Commonwealth of Massachusetts and is a charitable organization that is exempt from federal, state, and local income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and, therefore, has made no provision for income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service (IRS) not to be a “private foundation” within the meaning of Section 509(a) of the Code. There was no unrelated business income for 2021.

The Organization follows the provisions of U.S. GAAP, which state that an organization must recognize the tax liability associated with tax positions taken for tax return purposes when it is more likely than not the position will not be sustained upon examination by a taxing authority. The Organization does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the year ended December 31, 2021, there were no interest or penalties recorded or included in the statement of activities.

### *Accounting Pronouncements Issued but Not Yet Adopted*

#### *Leases (Topic 842)*

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Accounting for Leases*, which applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize an ROU asset or lease liability. At inception, lessees must classify all leases as either finance or operating based on five criteria. Balance sheet recognition of finance and operating leases is similar, but the pattern of expense recognition in the income statement, as well as the effect on the statement of cash flows, differs depending on the lease classification. In addition, lessees and lessors are required to provide certain qualitative and quantitative disclosures to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The FASB issued ASU 2020-05, which deferred the effective date for the Organization until annual periods beginning after December 15, 2021. Management is currently evaluating the impact of this ASU on its financial statements.

#### *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The update requires not-for-profits to present contributed nonfinancial assets as a separate line item on the statement of activities, and to disclose information regarding each type of contributed nonfinancial asset. The update is effective for financial statements issued for fiscal years beginning after June 15, 2021. Management is currently evaluating the impact of this ASU on its financial statements.



# Per Scholas, Inc.

## Notes to Financial Statements

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### *Financial Instruments - Credit Losses*

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new credit losses standard changes impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying Accounting Standards Codification (ASC) 606, loans, and certain other instruments, entities will be required to use new forward-looking “expected loss” model that generally will result in earlier recognition of credit losses than under today’s incurred loss model. ASU 2016-13 is effective for annual periods beginning after December 31, 2021. Management is currently evaluating the impact of this ASU on its financial statements.

### **3. Investments and Fair Value Measurements**

The Organization’s assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy, in accordance with U.S. GAAP. See Note 2 for a discussion of the Organization’s policies regarding this hierarchy.

A description of the valuation techniques applied to the Organization’s major categories of assets measured at fair value is as follows:

*Mutual Funds* - For the Organization’s investments in mutual funds, the Organization has ownership interest in the mutual fund but not in the individual securities held by the fund. The assets of each mutual fund consist primarily of shares of the underlying holdings. These mutual funds are invested primarily in fixed-income and equity securities. Mutual funds are valued at the net asset value (NAV) of each share, which are actively traded on national securities exchanges and are classified as Level 1.

*Fixed-Income - Bonds* - Fixed-income - bonds securities are priced by the Organization’s custodian using nationally recognized pricing services. Fixed-income - bonds securities generally do not trade on a daily basis. For these securities, the pricing services prepare estimates of fair value measurements using their proprietary pricing applications, which include available relevant market information, benchmark curves, benchmarking of similar securities, sector groupings, and matrix pricing. These investments are classified as Level 2.

The following table shows, by level within the fair value hierarchy, the Organization’s financial assets that are accounted for at fair value as of December 31, 2021. The financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Organization’s assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels.

*December 31, 2021*

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 10,114,982	\$ -	\$ -	\$ 10,114,982
Fixed-income:				
Corporate and other bonds	-	35,869	-	35,869
<b>Total Investments</b>	<b>\$ 10,114,982</b>	<b>\$ 35,869</b>	<b>\$ -</b>	<b>\$ 10,150,851</b>

# Per Scholas, Inc.

## Notes to Financial Statements

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### 4. Grants and Contracts Receivable

Grants and contracts receivable totaling \$2,774,820 at December 31, 2021 represent commitments to the Organization, to be collected in 2021, for training and general operations.

### 5. Fixed Assets, Net

Fixed assets, net, consist of the following:

*December 31, 2021*

Leasehold improvements	\$	4,935,981
Furniture and fixtures		682,842
Computers, equipment, and software		3,581,924
		<u>9,200,747</u>
Less: accumulated depreciation and amortization		<u>5,222,861</u>
<b>Fixed Assets, Net</b>	<b>\$</b>	<b><u>3,977,886</u></b>

Depreciation expense for the year ended December 31, 2021 was \$1,064,251.

### 6. Note Payable

On May 4, 2020, The Organization received \$2,574,350 from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) under the Small Business Administration (SBA) Paycheck Protection Program (PPP) and used it as in original intent defined by the CARES Act. On June 8, 2021, the SBA has authorized full forgiveness of the PPP loan. This amount is reported as forgiveness of Paycheck Protection Program loan within the non-operating revenues in the statement of activities.

The Organization has a secured line of credit with a financial institution for \$3,000,000 with an interest rate of 3% per annum at December 31, 2021. As of December 31, 2021, there was no outstanding balance. The loan is secured by cash deposits.

### 7. 457(b) Plan

The Organization contributes to the qualified individuals' accounts in the 457(b) plan after employees' first year of employment. Vesting contributions will start after the first year with 33%, and the vesting portion will continue to increase in equal monthly increments up to the completion of the third year.

### 8. Net Assets with Donor Restrictions

At December 31, 2021, net assets with donor restrictions in the amount of \$2,900,000 are designated for the time restriction and purposes of training.

During the year ended December 31, 2021, net assets with donor restrictions were released from restrictions in the amount of \$5,602,000 for training purposes.

# Per Scholas, Inc.

## Notes to Financial Statements

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### 9. Commitments and Contingencies

#### *Commitments*

The Organization leases office space under terms of various leases expiring through December 2028. The leases generally provide for annual base rentals, with certain escalation clauses. Minimum future lease payments are as follows:

#### *Year ending December 31,*

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2022	\$	1,315,550
2023		917,166
2024		845,860
2025		642,432
2026		516,866
Thereafter		1,098,469
	\$	5,336,343

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Rent expense for the year ended December 31, 2021 was \$1,929,899.

#### *Contingencies*

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursements. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

### 10. Deferred Revenue

During 2021, the Organization received advances, which primarily consist of cash received on conditional grants that the conditions have not been met or funds have not been expended at year-end, and thus have not met the revenue recognition criteria.

As of December 31, 2021, the total deferred revenue was \$8,906,788.

### 11. Concentration of Credit Risk

The financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalents. At various times, the Organization has cash deposits at financial institutions that exceed the Federal Depository Insurance Corporation limit. These financial institutions have strong credit ratings and management believes that the credit risk related to these accounts is minimal. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash and cash equivalent accounts.

# Per Scholas, Inc.

## Notes to Financial Statements

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### 12. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

*Year ended December 31, 2021*

<b>Total Current Assets</b>	\$ 28,993,598
Less: amounts unavailable for general expenditures within one year, due to:	
Prepaid expenses and other assets	411,244
With donor restrictions	2,900,000
<b>Total Financial Assets Available to Management for General Expenditure Within One Year</b>	<b>\$ 25,682,354</b>

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#### *Liquidity Management*

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit in the amount of \$3 million, which it could draw upon.

Additionally, management strategy is to use a significant portion of the financial assets available (cash) to increase enrollment levels in cities currently being served and to expand into four new geographies in 2022.

### 13. Conditional Grants

The Organization has grant agreements with several donors that consist of providing conditional funding in future years, amounting to approximately \$12.8 at December 31, 2021. A corresponding grant receivable has not been recorded on the statement of financial position, as the conditional grants are contingent upon incurring qualifying expenditures and fulfilling milestones. Conditional promises to give are recognized when the conditions on which they depend upon are substantially met. Until that point, any amounts received are recorded as refundable advances.

### 14. Risks and Uncertainties

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full impact that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. If the pandemic continues, it may have an adverse effect on the Organization's results of future operations, financial condition, and liquidity in 2022.

# Per Scholas, Inc.

## Notes to Financial Statements

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### 15. Subsequent Events

The Organization's management has performed subsequent events procedures through June 30, 2022, which is the date the financial statements were available to be issued. There were no subsequent events requiring adjustment to the financial statements or disclosures as a result of these procedures.

## Supplementary Information

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Per Scholas, Inc.

Schedule of Changes in Net Assets by Program

Year ended December 31, 2021

	Program Services											
	New York, New York	Newark, New Jersey	Columbus, Ohio	Cincinnati, Ohio	Silver Spring, Maryland - NCR	Dallas, Texas	Atlanta, Georgia	Boston, Massachusetts	Baltimore, Maryland	Philadelphia, Pennsylvania	Detroit, Michigan	
<b>Support and Operating Revenues</b>												
Foundation and other contributions	\$ 6,281,663	\$ 1,943,982	\$ 1,720,292	\$ 934,006	\$ 2,144,924	\$ 1,501,660	\$ 1,510,612	\$ 1,462,959	\$ 1,050,707	\$ 732,529	\$ 480,702	
Government and contract revenue	1,244,062	-	11,000	111,206	375,320	-	131,970	87,251	217,965	77,039	-	
Sales revenue	16,700	-	-	-	-	-	-	-	24,021	-	-	
Other income	-	-	-	-	-	-	-	-	-	-	-	
<b>Net Operating Revenues from Operations</b>	<b>7,542,425</b>	<b>1,943,982</b>	<b>1,731,292</b>	<b>1,045,212</b>	<b>2,520,244</b>	<b>1,501,660</b>	<b>1,642,582</b>	<b>1,550,210</b>	<b>1,292,693</b>	<b>809,568</b>	<b>480,702</b>	
<b>Expenses</b>												
Salaries and related expenses	4,190,988	1,183,226	1,030,182	700,327	1,572,043	892,188	1,097,734	933,065	615,621	195,812	223,509	
Other expenses	2,739,162	760,117	580,770	338,812	937,092	581,819	541,612	568,091	384,351	155,612	180,002	
<b>Total Expenses</b>	<b>6,930,150</b>	<b>1,943,343</b>	<b>1,610,952</b>	<b>1,039,139</b>	<b>2,509,135</b>	<b>1,474,007</b>	<b>1,639,346</b>	<b>1,501,156</b>	<b>999,972</b>	<b>351,424</b>	<b>403,511</b>	
<b>Change in Net Asset, before non-operating revenues</b>	<b>612,275</b>	<b>639</b>	<b>120,340</b>	<b>6,073</b>	<b>11,109</b>	<b>27,653</b>	<b>3,236</b>	<b>49,054</b>	<b>292,721</b>	<b>458,144</b>	<b>77,191</b>	
<b>Non-Operating Revenues</b>												
Forgiveness of Paycheck Protection Program loan	-	-	-	-	-	-	-	-	-	-	-	
<b>Change in Net Assets by Program</b>	<b>\$ 612,275</b>	<b>\$ 639</b>	<b>\$ 120,340</b>	<b>\$ 6,073</b>	<b>\$ 11,109</b>	<b>\$ 27,653</b>	<b>\$ 3,236</b>	<b>\$ 49,054</b>	<b>\$ 292,721</b>	<b>\$ 458,144</b>	<b>\$ 77,191</b>	

Per Scholas, Inc.

Schedule of Changes in Net Assets by Program

Year ended December 31, 2021

	Program Services						Supporting Services			Total
	Chicago, Illinois	Charlotte, North Carolina	Pittsburgh, Pennsylvania	Seattle, Washington	Customized Training	Total Program Services	Fundraising	Administration	Total Supporting Services	
<b>Support and Operating Revenues</b>										
Foundation and other contributions	\$ 636,436	\$ 618,736	\$ 496,860	\$ 148,038	\$ 6,989,725	\$ 28,653,831	\$ -	\$ 10,122,442	\$ 10,122,442	\$ 38,776,273
Government and contract revenue	-	-	-	-	-	2,255,813	-	-	-	2,255,813
Sales revenue	-	-	-	-	1,704,420	1,745,141	-	-	-	1,745,141
Other income	-	-	-	-	-	-	-	153,536	153,536	153,536
<b>Net Operating Revenues from Operations</b>	<b>636,436</b>	<b>618,736</b>	<b>496,860</b>	<b>148,038</b>	<b>8,694,145</b>	<b>32,654,785</b>	<b>-</b>	<b>10,275,978</b>	<b>10,275,978</b>	<b>42,930,763</b>
<b>Expenses</b>										
Salaries and related expenses	6,273	35,012	-	-	5,690,543	18,366,523	2,122,908	3,235,915	5,358,823	23,725,346
Other expenses	92,933	88,234	21,450	9,108	2,897,932	10,877,097	355,365	1,190,616	1,545,981	12,423,078
<b>Total Expenses</b>	<b>99,206</b>	<b>123,246</b>	<b>21,450</b>	<b>9,108</b>	<b>8,588,475</b>	<b>29,243,620</b>	<b>2,478,273</b>	<b>4,426,531</b>	<b>6,904,804</b>	<b>36,148,424</b>
<b>Change in Net Asset, before non-operating revenues</b>	<b>537,230</b>	<b>495,490</b>	<b>475,410</b>	<b>138,930</b>	<b>105,670</b>	<b>3,411,165</b>	<b>(2,478,273)</b>	<b>5,849,447</b>	<b>3,371,174</b>	<b>6,782,339</b>
<b>Non-Operating Revenues</b>										
Forgiveness of Paycheck Protection Program loan	-	-	-	-	-	-	-	2,574,350	2,574,350	2,574,350
<b>Change in Net Assets by Program</b>	<b>\$ 537,230</b>	<b>\$ 495,490</b>	<b>\$ 475,410</b>	<b>\$ 138,930</b>	<b>\$ 105,670</b>	<b>\$ 3,411,165</b>	<b>\$ (2,478,273)</b>	<b>\$ 8,423,797</b>	<b>\$ 5,945,524</b>	<b>\$ 9,356,689</b>



Per Scholas, Inc.

Schedule of Analysis of Operations for Specific Locations

Year ended December 31, 2021

	Bronx, New York			Brooklyn, New York			Bronx and Brooklyn, New York
	All Tuition Revenues	BPSS Defined Exempt GTI	BPSS Reported GTI	All Tuition Revenues	BPSS Defined Exempt GTI	BPSS Reported GTI	As reported on the Schedule of Changes in Net Assets by Program
<b>Support and Operating Revenues</b>							
Foundation and other contributions	\$ 7,581,563	\$ 1,309,900	\$ 6,271,663	\$ 10,000	\$ -	\$ 10,000	\$ 6,281,663
Government and contract revenue	1,244,062	-	1,244,062	-	-	-	1,244,062
Sales revenue	1,223,084	1,206,384	16,700	-	-	-	16,700
<b>Net Operating Revenues from Operations</b>	<b>10,048,709</b>	<b>2,516,284</b>	<b>7,532,425</b>	<b>10,000</b>	<b>-</b>	<b>10,000</b>	<b>7,542,425</b>
<b>Salaries and Related Expenses</b>							
Salaries and wages	4,778,001	1,331,285	3,446,716	129,271	-	129,271	3,575,987
Fringe benefits	852,835	250,415	602,420	12,581	-	12,581	615,001
<b>Total Salaries and Related Expenses</b>	<b>5,630,836</b>	<b>1,581,700</b>	<b>4,049,136</b>	<b>141,852</b>	<b>-</b>	<b>141,852</b>	<b>4,190,988</b>
<b>Other Expenses</b>							
Recruitment and advertising	94,463	27,828	66,635	-	-	-	66,635
Technology - data and website	243,422	59,461	183,961	5,732	-	5,732	189,693
Student supplies	750,847	123,337	627,510	2,241	-	2,241	629,751
Professional services	914,822	445,508	469,314	14,613	-	14,613	483,927
Professional services - legal	24,063	-	24,063	-	-	-	24,063
Professional services - accounting and audit	16,048	3,188	12,860	-	-	-	12,860
Professional payroll services	25,096	5,636	19,460	-	-	-	19,460
Rent	383,509	132,150	251,359	160,760	-	160,760	412,119
Utilities	76,225	28,283	47,942	8,641	-	8,641	56,583
Real estate tax	67,960	36,765	31,195	-	-	-	31,195
Building operating and maintenance	93,670	27,217	66,453	16,816	-	16,816	83,269
Security services	11,322	-	11,322	3,250	-	3,250	14,572
Business insurance	133,398	26,019	107,379	-	-	-	107,379
Employee development and training	8,880	780	8,100	387	-	387	8,487
Employment and drug verifications	82,987	12,787	70,200	869	-	869	71,069
Office supplies	36,924	1,033	35,891	15,204	-	15,204	51,095
Shipping and postage	9,289	2,548	6,741	840	-	840	7,581
Equipment lease	13,791	3,927	9,864	3,246	-	3,246	13,110
Communications, telephone, and internet	121,825	54,650	67,175	3,466	-	3,466	70,641
Finance charges and other fees	1,240	-	1,240	-	-	-	1,240
Filing expenses	13,069	350	12,719	-	-	-	12,719
Membership fees	4,714	652	4,062	-	-	-	4,062
Travel and transportation	10,955	8,405	2,550	244	-	244	2,794
Hotel and meals	14,781	8,483	6,298	1,076	-	1,076	7,374
Miscellaneous	5,750	865	4,885	-	-	-	4,885
Depreciation and amortization	549,551	196,952	352,599	-	-	-	352,599
<b>Total Other Expenses</b>	<b>3,708,601</b>	<b>1,206,824</b>	<b>2,501,777</b>	<b>237,385</b>	<b>-</b>	<b>237,385</b>	<b>2,739,162</b>
<b>Total Expenses</b>	<b>9,339,437</b>	<b>2,788,524</b>	<b>6,550,913</b>	<b>379,237</b>	<b>-</b>	<b>379,237</b>	<b>6,930,150</b>
<b>Change in Net Assets by Program</b>	<b>\$ 709,272</b>	<b>\$ (272,240)</b>	<b>\$ 981,512</b>	<b>\$ (369,237)</b>	<b>\$ -</b>	<b>\$ (369,237)</b>	<b>\$ 612,275</b>

Per Scholas, Inc.

Schedule of Expenditures of Federal Awards

Year ended December 31, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided To Subrecipients	Total Federal Expenditures
<b>U.S. Department of Agriculture</b>				
SNAP Cluster:				
Passed Through New York State Office of Temporary and Disability Assistance: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	C00245GG	\$ -	\$ 96,250
Passed Through Maryland State Department of Human Services: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FIA/PS21-002	-	118,509
Passed Through State of Georgia Department of Human Services: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	42700-040- 0000095971/42700- 040-0000103345	-	71,752
Passed Through Hamilton County Department of Job & Family Services: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	130581	-	25,436
Passed Through Pennsylvania Department of Human Services: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	4100088363	-	77,039
<b>Total SNAP Cluster</b>			-	<b>388,986</b>
<b>Total U.S. Department of Agriculture</b>			-	<b>388,986</b>
<b>U.S. Department of Housing and Urban Development</b>				
CDBG - Entitlement Grants Cluster:				
Passed Through Montgomery County of Maryland Department of Housing and Community Affairs: Community Development Block Grants/Entitlement Grants	14.218	1103021	-	37,501
Passed Through City of Cincinnati: Community Development Block Grants/Entitlement Grants	14.218	15x2021-051	-	85,769
<b>Total CDBG - Entitlement Grants Cluster</b>			-	<b>123,270</b>
<b>Total U.S. Department of Housing and Urban Development</b>			-	<b>123,270</b>

**Per Scholas, Inc.**

**Schedule of Expenditures of Federal Awards**

*Year ended December 31, 2021*

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided To Subrecipients	Total Federal Expenditures
<b>U.S. Department of Labor</b>				
Workforce Innovation and Opportunity Act (WIOA) - Cluster:				
Passed Through WorkSource Cobb/ CobbWorks, Inc.:				
WIOA Adult Program/WIOA Youth Activities/WIOA Dislocated Worker Formula Grants	17.258/17.259/ 17.278	PS-062020/PS-072021	-	9,635
Passed Through Department of Youth and Community Development:				
WIOA Youth Activities	17.259	90541A	-	90,776
Passed Through New York State Department of Labor:				
WIOA Adult Program/WIOA Youth Activities/WIOA Dislocated Worker Formula Grants	17.258/17.259/ 17.278	DOL01-C19368GG- 3550000	-	98,125
Passed Through Maryland Department of Labor:				
WIOA Adult Program/WIOA Dislocated Worker Formula Grants	17.258/17.278	None	-	16,000
<b>Total WIOA - Cluster</b>			-	214,536
Women in Apprenticeship and Nontraditional Occupations (WANTO) Technical Assistance	17.701	N/A	-	12,149
<b>Total U.S. Department of Labor</b>			-	226,685
<b>U.S. Department of Health and Human Services</b>				
Passed Through Research Foundation of City University of New York:				
Child Support Enforcement	93.563	CM00005326-00	\$ -	\$ 33,820
<b>Total U.S. Department of Health and Human Services</b>			-	33,820
<b>Total Expenditures of Federal Awards</b>			\$ -	\$ 772,761

*The accompanying notes are an integral part of this schedule.*

# Per Scholas, Inc.

## Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2021

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### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Per Scholas, Inc. (the Organization) under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

### 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### 3. Indirect Cost Rate

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

### 4. Subsequent Events

The Organization has evaluated subsequent events occurring after the financial statements date of December 31, 2021 through June 30, 2022, except for its report on the supplemental schedule of expenditures of federal awards, for which the subsequent events date is August 24, 2022, which is the date these financial statements were available to be issued. No events arose during the period that would require adjustments or additional disclosures.



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## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

The Board of Directors  
Per Scholas, Inc.  
Bronx, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Per Scholas, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2021, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2022.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.



## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### *Purpose of This Report*

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP  
June 30, 2022



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## **Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

The Board of Directors  
Per Scholas, Inc.  
Bronx, New York

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Per Scholas, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.



### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.





## Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP  
August 24, 2022

# Per Scholas, Inc.

## Schedule of Findings and Questioned Costs Year Ended December 31, 2021

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### Section 1. Summary of Auditor's Results

#### *Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

Yes     No  
 Yes     None reported  
 Yes     No

Noncompliance material to financial statements noted?

#### *Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

Yes     No  
 Yes     None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes     No

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
17.258, 17.259, and 17.278	WIOA Cluster: WIOA Adult Program, WIOA Youth Activities, and WIOA Dislocated Worker Formula Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes     No

### Section 2. Financial Statement Findings

There were no findings related to the financial statements that are required to be reported in accordance with generally accepted government auditing standards.

### Section 3. Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in 2 CFR 200.516(a)) that are required to be reported.

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