

COOP CAREERS, INC.

FINANCIAL STATEMENTS

December 31, 2020 and 2019

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CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
COOP Careers, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of COOP Careers, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the COOP Careers, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Crowe LLP

Crowe LLP

New York, New York
November 12, 2021

COOP CAREERS, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 1,598,784	\$ 163,319
Investments	121,376	-
Contributions receivable	<u>390,000</u>	<u>-</u>
Total assets	<u>\$ 2,110,160</u>	<u>\$ 163,319</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 64,044	\$ 27,020
Grant advance liability	<u>199,824</u>	<u>-</u>
Total liabilities	<u>263,868</u>	<u>27,020</u>
Net assets		
Without donor restrictions	990,042	136,299
With donor restrictions	<u>856,250</u>	<u>-</u>
Total net assets	<u>1,846,292</u>	<u>136,299</u>
Total liabilities and net assets	<u>\$ 2,110,160</u>	<u>\$ 163,319</u>

See accompanying notes to financial statements.

COOP CAREERS, INC.
STATEMENT OF ACTIVITIES
For the year ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenue			
Contributions	\$ 1,318,765	\$ 4,712,500	\$ 6,031,265
In-kind gifts	50,000	-	50,000
Unrealized gain on investment	70,872	-	70,872
Other revenue	6,000	-	6,000
	<u>1,445,637</u>	<u>4,712,500</u>	<u>6,158,137</u>
 Net assets released from restrictions	 <u>3,856,250</u>	 <u>(3,856,250)</u>	 <u>-</u>
 Total public support and revenue	 <u>5,301,887</u>	 <u>856,250</u>	 <u>6,158,137</u>
 Expenses			
Program services	3,225,928	-	3,225,928
Supporting services:			
Management and general	858,907	-	858,907
Fundraising	363,309	-	363,309
	<u>4,448,144</u>	<u>-</u>	<u>4,448,144</u>
 Changes in net assets	 853,743	 856,250	 1,709,993
 Net assets, beginning of year	 <u>136,299</u>	 <u>-</u>	 <u>136,299</u>
 Net assets, end of year	 <u>\$ 990,042</u>	 <u>\$ 856,250</u>	 <u>\$ 1,846,292</u>

See accompanying notes to financial statements.

COOP CAREERS, INC.
STATEMENT OF ACTIVITIES
For the year ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenue			
Contributions	\$ 775,038	\$ 1,025,000	\$ 1,800,038
In-kind gifts	50,000	-	50,000
Other revenue	99	-	99
	<u>825,137</u>	<u>1,025,000</u>	<u>1,850,137</u>
 Net assets released from restrictions	 <u>1,025,000</u>	 <u>(1,025,000)</u>	 <u>-</u>
 Total public support and revenue	 <u>1,850,137</u>	 <u>-</u>	 <u>1,850,137</u>
 Expenses			
Program services	1,254,731	-	1,254,731
Supporting services:			
Management and general	350,096	-	350,096
Fundraising	141,709	-	141,709
	<u>1,746,536</u>	<u>-</u>	<u>1,746,536</u>
 Total expenses	 <u>1,746,536</u>	 <u>-</u>	 <u>1,746,536</u>
 Changes in net assets	 103,601	 -	 103,601
 Net assets, beginning of year	 <u>32,698</u>	 <u>-</u>	 <u>32,698</u>
 Net assets, end of year	 <u>\$ 136,299</u>	 <u>\$ -</u>	 <u>\$ 136,299</u>

See accompanying notes to financial statements.

COOP CAREERS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the years ended December 31, 2020 and 2019

	2020				
	Supporting Services				Total
	Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 1,783,951	\$ 334,940	\$ 275,466	\$ 610,406	\$ 2,394,357
Employee benefits and payroll taxes	388,014	68,609	59,263	127,872	515,886
Professional fees	729,195	276,930	-	276,930	1,006,125
Occupancy	101,803	18,925	8,262	27,187	128,990
Travel	29,766	6,105	952	7,057	36,823
Event/workshop expenses	67,568	47,761	89	47,850	115,418
Advertising and marketing	6,056	6,808	1,712	8,520	14,576
Office expenses	5,561	2,429	731	3,160	8,721
Insurance	-	22,139	-	22,139	22,139
Fees and taxes	13,747	2,729	2,124	4,853	18,600
Equipment and maintenance	95,311	17,896	14,710	32,606	127,917
In-kind gifts	-	50,000	-	50,000	50,000
Other	4,956	3,636	-	3,636	8,592
Total	\$ 3,225,928	\$ 858,907	\$ 363,309	\$ 1,222,216	\$ 4,448,144

	2019				
	Supporting Services				Total
	Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 685,221	\$ 128,651	\$ 105,807	\$ 234,458	\$ 919,679
Employee benefits and payroll taxes	147,851	26,143	22,582	48,725	196,576
Professional fees	222,697	84,575	-	84,575	307,272
Occupancy	147,031	27,333	11,932	39,265	186,296
Travel	15,696	3,219	502	3,721	19,417
Event/workshop expenses	13,327	9,420	17	9,437	22,764
Advertising and marketing	709	798	201	999	1,708
Office expenses	2,861	1,250	376	1,626	4,487
Insurance	-	5,554	-	5,554	5,554
Fees and taxes	490	97	76	173	663
Equipment and maintenance	1,400	263	216	479	1,879
In-kind gifts	-	50,000	-	50,000	50,000
Other	17,448	12,793	-	12,793	30,241
Total	\$ 1,254,731	\$ 350,096	\$ 141,709	\$ 491,805	\$ 1,746,536

See accompanying notes to financial statements.

COOP CAREERS, INC.
 STATEMENTS OF CASH FLOWS
 For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 1,709,993	\$ 103,601
Adjustment to reconcile change in net assets to net cash flows provided by operating activities		
Contribution of investments	(50,504)	-
Unrealized gain on investments	(70,872)	-
Changes in assets and liabilities		
Contributions receivable	(390,000)	-
Accounts payable and accrued expenses	37,024	27,020
Grant advance liability	199,824	-
Net cash provided by operating activities	<u>1,435,465</u>	<u>130,621</u>
Net change in cash	1,435,465	130,621
Cash - beginning of year	<u>163,319</u>	<u>32,698</u>
Cash - end of year	<u><u>\$ 1,598,784</u></u>	<u><u>\$ 163,319</u></u>
Supplemental disclosures of cash flow information		
In-kind gifts	\$ 50,000	\$ 50,000

See accompanying notes to financial statements.

COOP CAREERS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 - ORGANIZATION

COOP Careers, Inc. (the "Organization") is a not-for-profit organization that connects underrepresented college grads to each other and to meaningful careers in tech, media, and design. In turn, the organization helps local companies find and hire excellent candidates who reflect the diversity of their city.

The Organization's support comes primarily from individual, corporate and foundation donor contributions.

COOP Careers, Inc. has been notified by the Internal Revenue Service that they are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. They have not been determined to be a private foundation as defined in Section 509(a).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The financial statements for COOP Careers, Inc. have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). GAAP requires, among other things, that the financial statements report the changes in and total of each net asset classes, based upon donor restrictions, as applicable. Net assets are classified as without donor restrictions or with donor restrictions as described below:

Without Donor Restrictions Net Assets: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing in primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

With Donor Restrictions Net Assets: 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 COOP Careers, Inc. 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.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

The Organization had no donor restrictions of a permanent nature as of December 31, 2020 and 2019.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements: Fair value is defined as an exchange price that would be received for an asset or paid to transfer a liability (an "exit" price) in the principal or most advantageous market for asset or liability between market participants on the measurement date.

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COOP CAREERS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization determines fair value of financial instruments based on the fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are as follows:

- Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than quoted prices in active markets or in markets not considered to be active.
- Level 3: Unobservable inputs that are supported by little or no market activity. Fair value measurement for these financial instruments requires significant management judgment or estimation.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

Investments in stocks, exchange-traded funds, and mutual funds are valued using market prices from active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Closed-end funds are valued using readily available sources for comparable instruments (Level 2).

Cash: Cash is defined as cash in demand deposit accounts. The Organization maintains amounts on deposit with two financial institutions, which may, at times, exceed federally insured limits. However, the Organization periodically evaluates the creditworthiness of that institution and the Organization has not experienced any losses on such deposits.

Concentration of Credit Risk: Financial instruments that potentially subject the Organization to concentration of credit risk consist of cash accounts which are placed with financial institutions that management deems to be creditworthy. At year end, balances were not more than insured amounts and the Organization has not experienced any losses on such deposits.

Investments: The Organization's investments as of December 31, 2020, consist of stock, and are carried at fair value. The investments are classified as Level 1 investments within the fair value hierarchy as of December 31, 2020. Investment gains are included in unrealized gain on investment in the accompanying statements of activities. There were no investments as of December 31, 2019.

Contributions and Contributions Receivable: Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions received with specific donor restrictions are recorded in the class of net assets with donor restrictions. All other contributions are recorded as without donor restrictions. When the stipulations from contributions with donor restrictions have been met in the year of donation, they are reported as without donor restrictions.

Contributions due within one year are reported a net realizable value. Contributions receivable as of December 31, 2020 and 2019 was \$390,000 and \$0, respectively.

In September 2018, the Organization received an agreement for a conditional promise to give (the "Gift") in the amount of \$30,000,000 over a five-year period ending in 2023. The purpose of the Gift is to support underrepresented college grads to match them with meaningful careers.

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COOP CAREERS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions: The Organization recognizes contributions of services that create or enhance nonfinancial assets, or require specialized skills, are performed by those who possess those skills and would typically be purchased if not donated.

Functional Allocation of Expenses: The costs of providing the Organization's programs and supporting services have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the program and supporting services based principally on specific identification and employee time allocations.

Tax Exempt Status: The Organization is a not-for-profit corporation and has been recognized by the Internal Revenue Service to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

GAAP prescribes recognition thresholds and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Tax benefits or liabilities will be recognized only if the tax position would "more-likely-than-not" be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit or liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit or liability will be recorded. Management has concluded that they are unaware of any tax benefits or liabilities to be recognized at December 31, 2020 and does not expect this to change in the next 12 months.

The Organization would recognize interest and penalties related to uncertain tax positions in interest and income tax expense, respectively. The Organization does not have amounts accrued for interest or penalties as of December 31, 2020 and 2019.

Recently Issued Accounting Pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize 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. The Organization implemented this guidance for the year ended December 31, 2020 using a modified retrospective method of application to contracts. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2014-09. As a result, no cumulative effect adjustment was recorded upon adoption.

Coronavirus Implications: The novel coronavirus ("COVID-19") has been declared a pandemic by the World Health Organization and the Centers for Disease Control and Prevention and has spread globally, including throughout the United States. In response, many locations in the United States have instituted restrictions on travel, public gatherings, and certain business operations. These restrictions have disrupted the Organization's flagship in person program and the Organization has changed the flagship program to a virtual presentation. In addition, the effects of the continued outbreak of COVID-19 and related government responses could include reduction to future pledges and contributions, reduced labor availability and productivity, and a prolonged reduction in economic activity. The extent to which the coronavirus may impact certain operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

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COOP CAREERS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events: The Organization has performed an analysis of the activities and transactions subsequent to December 31, 2020 to determine the need for any adjustments to or disclosure within these financial statements for the year ended December 31, 2020. Management has performed their analysis through November 12, 2021, which was the date the financial statements were available to be issued.

The Board of Directors of Cooperate, Inc., a registered 501(c)(3), approved a plan of dissolution (“the Plan”) on October 1, 2019. The dissolution was filed by Cooperate, Inc. with the State of New York in May 2021. Under the Plan, all remaining assets of Cooperate, Inc. after dissolution were contributed to Coop Careers Inc.

Reclassifications: Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements. The reclassifications have no effect on changes in net assets.

NOTE 3 - COMMITMENTS

In July 2019, the Organization entered into two non-cancelable lease agreements for office space in New York, New York and San Francisco, California. Both leases terminated in July 2020. Rent expense for the years ended December 31, 2020 and 2019 was \$128,990 and \$189,033, respectively. As of December 31, 2020, there were no future minimum payments under non-cancelable lease agreements.

NOTE 4 - LIQUIDITY AND AVAILABILITY

The Organization’s financial assets available within one year of the statement of financial position date for general expenditure, that is, without donor restrictions limiting their use, as of December 31 comprise:

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,598,784	\$ 163,319
Investments	121,376	-
Contributions receivable	<u>390,000</u>	<u>-</u>
Less amounts not available for general expenditures within one year:		
Amounts restricted for grant expenses	<u>(856,250)</u>	<u>-</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,253,910</u>	<u>\$ 163,319</u>

As part of the Organization’s liquidity management, the Organization invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

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NOTE 5 – SMALL BUSINESS ADMINISTRATION LOAN

In April 2020, the Organization obtained a Paycheck Protection Program (“PPP”) Loan under a program offered by the United States Small Business Administration (“SBA”) in the amount of \$199,824. The Organization is accounting for the PPP Loan as a conditional contribution under ASC 958-605. The proceeds are recorded as a grant advance liability on the statement of financial position at December 31, 2020, as the Organization has not yet satisfied the forgiveness conditions imposed by the SBA. In order to obtain loan forgiveness from the SBA, the Organization must spend the PPP proceeds on allowable expenses and maintain certain required levels of employee retention over an 8 or 24-week period. The Organization expected to meet these conditions and apply for forgiveness during the year ending December 31, 2021. If any portion of the PPP Loan is not forgiven, the remaining amount will have a two year repayment period and the interest rate on the loan will be 1%.