HEALTHY SCHOOLS CAMPAIGN

YEARS ENDED DECEMBER 31, 2021 AND 2020

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YEARS ENDED DECEMBER 31, 2021 AND 2020

CONTENTS

	Page
Independent auditor's report	1-2
Financial statements:	
Statement of financial position	3-4
Statement of activities and changes in net assets	5
Statement of cash flows	6
Schedule of functional expenses	7-8
Notes to financial statements	9-16

RIPPLE
TAX & FINANCIAL SERVICES

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Healthy Schools Campaign

Opinion

We have audited the accompanying financial statements of Healthy Schools Campaign (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Healthy Schools Campaign as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Healthy Schools Campaign and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Healthy Schools Campaign's ability to continue as a going concern within one year after the date that the financial statements are 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Healthy Schools Campaign'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 Healthy Schools Campaign'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.

Ripple Tax & Financial Services, Inc.

Chicago, Illinois
August 2, 2022

HEALTHY SCHOOLS CAMPAIGN

STATEMENT OF FINANCIAL POSITION

December 31,	**2021**	2020
ASSETS		
Current assets:		
Cash	**$ 1,496,140**	$ 961,766
Accounts receivable	**396,001**	563,782
Prepaid expenses	**33,290**	17,824
Total current assets	**1,925,431**	1,543,372
Property and equipment:		
Furniture and equipment	**12,644**	11,110
Less accumulated depreciation	**11,287**	11,110
Property and equipment, net	**1,357**	-
Other assets:		
Prepaid unemployment benefits	**67,959**	31,180
Security Deposit	**1,398**	-
Total other assets	**69,357**	31,180
Total assets	**$ 1,996,145**	$ 1,574,552

See notes to financial statements.

HEALTHY SCHOOLS CAMPAIGN

STATEMENT OF FINANCIAL POSITION (CONTINUED)

December 31,	**2021**	2020
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	**$ 59,317**	$ 47,876
Accrued wages and benefits	**72,600**	83,078
Accrued expenses	**78,664**	40,968
Deferred revenues	**128,718**	162,058
Total current liabilities	**339,299**	333,980
Net assets:		
Without donor restrictions:		
Undesignated	**582,014**	254,336
Total net assets without donor restrictions	**582,014**	254,336
With donor restrictions:		
Purpose restricted	**874,832**	973,736
Time restricted	**200,000**	12,500
Total net assets with donor restrictions	**1,074,832**	986,236
Total net assets	**1,656,846**	1,240,572
Total liabilities and net assets	**$ 1,996,145**	$ 1,574,552

See notes to financial statements.

HEALTHY SCHOOLS CAMPAIGN

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Years ended December 31,	**2021**			2020		
	Without donor restrictions	**With donor restrictions**	**Total**	Without donor restrictions	With donor restrictions	Total
Revenues:						
Grants and contributions	**$ 1,400,814**	**$ 692,332**	**$ 2,093,146**	$ 1,318,324	$ 986,236	$ 2,304,560
Program service fees	**208,518**		**208,518**	185,719		185,719
Other income	**920**		**920**	2,165		2,165
Interest income	**348**		**348**	311		311
Net assets released from restrictions	**603,736**	**(603,736)**	**-**	453,200	(453,200)	-
Total public support and revenues	**2,214,336**	**88,596**	**2,302,932**	1,959,719	533,036	2,492,755
Expenses:						
Program	**1,525,788**		**1,525,788**	1,575,558		1,575,558
Management and general	**251,591**		**251,591**	226,740		226,740
Fundraising	**109,279**		**109,279**	120,075		120,075
Total expenses	**1,886,658**		**1,886,658**	1,922,373		1,922,373
Increase in net assets	**327,678**	**88,596**	**416,274**	37,346	533,036	570,382
Net assets, beginning of year	**254,336**	**986,236**	**1,240,572**	216,990	453,200	670,190
Net assets, end of year	**$ 582,014**	**$ 1,074,832**	**$ 1,656,846**	$ 254,336	$ 986,236	$ 1,240,572

See notes to financial statements.

HEALTHY SCHOOLS CAMPAIGN

STATEMENT OF CASH FLOWS

Years ended December 31,	2021	2020
Cash flows from operating activities:		
Increase in net assets	$ 416,274	$ 570,382
Adjustments to reconcile above to cash provided by (used in) operating activities:		
Depreciation	177	775
(Increase) decrease in operating assets:		
Accounts receivable	167,781	(398,127)
Prepaid expenses	(15,466)	(507)
Donated goods	-	21,600
Prepaid unemployment benefits	(36,779)	(20,803)
Security deposits	(1,398)	-
Increase (decrease) in operating liabilities:		
Accounts payable	11,441	21,625
Accrued wages and benefits	(10,478)	(16,246)
Accrued expenses	37,696	(29,093)
Deferred rent	-	(6,797)
Deferred revenues	(33,340)	101,871
Cash provided by operating activities	535,908	244,680
Cash flows from investing activities:		
Purchase of equipment	(1,534)	-
Cash used in investing activities	(1,534)	-
Increase in cash	534,374	244,680
Cash, beginning of year	961,766	717,086
Cash, end of year	$ 1,496,140	$ 961,766
Non-cash investing activity:		
Disposal of fully depreciated equipment	-	$ 106,824

See notes to financial statements.

HEALTHY SCHOOLS CAMPAIGN

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2021	Program	Management and general	Fundraising	Total
Salaries and payroll taxes	$ 902,607	$ 133,720	$ 78,003	$ 1,114,330
Payroll taxes and fringe benefits	266,253	39,445	23,010	328,708
Accounting fees	-	9,648	-	9,648
Data services	3,888	576	336	4,800
Depreciation	143	22	12	177
Dues and subscriptions	-	265	-	265
Equipment expense	603	90	52	745
Fees and licenses	-	3,049	-	3,049
Information technology	22,043	3,265	1,905	27,213
Insurance	-	4,915	-	4,915
Meetings, trainings, and conferences	517	-	-	517
Miscellaneous	5,849	867	505	7,221
Occupancy	8,037	1,190	695	9,922
Office expenses	7,442	1,103	643	9,188
Printing and postage	372	121	36	529
Professional fees	300,956	52,717	3,733	357,406
Program materials	1,200	-	-	1,200
Telephone	4,035	598	349	4,982
Travel	1,843	-	-	1,843
Total functional expenses	$ 1,525,788	$ 251,591	$ 109,279	$ 1,886,658

See notes to financial statements.

HEALTHY SCHOOLS CAMPAIGN

STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)

Year ended December 31, 2020	Program	Management and general	Fundraising	Total
Salaries and payroll taxes	$ 954,861	$ 141,461	$ 82,519	$ 1,178,841
Payroll taxes and fringe benefits	293,602	43,496	25,373	362,471
Accounting fees	-	8,500	-	8,500
Data services	3,564	528	308	4,400
Depreciation	628	93	54	775
Dues and subscriptions	-	436	-	436
Equipment expense	1,122	166	97	1,385
Fees and licenses	-	3,641	-	3,641
Information technology	36,244	5,369	3,132	44,745
Insurance	-	5,794	-	5,794
Meetings, trainings, and conferences	7,058	-	71	7,129
Miscellaneous	9,838	1,458	850	12,146
Occupancy	28,567	4,232	2,469	35,268
Office expenses	9,643	1,429	833	11,905
Printing and postage	4,599	53	1,952	6,604
Professional fees	195,824	9,439	2,000	207,263
Program materials	4,386	-	-	4,386
Telephone	4,357	645	377	5,379
Travel	21,265	-	40	21,305
Total functional expenses	$ 1,575,558	$ 226,740	$ 120,075	$ 1,922,373

See notes to financial statements.

HEALTHY SCHOOLS CAMPAIGN

NOTES TO FINANCIAL STATEMENTS

1. General

Healthy Schools Campaign (the "Organization") is a non-profit organization headquartered in Chicago and organized under Illinois law. The Organization's mission is to ensure that all students have equitable access to healthy school environments, including nutritious food, physical activity, safe and health-promoting outdoor spaces, health services and clean air, where they can learn and thrive. Healthy Schools Campaign focuses on issues affecting low-income students of color and strives to make equity part of the public dialogue about education, health and the environment. The Organization receives contributions and grants from foundations, corporations, individuals, and a government agency.

2. Summary of significant accounting policies

Basis of accounting:

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

Net assets:

The Organization's net assets are classified into two classes: net assets without donor restrictions and net assets with donor restrictions, according to the existence of donor-imposed restrictions.

Net assets without donor restrictions - Net assets available to fund the general operations of the Organization. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization and the environment in which it operates.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such that they will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The income from net assets held in perpetuity is expended primarily to support projects consistent with donor-designated guidelines. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. There were no donor-imposed restrictions that are perpetual in nature at December 31, 2021 and 2020.

2. Summary of significant accounting policies (continued)

Trade accounts receivable:

Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Based on management's assessment of the credit history with customers and others having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

Furniture and equipment:

Equipment is stated at cost. Donated equipment is stated at the estimated fair value at the date of donation. The Organization capitalizes fixed asset additions over $1,500.

Depreciation is provided using the straight-line method over the estimated useful lives of depreciable assets. Equipment is depreciated over 3 years and furniture is depreciated over 5 years.

Estimates:

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

Contributions and contributed goods:

The Organization recognizes contributed goods and services at their estimated fair value at date of receipt. The Organization received no contributed goods or services during each year ended December 31, 2021 and 2020.

Functional allocation of expenses:

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include various operating expenses which are allocated on the basis of estimates of time and effort.

2. Summary of significant accounting policies (continued)

Income tax status:

The Organization is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. In addition, the Internal Revenue Service has determined that the Organization is not a private foundation within the meaning of Section 509(a) of the Code. The Organization has adopted the requirements for accounting for uncertain tax positions and management has determined that the Organization was not required to record a liability related to uncertain tax positions as of December 31, 2021 and 2020.

Revenue recognition:

Contributions are recognized when the donor makes a promise to give to Healthy Schools Campaign that is, in substance, unconditional. Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

> **Grant Awards that are Contributions:** Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance.
>
> **Grant Awards that are Exchange Transactions:** Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

The Organization received sponsorship fees applicable to multiple periods. Income from sponsorships is deferred until earned.

Deferred revenue totaled $128,718 and $162,058 at December 31, 2021 and 2020, respectively.

3. Revenue recognition – contract services

The Organization follows the guidance of FASB ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The standard's core principle is that an organization will recognize revenue from contracts when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

Disaggregation and significant judgments:

Sponsorship agreements provide the Organization's sponsors with sponsorship benefits during multiple periods. The usage of such benefits includes obligations that are either satisfied at a "point in time" or are estimated to be evenly applied throughout the contract term ("over time"). The Organization recognizes sponsorship revenues for financial reporting purposes either upon the satisfaction of each obligation at a "point in time" or based on usage "over time."

Program service agreements identify various tasks and deliverables that must be completed and the transaction price applicable to the completion of each task and deliverable. The Organization recognizes program service revenues upon the completion of each task and deliverable.

Contract balances:

Contract liabilities include deferred revenues, which represent sponsorship fee revenues to be recognized over future periods. Deferred sponsorship fee revenues totaled $67,025 and $61,200 as of December 31, 2021 and 2020, respectively.

Performance obligations:

Payment for sponsorship fees is due at the start of the contract term. Billed amounts related to future periods are deferred until the expiration of such periods. The remaining performance obligations represent future periods of existing contract terms and are expected to be recognized as revenue within one year.

Payment for program services is due upon the billing of such services when completed.

4. Revenue recognition - contributions

The Organization follows the guidance of FASB ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* This ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

5. Liquidity and availability

The following represents the Organization's financial assets:

December 31,	**2021**	2020
Financial assets at year-end:		
Cash	**$ 1,496,140**	$ 961,766
Accounts receivable	**396,001**	563,782
Total financial assets	**1,892,141**	1,525,548
Less amounts not available to be used within one year:		
Purpose restricted net assets	**874,832**	973,736
Financial assets available to meet general expenditures within one year	**$ 1,017,309**	$ 551,812

The Organization manages available cash to meet general expenditures following these principles:

- Meet operating needs and contractual commitments
- Maintain adequate liquid assets
- Maintain sufficient reserves to fund program spending

The sources of liquidity available to the Organization are cash and grant and program receivables. The Organization prepares monthly budgetary projections for the upcoming year.

Program and other known expenses are considered when preparing the budget. Management monitors the bank account to maintain the reserve.

6. Credit risk

The Organization maintains its cash in bank accounts at a national bank. These cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Such accounts, at times, may exceed federally insured limits. The Organization had uninsured balances totaling approximately $1,291,000 and $715,000 at December 31, 2021 and 2020, respectively. The Organization has not experienced any losses in such accounts. Management believes that the Organization is not exposed to any significant credit risk on cash.

7. Major contributors

During the year ended December 31, 2021, approximately 12% of total support revenue was from one grantor.

During the year ended December 31, 2020, approximately 37% of total support revenue was from three grantors.

8. Net assets with donor restrictions – time and purpose-restricted

Net assets with donor restrictions are restricted for the following purposes:

December 31,	**2021**	2020
Time-restricted funds	**$ 200,000**	$ 12,500
Purpose-restricted funds:		
Chicago Programs	**60,000**	187,500
Inclusion Development	**68,970**	-
Mission Sustainability	**-**	6,236
National Programs	**574,800**	562,500
Space to Grow	**171,062**	217,500
Total	**$ 1,074,832**	$ 986,236

Net assets with donor restrictions are available to fund programs consistent with donor-designated guidelines. Upon the satisfaction of time and purpose restrictions, funds have been reclassified to net assets without donor restrictions. During the years ended December 31, 2021 and 2020, the Organization expended $603,736 and $453,200, respectively, to fund programs. Accordingly, those amounts have been released from net assets with donor restrictions.

9. Line of credit

The Organization obtained a $100,000 line of credit with Chase Bank. Amounts borrowed under this agreement accrue interest at the bank's prime rate, which was 3.25% at December 31, 2021, plus 3.2%. The line of credit automatically renews each year. There was no outstanding balance at December 31, 2021 and 2020.

10. Conditional promise to give

Conditional promises to give consist of promises to:

December 31,	**2021**	2020
Fund general operations	**$ 80,000**	$ 195,000
Fund Chicago programs	**130,393**	
Fund national programs		75,000
Total	**$ 210,393**	$ 270,000

11. Lease commitments

The Organization entered into a lease commitment for their office space on September 2020. Annual base rent totaled $9,300. The lease expired on June 30, 2022. The Organization entered into a new lease in July 2022, which expires on August 31, 2023.

The minimum future rental commitments under the terms of the lease are as follows:

Year ending December 31:	Amount
2022	$ 10,396
2023	27,723
Total	$ 38,119

Total rent expense was $9,494 and $33,147 for the years ended December 31, 2021 and 2020, respectively.

12. Retirement plan

The Organization maintains a 401(k) plan covering all eligible employees. The discretionary matching contributions made to the plan were $10,439 and $56,380 for the years ended December 31, 2021 and 2020, respectively.

13. Note payable, bank

On April 6, 2020, the Organization was granted a loan, guaranteed by the United States Small Business Administration ("SBA"), from a Chicago area bank in the amount totaling $274,587 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying organizations for amounts up to 2.5 times the average monthly payroll expenses of the qualifying organization. Under the terms of the PPP, the loan and accrued interest may be forgiven if they are used for qualifying expenses as described in the CARES Act, which include payroll, employee benefits, rent and utilities. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first seven months.

The loan balance, totaling $274,587, was forgiven on December 10, 2020, and is reported as a grant during the year ended December 31, 2020.

On February 4, 2021, the Organization was granted a second loan from a Chicago area bank in the amount totaling $279,042, under the Paycheck Protection Program ("PPP"). The terms of the second PPP loan are similar to the first PPP loan. The loan balance, totaling $279,042, was forgiven on October 20, 2021, and is reported as a grant during the year ended December 31, 2021.

14. Subsequent events

Management of the Organization has reviewed and evaluated subsequent events from December 31, 2021, the financial statement date, through August 2, 2022, the date the financial statements were available to be issued. No events have occurred in this period that would be required to be recognized and/or disclosed in these financial statements as required by generally accepted accounting principles.