



**AUDITED
FINANCIAL STATEMENTS**

MAY 31, 2020 AND 2019

LAKE ERIE INK:
A WRITING SPACE FOR
YOUTH, INC.

INDEX

MAY 31, 2020

(With Summarized Comparative Financial Information for
the Year Ended May 31, 2019)

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	1
STATEMENTS OF FINANCIAL POSITION	2
STATEMENTS OF ACTIVITIES	3
STATEMENTS OF FUNCTIONAL EXPENSES.....	4
STATEMENTS OF CASH FLOWS.....	5
NOTES TO THE FINANCIAL STATEMENTS	6

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lake Erie Ink: A Writing Space for Youth, Inc.

We have audited the accompanying financial statements of Lake Erie Ink: A Writing Space for Youth, Inc. ("Lake Erie Ink"), a nonprofit organization, which comprise the statement of financial position as of May 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lake Erie Ink as of May 31, 2020 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Lake Erie Ink's 2019 financial statements, and our report dated November 25, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cleveland, Ohio
November 16, 2020

H&J
Certified Public Accountants



**LAKE ERIE INK: A WRITING
SPACE FOR YOUTH, INC.**

STATEMENTS OF FINANCIAL POSITION

MAY 31, 2020

(WITH COMPARABLE TOTALS FOR 2019)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2020	2019
ASSETS				
Cash & Cash Equivalents	\$ 203,201	\$ 74,289	\$ 277,490	\$ 258,279
Grants and Contributions Receivable	12,823	2,809	15,632	57,072
Accounts Receivable	4,400	-	4,400	20,684
Prepaid Expenses	742	-	742	3,985
	<u>221,166</u>	<u>77,098</u>	<u>298,264</u>	<u>340,020</u>
Total Assets	<u>\$ 221,166</u>	<u>\$ 77,098</u>	<u>\$ 298,264</u>	<u>\$ 340,020</u>
LIABILITIES				
Accounts Payable	\$ 6,384	\$ -	\$ 6,384	\$ 4,863
Refundable Advance - PPP	48,743	-	48,743	-
Deferred Revenue	90	-	90	4,055
Total Liabilities	<u>55,217</u>	<u>-</u>	<u>55,217</u>	<u>8,918</u>
NET ASSETS				
NET ASSETS				
Without Donor Restrictions	165,949	-	165,949	218,452
With Donor Restrictions	-	77,098	77,098	112,650
Total Net Assets	<u>165,949</u>	<u>77,098</u>	<u>243,047</u>	<u>331,102</u>
Total Net Assets & Liabilities	<u>\$ 221,166</u>	<u>\$ 77,098</u>	<u>\$ 298,264</u>	<u>\$ 340,020</u>

See accompanying notes.

**LAKE ERIE INK: A WRITING
SPACE FOR YOUTH, INC.**

STATEMENTS OF ACTIVITIES

YEAR ENDED MAY 31, 2020
(WITH COMPARABLE TOTALS FOR 2019)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2020	2019
PUBLIC SUPPORT AND REVENUE				
PUBLIC SUPPORT				
Governmental	\$ 21,303	\$ 50,635	\$ 71,938	\$ 52,382
Individuals & Organizations	58,975	-	58,975	57,903
Foundations	21,825	34,500	56,325	141,987
Community Shares	4,830	-	4,830	4,450
Special Events, Net	1,842	-	1,842	21,663
Net Assets Released from Restrictions	120,687	(120,687)	-	-
TOTAL PUBLIC SUPPORT	229,462	(35,552)	193,910	278,385
REVENUE				
Program Income	77,079	-	77,079	110,126
State Unemployment Refund	6,880	-	6,880	-
Investment Income	176	-	176	185
TOTAL REVENUE	84,135	-	84,135	110,311
TOTAL PUBLIC SUPPORT & REVENUE	313,597	(35,552)	278,045	388,696
EXPENSES				
Program Expenses	310,868	-	310,868	283,841
Management & General	34,734	-	34,734	41,719
Fundraising	20,498	-	20,498	22,418
	366,100	-	366,100	347,978
CHANGE IN NET ASSETS	(52,503)	(35,552)	(88,055)	40,718
NET ASSETS – Beginning	218,452	112,650	331,102	290,384
NET ASSETS – Ending	\$ 165,949	\$ 77,098	\$ 243,047	\$ 331,102

See accompanying notes.

**LAKE ERIE INK: A WRITING
SPACE FOR YOUTH, INC.**

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED MAY 31, 2020
(WITH COMPARABLE TOTALS FOR 2019)

EXPENSES	PROGRAM	MANAGEMENT & GENERAL	FUNDRAISING	2020	2019
Compensation	\$ 178,564	\$ 16,995	\$ 14,559	\$ 210,118	\$ 199,679
Payroll Taxes	14,136	1,345	1,152	16,633	17,301
Health Benefits	12,046	1,146	982	14,174	-
	<u>204,746</u>	<u>19,486</u>	<u>16,693</u>	<u>240,925</u>	<u>216,980</u>
Professional Fees	52,216	11,375	460	64,051	76,447
Rent & Utilities	9,270	872	764	10,906	9,447
Small Equipment	7,537	866	162	8,565	4,365
Direct Program Expenses	8,255	-	-	8,255	7,554
Travel & Meetings	6,940	-	-	6,940	6,289
Office Expenses	4,476	421	369	5,266	4,502
Bad Debt	4,800	-	-	4,800	-
Printing & Copying	3,715	350	306	4,371	4,927
Marketing and Advertising	2,992	-	-	2,992	4,053
Staff Development	1,888	210	-	2,098	3,776
Repairs & Maintenance	1,800	-	-	1,800	2,658
Dues and Subscriptions	-	-	1,560	1,560	1,936
Telephone	1,178	111	97	1,386	848
Postage & Shipping	1,055	99	87	1,241	1,944
Insurance	-	944	-	944	2,252
	<u>310,868</u>	<u>34,734</u>	<u>20,498</u>	<u>366,100</u>	<u>347,978</u>
Total Expenses	<u>\$ 310,868</u>	<u>\$ 34,734</u>	<u>\$ 20,498</u>	<u>\$ 366,100</u>	<u>\$ 347,978</u>

See accompanying notes.

**LAKE ERIE INK: A WRITING
SPACE FOR YOUTH, INC.**

STATEMENTS OF CASH FLOWS

YEAR ENDED MAY 31, 2020
(WITH COMPARABLE TOTALS FOR 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (88,055)	\$ 40,718
Impact on Cash from Changes in:		
Accounts Receivable	41,440	(21,260)
Grants and Contributions Receivable	16,284	12,275
Prepaid Expenses	3,243	(2,607)
Accounts Payable	1,521	(2,027)
Refundable Advance - PPP	48,743	-
Deferred Revenue	(3,965)	(645)
Cash Provided by Operating Activities	<u>19,211</u>	<u>26,454</u>
NET INCREASE IN CASH & CASH EQUIVALENTS	19,211	26,454
CASH & CASH EQUIVALENTS – Beginning	<u>258,279</u>	<u>231,825</u>
CASH & CASH EQUIVALENTS – Ending	<u>\$ 277,490</u>	<u>\$ 258,279</u>

See accompanying notes.

**LAKE ERIE INK: A WRITING
SPACE FOR YOUTH, INC.**

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2020 AND 2019

1. NATURE OF ORGANIZATION

Lake Erie Ink: A Writing Space for Youth, Inc. ("LEI") is a nonprofit 501(c)(3) that provides creative expression opportunities and academic support to youth in the Greater Cleveland community.

At Lake Erie Ink, youth:

- Grow as students and citizens in an emotionally safe environment where they develop strong relationships with peers and adults in their community
- Become more confident participants in the community as they discover their voices, share their ideas, and listen to and gain inspiration from each other
- Develop life skills and critical thinking capacity through collaborative project-based learning
- Connect with and contribute to their community by writing and "publishing" their creative work for an audience of peers and community

In addition to creating a climate and structure in which youth can express their ideas and tell their stories, LEI supports students by offering after school homework assistance in one-on-one and small group formats. LEI also supports teachers in our public schools by collaborating with them to design writing projects that meet and exceed state standards in order to encourage true writing mastery—projects that will culminate in publication, with the help of volunteers as writing coaches/editors.

Services provided by LEI include the following core programs:

Evening Ink Teen Program

Weekly writing workshops for teens in grades 6th-12, that focus on a range of topics and in various genres including: fiction, journalism, poetry, and personal essays in preparation for college and after high school career opportunities. Monthly Open Mic Nights where teen writers have the opportunity to share their work with a supportive audience of peers.

Weekend Ink

Monthly weekend workshops for all ages that explore creative writing in all genres, including: Poetry, Play writing, Comics and graphic stories, and a range of fiction, (realistic, science fiction and fantasy, adventure, and historical)

The Ink Spot Afterschool Programs and Writers Studio for Middle School Writers

Two locations: At our site in the Coventry School and at our satellite Ink Spot at Noble Elementary School. We offer homework help and creative writing opportunities for 3rd-6th graders, Monday through Thursday, from 3:00 p.m. - 5:30 p.m. Writers Studio is open to youth in grades 6-8 and meets weekly. Staff and volunteers are available for homework help in all subjects. Once homework is completed, a variety of engaging creative writing activities are offered.

Summer Ink Creative Camps for Youth in Grades 2-12

LEI offers 8 weeks of creative expression camps to youth in grades 3-12. Session topics include, Comics and graphic storytelling, Puppetry, Community Connections, Writing in 3-D, playwriting and Creative nonfiction. All camps are designed to provide an engaging and enriching experience that connects youth to their peers and their community through writing.

School and Community Programs

LEI staff works with teachers and other youth serving professionals to design writing projects that meet the needs of the teacher and students both academically and developmentally and are aligned with State standards. Projects may be thematic (for example: bullying and empathy) or genre based (for example: tall tales, poetry, personal essays, or play writing). School programs also include elementary school field trips to our center for on-site project-based creative writing experiences. LEI offers an indelible experience in creative writing and bookmaking to public school primary grade students. Projects typically culminate in a quality publication and/or presentation. These programs have a fee but we work with schools and organization who cannot pay to find other sources of funding.

**LAKE ERIE INK: A WRITING
SPACE FOR YOUTH, INC.**

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements of LEI have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

LEI classifies its net assets and revenues, expenses, gains and losses on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of LEI and changes therein are classified as follows:

Net assets without donor restrictions: Net assets are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of LEI. LEI's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of LEI or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

MEASURE OF OPERATIONS

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to LEI's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature, if any.

SUMMARIZED FINANCIAL INFORMATION

The financial statements and notes to financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with LEI's financial statements for the year ended May 31, 2019, from which the summarized information was derived.

Certain amounts in the prior-year summarized comparative information have been reclassified to be consistent with the presentation in the current-year financial statements. These classifications had no impact on changes in net assets as previously presented.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS/CONCENTRATION OF RISK

Cash accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 for all combined deposits at the same bank. The uninsured collective balance was \$10,142 at May 31, 2020. LEI has not experienced losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. Cash equivalents are highly liquid investments with an original maturity of three months or less at the date of purchase. Because of the short maturity of these financial instruments, the carrying value approximates the fair value.

Primarily all of LEI's revenues and receivables are from businesses and individuals located in northeastern Ohio.

**LAKE ERIE INK: A WRITING
SPACE FOR YOUTH, INC.**

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2020 AND 2019

RECEIVABLES AND CREDIT POLICIES

Receivables are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Management evaluated receivables as of May 31, 2020 and has determined that an allowance for doubtful accounts is immaterial to these financial statements.

FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). LEI groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

These levels are:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2 Other observable inputs, either directly or indirectly, including:
- Quoted prices for similar assets/liabilities in active markets;
 - Quoted prices for identical or similar assets in non-active markets;
 - Inputs other than quoted prices that are observable for the asset/liability; and,
 - Inputs that are derived principally from or corroborated by other observable market data.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

FIXED ASSETS

LEI capitalizes costs exceeding \$5,000 for personal property purchases and \$10,000 for real property additions and improvements that extend the useful life of assets. Expenditures for routine repairs and maintenance are charged to operations. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets that range from three to forty years. Depreciation expense amounted to \$-0- in 2020 and 2019.

Repairs and maintenance, which are not considered betterments and do not extend the useful life of property, are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the asset and accumulated depreciation are removed from the accounts and the resulting profit or loss is reflected in income.

COMPENSATED ABSENCES

Employees of LEI are entitled to paid vacations, sick days and personal days off depending on job classification, length of service and other factors. LEI's policy is to recognize the costs of compensated absences when actually paid to employees. The effect of this method instead of accruing these costs is minimal in 2020 and 2019.

DEFERRED REVENUE

Deferred revenue consists of registration payments received in advance of the ensuing summer camp and other programs. Such amounts are recorded as revenue when these services are performed.

**LAKE ERIE INK: A WRITING
SPACE FOR YOUTH, INC.**

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2020 AND 2019

REVENUE AND REVENUE RECOGNITION

Unconditional donor promises to give are reported at fair value at the date that there is sufficient verifiable evidence documenting that a promise was made by the donor and received by LEI. The gifts are reported as either net assets without donor restriction or net assets with donor restriction if they are received with donor stipulations that sufficiently limit the use of the donated assets. When a donor restriction expires, through the passage of time or when the purpose is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and are reported on the statement of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

Revenue from fees for services is earned as services are provided and is reported at an estimated net realizable amount due from individuals, third-party payers, and others for services rendered.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restriction; otherwise, the contributions are recorded as net assets without donor restriction. LEI recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Contributed income of cash or other assets that must be used to acquire long-lived assets are recorded as contributions with donor restrictions and grants until the assets are acquired and placed in service.

Gains and losses on investments are reported as increases or decreases to net assets without donor restrictions unless their use is restricted by donor-imposed stipulation or by state law.

LEI records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

LEI recognizes in-kind services in accordance with applicable accounting standards if the services received (a) create or enhance non-financial assets or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

In addition, LEI receives services from volunteers who give significant amounts of their time to Les Devices' concerts, programs, fundraising campaigns, and management. No amounts have been reflected for these types of donated services as they do not meet the criteria for recognition.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses reflects the natural classification detail of expenses by function. Certain costs are attributed to more than one program or supporting function and, therefore, require allocation amount the programs and supporting services benefited. Management believes their allocations are done on a reasonable and consistent basis. Most personnel costs, office expenses, professional services, and other expenses are identified with a specific program or supporting function at the time they are incurred and are reported accordingly. However, some of these expenses require allocation, which is done on the basis of estimates of time and effort.

INCOME TAXES

LEI is exempt from the payment of federal and local income taxes on income other than unrelated business income under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as other than a private foundation. LEI currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

ADVERTISING COSTS

Advertising costs are expensed as incurred. Advertising expense was approximately \$3,000 (2020) and \$4,500 (2019).

**LAKE ERIE INK: A WRITING
SPACE FOR YOUTH, INC.**

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2020 AND 2019

ACCOUNTING PRONOUNCEMENTS ADOPTED IN 2020

During 2020, LEI adopted the Financial Accounting Standards Board's (FASB) ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU assists organizations in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

During 2020, LEI adopted FASB's ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This ASU amends the presentation of restricted cash and cash equivalents within the statement of cash flows. The new guidance requires that restricted cash and cash equivalents be added to cash and cash equivalents for purposes of the statements of cash flows. This ASU has been applied retrospectively to all periods presented. There were no material changes to the presentation of restricted cash and cash equivalents during 2020.

ACCOUNTING GUIDANCE PENDING ADOPTION

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance, and requires significantly expanded disclosures about revenue recognition. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In 2020, the FASB delayed the effective date for nonpublic entities to fiscal years beginning after December 15, 2019. LEI is currently evaluating the impact on the financial statements and the options of adopting using either a full retrospective or a modified approach.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This ASU requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and changes in net assets and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. In 2020, the FASB delayed the effective date for nonpublic entities to fiscal years beginning after December 15, 2021. Early adoption is permitted. LEI is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

3. REFUNDABLE ADVANCE - PPP

In May 2020, LEI received proceeds in the amount of \$48,743 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides qualifying businesses amounts up to 2.5 times of their average monthly payroll expenses. LEI is accounting for this grant as a conditional contribution under FASB ASC 958-605 and therefore has reflected the proceeds as a Refundable Advance on the Statement of Financial Position. LEI's management expects to incur qualifying expenditures that would derecognize the liability in 2021, when the liability would be recognized as contribution revenue.

**LAKE ERIE INK: A WRITING
SPACE FOR YOUTH, INC.**

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2020 AND 2019

4. NET ASSETS WITH DONOR RESTRICTIONS

At May 31, net assets with donor restrictions were as follows:

	2020			
	BEGINNING			ENDING
	NET ASSETS WITH DONOR RESTRICTIONS	CONTRIBUTIONS	NET ASSETS RELEASED FROM RESTRICTION	NET ASSETS WITH DONOR RESTRICTIONS
2020-2021 Operations	\$ 60,000	\$ 63,589	\$ (53,300)	\$ 70,289
After School Programming	7,725	-	(7,725)	-
Arts Partnership	-	14,046	(11,237)	2,809
Book Project	-	7,500	(5,500)	2,000
CMSD High School Students	8,325	-	(7,325)	1,000
Fresh Link - 2020	10,000	-	(10,000)	-
Ink Spot - Coventry	3,000	-	(3,000)	-
Off-Site Programming	10,000	-	(9,000)	1,000
Summer Internships	6,600	-	(6,600)	-
Teen Camps	2,000	-	(2,000)	-
Teen Ink	5,000	-	(5,000)	-
	<u>\$ 112,650</u>	<u>\$ 85,135</u>	<u>\$ (120,687)</u>	<u>\$ 77,098</u>
	2019			
	NET ASSETS WITH DONOR RESTRICTIONS	CONTRIBUTIONS	NET ASSETS RELEASED FROM RESTRICTION	ENDING NET ASSETS WITH DONOR RESTRICTIONS
2020-2021 Operations	\$ 25,000	\$ 60,000	\$ (25,000)	\$ 60,000
After School Programming	7,158	15,450	(14,883)	7,725
CMSD High School Students	-	8,325	-	8,325
Fresh Link - 2020	-	10,000	-	10,000
Ink Spot - Coventry	-	3,000	-	3,000
Off-Site Programming	-	10,000	-	10,000
Summer Internships	-	6,600	-	6,600
Teen Camps	-	2,000	-	2,000
Teen Ink	10,000	10,000	(15,000)	5,000
	<u>\$ 42,158</u>	<u>\$ 125,375</u>	<u>\$ (54,883)</u>	<u>\$ 112,650</u>

**LAKE ERIE INK: A WRITING
SPACE FOR YOUTH, INC.**

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2020 AND 2019

5. SPECIAL EVENTS

LEI conducts special fundraising events for which revenue and expenses are as follows:

	2020	2019
Revenue	\$ 3,374	\$ 24,540
Direct Donor Benefits	(1,532)	(2,877)
	<u>\$ 1,842</u>	<u>\$ 21,663</u>

6. OPERATING LEASE

LEI secured a 27-month operating lease for its facility with the Cleveland Heights-University Heights Public Library beginning April 1, 2019. The lease commitment on the lease amounts to approximately \$1,600 in 2021 and includes utilities. Additional terms of the lease provide for additional rent in the form "shared amenities cost" and also contributions to a reserve account for excess facility expenses of the landlord, in conjunction and proportionate with the facility's other tenants. LEI is on a month-to-month basis while the lease is under renegotiation.

Rent expense amounted to approximately \$10,000 and \$9,500 in 2020 and 2019, respectively.

7. AVAILABILITY AND LIQUIDITY

As of May 31, the following represents LEI's financial assets available to meet general expenditures over the next twelve months:

	2020	2019
Financial Assets at Year-End:		
Cash & Cash Equivalents	\$ 277,490	\$ 258,279
Grants and Contributions Receivable	15,632	57,072
Accounts Receivable	4,400	20,684
	<u>297,522</u>	<u>336,035</u>
Total Financial Assets	297,522	336,035
Less Amounts not Available to be Used Within One Year:		
Net Assets with Donor Restrictions - Cash & Cash Equivalents	(74,289)	(66,600)
Net Assets with Donor Restrictions - Grants and Contributions Receivable	(2,809)	(46,050)
	<u>(77,098)</u>	<u>(112,650)</u>
Financial Assets Available to meet General Expenditures Over the Next Twelve Months	<u>\$ 220,424</u>	<u>\$ 223,385</u>

LEI is substantially supported by governmental contracts and grants. Because these contracts and grants require resources to be used in a particular manner or in a future period, LEI must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of LEI'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.

8. RISKS AND UNCERTAINTIES

The spread of coronavirus (COVID-19) around the world through the date of these financial statements has caused significant volatility in the U.S. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well its impact on local and U.S. economies and, as such, the LEI is unable to determine if it will have material impact on its operations.

9. SUBSEQUENT EVENTS

In preparing these financial statements, the LEI has evaluated events and transactions for potential recognition or disclosure through November 16, 2020, the date the financial statements were available to be issued.