

**Audited Financial Statements**



**June 30, 2021**

**Quigley & Miron**

**Get Lit - Words Ignite, Inc.**  
**Audited Financial Statements**  
**Table of Contents**  
**June 30, 2021**

	<u>Page Number</u>
<b>Independent Auditor's Report</b> .....	1
<b>Audited Financial Statements</b>	
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows .....	6
Notes to Financial Statements .....	7

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## Independent Auditor's Report

Board of Directors  
**Get Lit - Words Ignite, Inc.**  
Los Angeles, California

We have audited the accompanying financial statements of Get Lit - Words Ignite, Inc., a nonprofit organization, which comprise the statement of financial position as of June 30, 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.

### 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 Get Lit - Words Ignite, Inc. as of June 30, 2021, and the changes in its net assets and 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 Get Lit - Words Ignite, Inc.'s June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 30, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Quigley & Miron". The signature is written in a cursive, flowing style.

Los Angeles, California  
April 12, 2022

**Get Lit - Words Ignite, Inc.**  
**Statement of Financial Position**  
**June 30, 2021**  
**(with comparative totals for 2020)**

<b>Assets</b>	<b>2021</b>	<b>2020</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 123,492	\$ 231,360
Restricted cash—PPP advance	99,896	99,896
Contributions receivable	538,600	164,000
Accounts receivable	9,450	41,720
Property and equipment, net—Note 3	401,008	17,123
Deposits and other assets	7,068	6,860
<b>Total Assets</b>	<b>\$ 1,179,514</b>	<b>\$ 560,959</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 43,013	\$ 37,637
PPP advance—Note 4	99,896	99,896
<b>Total Liabilities</b>	<b>142,909</b>	<b>137,533</b>
<b>Commitments and Contingencies—Notes 5 and 6</b>		
<b>Net Assets</b>		
Without donor restrictions	478,805	213,179
With donor restrictions—Note 7	557,800	210,247
<b>Total Net Assets</b>	<b>1,036,605</b>	<b>423,426</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,179,514</b>	<b>\$ 560,959</b>

See notes to financial statements.

Get Lit - Words Ignite, Inc.  
Statement of Activities  
Year Ended June 30, 2021  
(with comparative totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
<b>Support and Revenues</b>				
Contributions				
Foundations and government agencies	\$ 287,875	\$ 1,175,093	\$ 1,462,968	\$ 878,200
Individuals	199,782		199,782	95,315
Corporations	1,795	161,000	162,795	57,564
In-kind— Note 8	996		996	94
Fundraising events, net				
Gross revenue	52,880		52,880	116,175
Less cost of direct benefits to donors	(17,956)		(17,956)	(65,343)
<b>Fundraising Events, Net</b>	<b>34,924</b>		<b>34,924</b>	<b>50,832</b>
Program service fees	104,256		104,256	135,806
Program events	38,388		38,388	43,500
Interest income	35		35	66
Net assets released from restrictions	988,540	(988,540)		
<b>Total Support and Revenues</b>	<b>1,656,591</b>	<b>347,553</b>	<b>2,004,144</b>	<b>1,261,377</b>
<b>Expenses</b>				
Youth poetry and spoken word services				
Classic Slam	149,887		149,887	178,284
Get Lit Media	322,822		322,822	260,191
In-School	377,619		377,619	333,449
After-School	233,343		233,343	211,967
<b>Total Program Services</b>	<b>1,083,671</b>		<b>1,083,671</b>	<b>983,891</b>
Supporting services				
General and administrative	134,268		134,268	111,415
Fundraising	173,026		173,026	128,028
<b>Total Expenses</b>	<b>1,390,965</b>		<b>1,390,965</b>	<b>1,223,334</b>
<b>Change in Net Assets</b>	<b>265,626</b>	<b>347,553</b>	<b>613,179</b>	<b>38,043</b>
<b>Net Assets at Beginning of Year</b>	<b>213,179</b>	<b>210,247</b>	<b>423,426</b>	<b>385,383</b>
<b>Net Assets at End of Year</b>	<b>\$ 478,805</b>	<b>\$ 557,800</b>	<b>\$ 1,036,605</b>	<b>\$ 423,426</b>

See notes to financial statements.

Get Lit - Words Ignite, Inc.  
Statement of Functional Expenses  
Year Ended June 30, 2021  
(with comparative totals for 2020)

	Youth Poetry and Spoken Word Services					Supporting Services				
	Classic Slam	Get Lit Media	In-School	After-School	Total	General and Administrative	Fundraising	Fundraising Events	2021 Total	2020 Total
Salaries	\$ 57,928	\$ 215,578	\$ 259,054	\$ 135,128	\$ 667,688	\$ 36,068	\$ 63,207	\$	\$ 766,963	\$ 629,457
Payroll taxes	5,040	18,736	21,553	11,740	57,069	3,517	5,481		66,067	53,373
Employee benefits	2,028	7,919	5,539	5,539	21,025	4,723	2,775		28,523	19,471
<b>Total Payroll, Taxes, and Benefits</b>	<b>64,996</b>	<b>242,233</b>	<b>286,146</b>	<b>152,407</b>	<b>745,782</b>	<b>44,308</b>	<b>71,463</b>		<b>861,553</b>	<b>702,301</b>
Bank fees						3,167			3,167	1,625
Cost of direct benefits to donors								17,956	17,956	65,343
Depreciation	1,951	1,951	9,749	1,951	15,602	1,953			17,555	14,753
Marketing and public relations	15,777	8,239	13,043	7,498	44,557	7,018	9,994		61,569	29,602
Information technology		59	206		265	2,485	50		2,800	27,307
Insurance	2,265	5,965	3,915	2,265	14,410	4,593	1,776		20,779	9,044
Telephone and internet						9,631	15		9,646	3,121
Miscellaneous		7,481	1,385	2,016	10,882	15,739	1,344		27,965	44,477
Outside services	14,720	21,785	45,790	43,714	126,009	11,946	83,015		220,970	173,357
Postage and printing	11,037			1,032	12,069	1,067	5,369		18,505	20,150
Professional fees						12,752			12,752	6,008
Rent—office		19,610	17,385	21,834	58,829	19,609			78,438	75,939
Rent—program event venues										32,443
Supplies	39,141	15,079		546	54,766				54,766	58,883
Travel		420		80	500				500	24,325
<b>Total Expenses by Function</b>	<b>149,887</b>	<b>322,822</b>	<b>377,619</b>	<b>233,343</b>	<b>1,083,671</b>	<b>134,268</b>	<b>173,026</b>	<b>17,956</b>	<b>1,408,921</b>	<b>1,288,678</b>
Less expenses included with revenues on the statement of activities										
Cost of direct benefits to donors								(17,956)	(17,956)	(65,343)
<b>Total Expenses</b>	<b>\$ 149,887</b>	<b>\$ 322,822</b>	<b>\$ 377,619</b>	<b>\$ 233,343</b>	<b>\$ 1,083,671</b>	<b>\$ 134,268</b>	<b>\$ 173,026</b>	<b>\$</b>	<b>\$ 1,390,965</b>	<b>\$ 1,223,335</b>

See notes to financial statements.

**Get Lit - Words Ignite, Inc.**  
**Statement of Cash Flows**  
**Year Ended June 30, 2021**  
**(with comparative totals for 2020)**

	<u>2021</u>	<u>2020</u>
<b>Operating Activities</b>		
Change in net assets	\$ 613,179	\$ 38,043
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	17,555	14,753
Changes in operating assets and liabilities:		
Contributions receivable	(374,600)	(110,093)
Accounts receivable	32,270	(25,080)
Deposits	(208)	
Accounts payable and accrued expenses	5,376	25,905
PPP advance		99,896
<b>Net Cash Provided by Operating Activities</b>	<b>293,572</b>	<b>43,424</b>
<b>Investing Activities</b>		
Purchases of property and equipment	(401,440)	
<b>Net Cash Used in Investing Activities</b>	<b>(401,440)</b>	
<b>Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash</b>	<b>(107,868)</b>	<b>43,424</b>
<b>Cash, Cash Equivalents, and Restricted at Beginning of Year</b>	<b>331,256</b>	<b>287,832</b>
<b>Cash, Cash Equivalents, and Restricted at End of Year</b>	<b>\$ 223,388</b>	<b>\$ 331,256</b>
<b>Supplementary Disclosures</b>		
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -



**Get Lit - Words Ignite, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021**  
**(with comparative totals for 2020)**

**Note 1—Organization and Summary of Significant Accounting Policies**

Organization—Get Lit - Words Ignite, Inc. (Get Lit) is a California nonprofit corporation established in 2006 for the purpose of stemming dropout rates and increasing literacy among youth in Los Angeles through the fusion of classic poetry and the spoken word movement. Get Lit places the greatest poets of our time in dialogue with our youth. Through its three major program areas, Get Lit fosters cultural understanding, creative self-expression and performance technique, reaching over 20,000 teens each year. Their program areas include:

The Classic Slam—The Classic Slam is the largest teen poetry competition in the nation, where students from high schools face off to “slam” poems by classic poets such as Pablo Neruda, Federico Garcia Lorca, Langston Hughes, Emily Dickinson, and Maya Angelou, in combination with their own spoken word responses. Classic Slam is held every spring, in tandem with National Poetry Month in April, for audiences of thousands. Leading writers, actors, and artists volunteer their time as Classic Slam judges, awarding various prizes to the winning teams.

Get Lit Media—Get Lit Media includes the Film Education Program and youth-run original Content Studio. The Film program includes: Pilot I (Intro to Filmmaking), a free 12-week, 3x per year series and Pilot II (Advanced Filmmaking), a free, 12-week, 2x per year intensive culminating in the creation of two short student films. Poetic Screenwriters Lab: A yearlong series for screenwriters-poets to work with established writers. Youth Edit Lab: Training in post-production. The Content Studio youth produce weekly podcasts, original performance videos, and interview programs featuring well-known writers from around the world.

The In-School Program—The In-School Program works in partnership with high schools across the United States to ignite creativity and an authentic love of learning in teens through the memorization, writing and performance of classic and spoken word poetry. In-School is for students 9-19 who are in classes taught by teachers who have been certified in the Get Lit Curriculum and Methodology. Get Lit’s 12-week curriculum is aligned to Common Core Standards for English/Language Arts and Visual & Performing Arts. Get Lit’s one-semester or full-year “Words Ignite” curriculum is approved by the University of California to satisfy “A-G” English and General Elective standards.

The After-School Programs—The After-School Programs include: Get Lit Players, an award winning, professional performance troupe comprised of teenagers from high schools throughout California, selected through a competitive audition process. Get Lit Players travel across the nation performing both classic and spoken word poetry, inspiring their peers to read, write, be leaders in their communities and participate in the arts. Summer Camps: Get Lit provides low-cost 2-week summer intensives in filmmaking and spoke word writing and performance. Get Lit offers ongoing Saturday Drop-In poetry workshops, free and open to all experience levels, and hold monthly Open Mics. Get Lit’s poetry workshops for Transition-Aged Youth, given in partnership with the Los Angeles County Department of Mental Health, introduce participants to the discipline of writing and guide them in finding their voice.

**Note 1—Organization and Summary of Significant Accounting Policies—Continued**

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Get Lit's net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of Get Lit and changes therein are presented and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of Get Lit. These net assets may be used at the discretion of Get Lit's management and the board of directors.

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of Get Lit and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit Get Lit to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Recently Adopted Accounting Principles

Contributions—In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 clarifies and improves the scope of the accounting guidance for contributions received and contributions made. The clarifications and improved scope assist entities in 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal) or as exchange (reciprocal) transactions, and 2) determining whether a contribution is conditional. The clarified guidance applies to all entities that receive or make contributions (grants). ASU No. 2018-08 has been adopted by Get Lit for the year ended June 30, 2020, however, the retrospective approach requires that organizations reflect the effect of the new guidance in the earliest year presented in the financial statements. Get Lit has determined that adopting ASU No. 2018-08 has had no material effect on the financial statements.

Restricted Cash—In February 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU No. 2016-18 clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. The guidance requires entities to present the change in restricted cash and restricted cash equivalents with cash and cash equivalents to reconcile amounts on the balance sheet to the statement of cash flows. Entities are required to disclose the nature of the restrictions, as well as reconcile the totals in the statement of cash flows to cash, cash equivalents, restricted cash, and restricted cash equivalents on the balance sheet when these are shown in more than one line item. Get Lit has adopted ASU No. 2016-18 on a retrospective basis for the year ended June 30, 2021, and has adjusted the presentation of the financial statements accordingly.

**Get Lit - Words Ignite, Inc.**

**Notes to Financial Statements—Continued**

**Note 1—Organization and Summary of Significant Accounting Policies—Continued**

Revenue Recognition—In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Get Lit opted to adopt ASU No. 2014-09 for the year ended June 30, 2021 and noted that there was no material effect on the financial statements.

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of Get Lit's youth poetry and spoken word services, and interest earned on savings accounts. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature; Get Lit did not engage in any reportable nonoperating activities during the years ended June 30, 2021 and 2020.

Income Taxes—Get Lit is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and from California franchise tax under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for federal or state income taxes is included in the financial statements.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered '*more likely than not*' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at June 30, 2021 and 2020. Generally, Get Lit's information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Cash, Cash Equivalents, and Restricted Cash—Get Lit considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Restricted cash consists of the PPP advance (see Note 4).

**Get Lit - Words Ignite, Inc.****Notes to Financial Statements—Continued****Note 1—Organization and Summary of Significant Accounting Policies—Continued**

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the statement of financial position to the sum of total cash, cash equivalents, and restricted cash reported in the statement of cash flows at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
<b>Cash Accounts Reported in Statement of Financial Position</b>		
Cash and cash equivalents	\$ 123,492	\$ 231,360
Restricted cash: PPP advance	99,896	99,896
<b>Total Cash, Cash Equivalents, and Restricted Cash Reported in Statement of Cash Flows</b>	<u><u>\$ 223,388</u></u>	<u><u>\$ 331,256</u></u>

Property and Equipment—Property and equipment are recorded at historical cost or fair market value at date of donation and are depreciated using the straight-line method over their useful lives, ranging from three to seven years. It is Get Lit's policy to expense items under \$2,500.

Concentrations of Credit Risk—Financial instruments which potentially subject Get Lit to concentrations of credit risk consist of cash and cash equivalents, contributions receivable, and accounts receivable. Get Lit places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At times, such cash and cash equivalent balances are in excess of the FDIC insurance limits. Management regularly reviews the financial stability of its cash depositories and deems the risk of loss due to these concentrations to be minimal. Contributions receivable consist of balances from foundations and individuals. Accounts receivable are principally with government agencies and local schools. It is management's opinion that the contributions receivable and accounts receivable are fully collectible and, as a result, an allowance for doubtful accounts was not considered necessary at June 30, 2021 and 2020.

Revenue Recognition—Get Lit's revenue recognition policies are as follows:

Foundations and government agencies—Grant revenues from foundations and government agencies are reported as increases in net assets without donor restrictions as allowable expenditures under such agreements are incurred. The amounts expended in excess of reimbursements are reported as grants receivable. Amounts received in excess of amounts expended are recorded as deferred revenue.

Fundraising event income—Fundraising event income is recognized when such income is received.

Program activity fees—Get Lit recognizes program activity fees as revenue when the fees are earned.

**Get Lit - Words Ignite, Inc.**

**Notes to Financial Statements—Continued**

**Note 1—Organization and Summary of Significant Accounting Policies—Continued**

Functional Expenses—The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between youth poetry and spoken word services and supporting services benefitted. Such allocations are determined by management on an equitable basis. Estimates of time and effort were used as the basis of allocation for the following expenses: salaries, payroll taxes, employee benefits, depreciation, insurance, miscellaneous expenses, rent, outside services, postage and printing, and supplies.

In-Kind Contributions—All in-kind contributions are valued at their estimated fair market value at the date of the gift.

Statement of Cash Flows—For the statement of cash flows, Get Lit defines cash and cash equivalents to be cash on hand and short-term, highly liquid investments with maturities of three months or less.

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

Comparative Totals for 2020—The accompanying financial statements include certain prior-year summarized comparative financial information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Get Lit's audited financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Reclassifications—Certain amounts in 2020 have been reclassified to conform with the 2021 financial statement presentation.

**Get Lit - Words Ignite, Inc.**  
**Notes to Financial Statements—Continued**

**Note 2—Availability and Liquidity**

The following represents the availability and liquidity of Get Lit's financial assets at June 30, 2021 and 2020 to cover operating expenses for the next fiscal year:

Financial assets		
Cash and cash equivalents	\$	123,492
Contributions receivable		538,600
Accounts receivable		9,450
		<hr/>
<b>Total Financial Assets</b>		<b>671,542</b>
Less amounts not available to be used within one year:		
Net assets with donor restrictions		
Restricted due to purpose:		
Youth poetry and spoken word services		
In-School program		(20,000)
Internship program		(16,200)
Restricted due to timing		(521,600)
Less net assets with time restrictions to be met in less than one year		20,000
		<hr/>
<b>Total Amounts Not Available to be Used Within One Year</b>		<b>(537,800)</b>
		<hr/>
<b>Financial Assets Available to Meet General Expenditures Over the Next Twelve Months</b>	<b>\$</b>	<b>133,742</b>

Get Lit's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$300,000). As part of its liquidity plan, excess cash is invested in a savings account.

**Note 3—Property and Equipment, Net**

Net property and equipment consists of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Website asset in progress	\$ 388,375	\$ 29,281
Office equipment	42,346	39,688
Vehicles	39,688	8,508
Leasehold improvements	8,508	
	<hr/>	<hr/>
<b>Total Property and Equipment</b>	<b>478,917</b>	<b>77,477</b>
Less accumulated depreciation	(77,909)	(60,354)
	<hr/>	<hr/>
<b>Property and Equipment, Net</b>	<b>\$ 401,008</b>	<b>\$ 17,123</b>

Depreciation expense recognized for the years ended June 30, 2021 and 2020 totaled \$17,555 and \$14,753, respectively.

**Get Lit - Words Ignite, Inc.**  
**Notes to Financial Statements—Continued**

**Note 4—PPP Advance**

On May 7, 2020 Get Lit received a \$99,896 advance from the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP). The advance is designed to provide a direct incentive for small business struggling from the impact of the COVID-19 pandemic (see Note 10) to keep their workers on the payroll. While these funds carry loan repayment terms, it is the opinion of management that all funds received will be forgiven under the present terms of the PPP. Get Lit has elected to record the PPP grant revenue upon receipt of the forgiveness letter from the SBA, which occurred subsequent to year-end on November 18, 2021.

**Note 5—Commitments**

Get Lit rents administrative and programmatic space under a non-cancellable operating lease agreement (Agreement), which expires May 31, 2024. Future minimum annual rental payments under the Agreement are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 78,438
2023	79,207
2024	<u>80,361</u>
<b>Total</b>	<b><u>\$ 238,006</u></b>

Rent expense totaled \$78,438 and \$76,323 for the years ended June 30, 2021 and 2020, respectively.

**Note 6—Contingencies**

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although that is a possibility, the Board of Directors (Board) deems the contingency remote since, by accepting the gifts and their terms, the Board is acknowledging the requirements of the grantor at the time of receipt of the grant.

**Get Lit - Words Ignite, Inc.**  
**Notes to Financial Statements—Continued**

**Note 7—Net Assets with Donor Restrictions**

Net assets with donor restrictions at June 30, 2021 and 2020 are restricted for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Youth poetry and spoken word services		
Get Lit Media program	\$ 20,000	\$
Internship program	16,200	
In-School program		33,184
Staff salaries		13,063
Promises to give, the proceeds from which have been restricted by donors:		
General operations	492,000	
After-School programs	29,600	75,000
In-School program		80,000
Support for future periods		9,000
<b>Total Net Assets with Donor Restrictions</b>	<b><u>\$ 557,800</u></b>	<b><u>\$ 210,247</u></b>

Net assets were released from donor restrictions by incurring expenses that satisfied the restricted purpose, or by occurrence of the passage of time or other events specified by the donors. Net assets released from donor restrictions during the years ended June 30, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions:		
Youth poetry and spoken word services		
In-School program	\$ 249,444	\$ 146,681
Classic Slam program event	175,000	100,000
After-School programs	163,040	123,248
Get Lit Poetic	19,620	
Get Lit Media program	21,960	98,500
Uni(VERSE)	301,953	
Website rebuild	35,000	
Staff salaries	13,063	15,437
Fundraising supporting services	460	
Satisfaction of timing restrictions	9,000	44,907
<b>Total Releases from Donor Restrictions</b>	<b><u>\$ 988,540</u></b>	<b><u>\$ 528,773</u></b>



**Get Lit - Words Ignite, Inc.**  
**Notes to Financial Statements—Continued**

**Note 8—In-Kind Contributions**

In-kind contributions are captioned on the statement of functional expenses for the years ended June 30, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Outside services	\$ 996	\$
Supplies		94
<b>Totals</b>	<b><u>\$ 996</u></b>	<b><u>\$ 94</u></b>

**Note 9—Recent Accounting Pronouncements**

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for nonprofit organizations with fiscal years beginning after December 15, 2021, with early adoption permitted. Get Lit is currently evaluating the impact that the adoption of ASU No. 2016-02 will have on its financial statements.

Gifts-in-Kind—In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires increased transparency around the use and valuation of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit entities. Under the updated guidance, gifts-in-kind are required to be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, and to be disaggregated in the notes to the financial statements by the category that depicts the type of contributed nonfinancial assets. There are additional required disclosures regarding qualitative information denoting whether the gifts-in-kind were monetized or utilized during the reporting period; the entity's policy, if any, about monetizing rather than utilizing contributed nonfinancial assets; and the valuation techniques and inputs used to arrive at a fair value measure. ASU No. 2020-07 is to be applied retrospectively and is effective for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. Early adoption is permitted. Get Lit is currently evaluating the impact that the adoption of ASU 2020-07 will have on its financial statements.

**Note 10—Risks and Uncertainties**

In early March 2020, the COVID-19 was declared to be a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, has been, and continues to be, severely impacted as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Get Lit has continued to conduct its youth poetry and spoken word services activities, on a remote basis, and to monitor the ongoing impact of the pandemic response on its overall operations. At the time of this reporting, the cumulative financial impact of the pandemic on Get Lit, if any, cannot be fully determined, therefore no related adjustments have been made to these financial statements.

**Note 11—Subsequent Events**

Management evaluated all activities of Get Lit through April 12, 2022, which is the date the financial statements were available to be issued, and concluded that, other than the forgiveness of the PPP advance described in Note 4, no other material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.