

**SCHOOL ON WHEELS, INC.**  
**(a Non-Profit Corporation)**

FINANCIAL STATEMENTS

Year Ended December 31, 2020

**Independent Auditors' Report**

To the Board of Directors of  
School on Wheels, Inc.

***Opinion***

We have audited the accompanying financial statements of School on Wheels, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 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 School on Wheels, Inc. as of December 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.

***Basis for Opinion***

We conducted our audit 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 School on Wheels, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair representation of these 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 School on Wheels, Inc.'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.

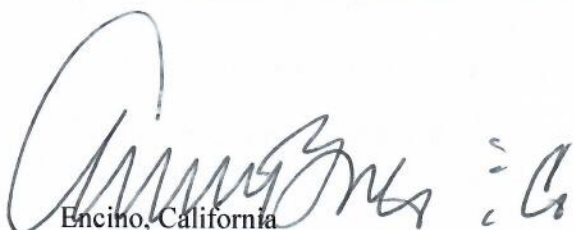
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 School on Wheels, Inc.'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 School on Wheels, Inc.'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.

***Report on Summarized Comparative Information***

We have previously audited the School on Wheels, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 29, 2020.

A large, stylized handwritten signature in black ink, appearing to read "C. G. ...".

Encino, California  
May 24, 2021

**SCHOOL ON WHEELS, INC.**  
**(a Non-Profit Corporation)**

STATEMENT OF FINANCIAL POSITION

December 31, 2020  
With Summarized Totals at December 31, 2019

	2020	2019
<b>Current Assets:</b>		
Cash and cash equivalents (note 2)	\$ 2,537,808	\$ 1,482,620
Prepaid expenses	17,890	-
<b>Total Current Assets</b>	<b>2,555,698</b>	1,482,620
Fixed assets, at cost (note 4)	21,880	62,348
Deposits	8,760	8,760
<b>Total Assets</b>	<b>\$ 2,586,338</b>	<b>\$ 1,553,728</b>
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$ 186,534	\$ 48,784
Accrued vacation	59,592	38,373
Total Current Liabilities	246,126	87,157
SBA Payroll Protection Loan	279,700	-
Total Liabilities	\$ 525,826	\$ 87,157
<i>(See commitments - Note 7)</i>		
<b>Net Assets:</b>		
Without Donor Restrictions	\$ 1,629,784	\$ 1,319,916
With Donor Restrictions (note 5)	430,728	146,655
Total Net Assets	2,060,512	1,466,571
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,586,338</b>	<b>\$ 1,553,728</b>

See Accompanying Independent Auditor's Report and Notes to the Financial Statements

**SCHOOL ON WHEELS, INC.**  
**(a Non-Profit Corporation)**

STATEMENT OF ACTIVITIES

Year Ended December 31, 2020  
With Summarized Totals at December 31, 2019

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2020</b>	<b>2019</b>
<b>Support and Revenues:</b>				
Grant income	\$ 1,549,931	\$ 974,273	\$ 2,524,204	\$ 1,448,840
Contributions	790,266	48,603	838,869	397,393
Donated materials	270,719	-	270,719	462,642
Gain/loss on sale of investments	93	-	93	135
Special events, net of direct expenses of \$1,248	(1,248)	-	(1,248)	227,882
Interest income	13,946	-	13,946	10,282
Other income	-	-	-	3,757
Net Assets released from restrictions	738,803	(738,803)	-	-
Total Support and Revenues	<b>3,362,510</b>	<b>284,073</b>	<b>3,646,583</b>	2,550,931
<b>Expenses:</b>				
Program Services	2,816,423	-	2,816,423	2,342,410
Fundraising	83,338	-	83,338	67,546
Supporting Services	152,881	-	152,881	120,985
Total Expenses	<b>3,052,642</b>	-	<b>3,052,642</b>	2,530,941
Increase (Decrease) in Net Assets	<b>309,868</b>	<b>284,073</b>	<b>593,941</b>	19,990
Net assets, beginning of year	<b>1,319,916</b>	<b>146,655</b>	<b>1,466,571</b>	1,446,581
<b>Net assets, end of year</b>	<b>\$ 1,629,784</b>	<b>\$ 430,728</b>	<b>\$ 2,060,512</b>	<b>\$ 1,466,571</b>

See Accompanying Independent Auditor's Report and Notes to the Financial Statements

**SCHOOL ON WHEELS, INC.**  
**(a Non-Profit Corporation)**

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020  
With Summarized Totals at December 31, 2019

	<b>Program Services</b>	<b>Fundraising</b>	<b>Supporting Services</b>	<b>2020</b>	<b>2019</b>
Accounting	\$ -	\$ -	\$ 10,423	\$ 10,423	\$ 40,279
Automobile	7,617	-	138	7,755	19,871
Bank Charges	-	-	16,873	16,873	9,638
Contract Labor/Consulting	15,925	5,916	43,894	65,735	38,253
Depreciation	49,235	-	-	49,235	61,985
Donated Materials	270,719	-	-	270,719	462,642
Dues	5,786	-	569	6,355	3,243
Employee Benefits	97,135	-	316	97,451	91,877
Insurance	6,611	-	9,822	16,433	17,463
Lease Expense	97,298	-	-	97,298	111,125
Marketing and Advertising	22,437	1,729	395	24,561	7,842
Miscellaneous	2,418	-	219	2,637	5,256
Office Expense	8,597	82	683	9,362	8,231
Payroll	1,545,520	71,693	26,146	1,643,359	1,338,008
Payroll Taxes	128,913	-	270	129,183	107,667
Postage	4,346	281	516	5,143	5,410
Printing	18,818	-	536	19,354	10,392
Professional Development	5,185	692	1,198	7,075	14,441
Repairs and Maintenance	184	-	-	184	4,023
Scholarships	6,119	-	-	6,119	15,827
Staff Recognition and Recruiting	22,657	-	338	22,995	6,780
Student Expenses	338,912	-	-	338,912	46,293
Technology	91,338	2,688	37,574	131,600	41,141
Telephone	17,613	-	14	17,627	17,634
Travel and Meals	2,677	184	390	3,251	10,754
Utilities	3,785	-	-	3,785	9,619
Volunteer Expenses	46,578	73	2,567	49,218	25,247
<b>Total Functional Expenses</b>	<b>\$ 2,816,423</b>	<b>\$ 83,338</b>	<b>\$ 152,881</b>	<b>\$ 3,052,642</b>	<b>\$ 2,530,941</b>

See Accompanying Independent Auditor's Report and Notes to the Financial Statements

**SCHOOL ON WHEELS, INC.**  
**(a Non-Profit Corporation)**

STATEMENT OF CASH FLOWS

Year Ended December 31, 2020  
With Summarized Totals at December 31, 2019

	2020	2019
<b>Cash flows from Operating Activities:</b>		
Increase/(Decrease) in Net Assets	\$ 593,941	\$ 19,990
Reconciliation of increase in net assets to net cash provided by operating activities:		
Depreciation	49,235	61,985
(Increase)/Decrease in prepaid expenses	(17,890)	-
Increase/(Decrease) in accounts payable and accrued expenses	158,969	(56,438)
Increase/(Decrease) in deferred revenue	-	(50,000)
Net cash provided by (used by) operating activities	784,255	(24,463)
<b>Cash Flow from financing activities:</b>		
SBA Payroll Protection Plan loan	279,700	-
Net cash provided by financing activities	279,700	-
<b>Cash Flow from investing activities:</b>		
Purchase of computer equipment, software and leasehold improvements	(8,767)	-
Net cash used by investing activities	(8,767)	-
Net increase (decrease) in cash and cash equivalents	1,055,188	(24,463)
Cash, cash equivalents and restricted cash at beginning of year	1,482,620	1,507,083
Cash, cash equivalents and restricted cash at end of year	\$ 2,537,808	\$ 1,482,620

**Supplemental disclosure of cash flow information:**

School on Wheels, Inc. did not pay interest or taxes in 2020 or 2019.

See Accompanying Independent Auditor's Report and Notes to the Financial Statements

**SCHOOL ON WHEELS, INC.**  
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NOTES TO FINANCIAL STATEMENTS

December 31, 2020

**NOTE 1 - NATURE OF ACTIVITIES**

Since 1993, School on Wheels has provided tutoring and mentoring for children who live in shelters, motels, group foster homes, vehicles, campgrounds or on the streets. The mission of School on Wheels is the enhancement of educational opportunities for children experiencing homelessness from kindergarten through twelfth grade. Their goal is to shrink the gaps in their learning and provide them with the highest quality education possible.

2020 was a singular year for the world and for School on Wheels. Pandemics, civil unrest, elections, social divisiveness, massive unemployment. The list goes on. As always, poor children and those experiencing homelessness have been hit the hardest. With schools closed and instruction moved online, the huge digital divide between rich and poor has been exposed and greatly exacerbated. While there are not yet studies of the impact of the pandemic on K-12 education, we know the magnitude on unhoused students' education – academic, social and emotional - will be staggering.

The pandemic forced School on Wheels to adapt their strategies to new realities, far beyond the pivot to online work. School closures, poverty and racism disproportionately burden those who are already academically behind and experiencing massive trauma. These students have been shut out of not only academics, but also the counseling and emotional support that schools provide (not to mention daily nutrition and regular referrals to important medical services). School on Wheels staff and volunteers provide connection at a time when other connections are impossible. They are trusted adults for their students, people who can help in their struggles to understand and deal with the complex issues of conflict and racism that our entire nation is facing.

School on Wheels is the only organization in Southern California exclusively dedicated to serving the educational needs of homeless children, the only one to focus on eliminating the specific barriers that stand between homeless children and the education they need and deserve to escape a life on the streets. Children without a home need extra time and attention if the educational system is to do its job, but they often have no one in their lives who can give it to them. School on Wheels brings the message to these students that they are cared about and important, and their programs serve as a consistent support system at a time of great stress and fear. Every child needs an education to have hope and a chance for success, and the homeless child is no exception. If School on Wheels can close the gap for these kids, their program has the potential to help stop the cycle of homelessness and to relieve school districts of a tremendous capacity and resource burden.

See Accompanying Independent Auditor's Report and Notes to the Financial Statements



**SCHOOL ON WHEELS, INC.**  
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NOTES TO FINANCIAL STATEMENTS

December 31, 2020

**NOTE 1 - NATURE OF ACTIVITIES (cont.)**

In 2020, School on Wheels achieved the following milestones:

- Transitioned to 100% online tutoring in April
- Tutored 2,360 students, 1,184 of them 100% online
- Trained and matched 1,602 volunteers, including online technology training
- Provided 506 Chromebooks/Kindles/devices with internet access and hotspots to students
- Distributed 936 hard copy books; over 2,000 science, art and hygiene kits; and 1,000 gift cards
- Tutored in six counties in Southern California

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of School on Wheels, Inc. and changes therein are classified and reported as follows:

Contributions are recorded in the period received. Contributions received are recorded as net assets without donor restrictions, or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by the donor by time or purpose are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The related expense or cost of assets purchased in order to satisfy the donor restriction is expensed or capitalized.

When restrictions are satisfied in the same accounting period that the contribution is received, both revenue and expenses are reported in the net assets without donor restrictions class.

When a donor makes a contribution but does not stipulate a restriction of any kind on the use of funds, the transaction is reported as an increase in net assets without donor restriction.

See Accompanying Independent Auditor's Report and Notes to the Financial Statements

**SCHOOL ON WHEELS, INC.**  
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NOTES TO FINANCIAL STATEMENTS

December 31, 2020

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

Use of 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. Although management believes its estimates are appropriate, changes in assumptions utilized in preparing such estimates could cause these estimates to change in the future. Accordingly, actual results could differ from those estimates. Significant estimates include allocation of overhead expense to program, fund-raising, and supporting services and determination of value of In Kind donations.

Cash and cash equivalents

School on Wheels, Inc. maintains its cash and cash equivalents in bank deposit accounts and other investment accounts which, at times, may exceed federally insured limits. The charity has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and cash equivalents include donor restricted cash and cash equivalents of \$430,728 and \$146,655 at December 31, 2020 and 2019, respectively.

Building, furniture and equipment

Building, furniture and equipment are recorded at cost and depreciated using straight-line method over the estimated useful lives of the assets of 3 to 5 years. Maintenance, repairs and small property donations are expensed. Larger property donations and purchases for which there is a reasonable basis to measure value are capitalized and depreciated.

See Accompanying Independent Auditor's Report and Notes to the Financial Statements

**SCHOOL ON WHEELS, INC.**  
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NOTES TO FINANCIAL STATEMENTS

December 31, 2020

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

Contributions in-kind

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at an estimated fair value in the period received. Total value of these in-kind donations includes the following:

Backpacks and school supplies	\$ 92,034
Computers and accessories	43,140
Other items	<u>135,545</u>
	<u>\$270,719</u>

Value of volunteer time

In 2020, we had the honor of 1,602 volunteers who donated a total of 50,000 hours in support of School on Wheels, Inc.'s program services. The value of these services is estimated to be \$31.51 per hour in California, for a total of \$1,575,500.

The value of volunteer time is based on the hourly earnings (approximated from yearly values) of all production and non-supervisory workers on private non-farm payrolls average (based on yearly earnings provided by the Bureau of Labor Statistics). Independent Sector indexes this figure to determine state values and increases it by 12 percent to estimate for fringe benefits.

Allocating functional expenses

Certain indirect natural expenses are allocated among the programs, supporting services, and fund-raising based upon management's estimates of employee hours incurred with respect to the various programs, supporting services and fund-raising.

See Accompanying Independent Auditor's Report and Notes to the Financial Statements

**SCHOOL ON WHEELS, INC.**  
**(a Non-Profit Corporation)**

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

**NOTE 3 - TAX STATUS**

School on Wheels, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and California Revenue and Taxation Code Section 23701(d). Accordingly, no provision has been made for Federal and state income taxes.

School on Wheels, Inc. accounts for income taxes by evaluating its tax positions and recognizes a liability for any positions that would not be considered “more likely than not” to be upheld under a tax authority examination. If such issues exist, School on Wheels, Inc.’s policy will be to recognize any tax liability so recorded, including applicable interest and penalties, as a component of income tax expense.

School on Wheels, Inc. has reviewed its tax positions and determined that an accrual for uncertain income tax positions and adjustment to the tax provision was not necessary. With few exceptions, School on Wheels, Inc. is no longer subject to U. S. Federal and state income tax examinations for fiscal years before 2017.

**NOTE 4 - FIXED ASSETS**

Fixed assets at December 31, 2020 are summarized as follows:

Database Software	\$ 156,555
Office Equipment and Computers	90,592
Office Furniture and Fixtures	48,888
Leasehold Improvements	<u>149,314</u>
	445,349
Less accumulated depreciation	<u>(423,469)</u>
Net fixed assets	\$ <u>21,880</u>

See Accompanying Independent Auditor’s Report and Notes to the Financial Statements

**SCHOOL ON WHEELS, INC.**  
**(a Non-Profit Corporation)**

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

**NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are summarized as follows:

	<u>2020</u>
K-3 Literacy program	\$ 70,638
Regional expansion	43,365
Scholarships funds	89,844
Board reserve fund	12,500
Staffing	130,000
Technology	<u>84,381</u>
	<u>\$430,728</u>

**NOTE 6 - RELATED PARTY TRANSACTIONS**

The former Executive Director of School on Wheels, Inc. continues to provide executive advisory services on a pro bono basis.

A member of the Board of Directors was paid \$7,390 for Development Consulting services.

See Accompanying Independent Auditor's Report and Notes to the Financial Statements

**SCHOOL ON WHEELS, INC.**  
**(a Non-Profit Corporation)**

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

**NOTE 7 - COMMITMENTS**

School on Wheels, Inc. operates three facilities. The administrative office is occupied under a month to month lease. Minimum lease obligations for the remaining space leases are as follows:

December 31

2021	\$ 98,676
2022	101,235
2023	103,863
2024	106,562
2025	<u>68,721</u>
	<u>\$479,057</u>

**NOTE 8 - GOVERNING BOARD DESIGNATIONS**

School on Wheels, Inc.'s governing Board has designated certain amounts of net assets without donor restriction for specific purposes. Unlike donor restricted funds, Board designated funds are decided upon for any purpose by the governing Board. The Board may change or alter designation of funds at any time.

The following designation was in place as of December 31, 2020:

	<u>2020</u>
Operating Reserve Fund	<u>\$ 87,500</u>

The Board established this designation to fulfill its agreement with a grantor who donated \$12,500 towards the same purpose. Total operating reserve fund between Board designation and donor restricted funds is \$100,000.

See Accompanying Independent Auditor's Report and Notes to the Financial Statements

**SCHOOL ON WHEELS, INC.**  
**(a Non-Profit Corporation)**

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

**NOTE 9 - EMPLOYEE BENEFIT PLANS**

School on Wheels, Inc. sponsors an IRC sec 403 (b) Tax-Sheltered Annuity Plan in which all employees are eligible to participate. All employees are eligible to make elective contributions, up to \$19,500, into the plan from the first date of employment. Employees ages 50 or over may make catch up contributions of an additional \$6,500. School on Wheels, Inc. may make matching contributions.

For the year ended December 31, 2020, School on Wheels, Inc. made matching contributions totaling \$6,373.

**NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects School on Wheels, Inc.'s financial assets as of the balance sheet date, reduced by amounts not available for general use within one year or because of contractual or donor-imposed restrictions.

	<u>2020</u>	<u>2019</u>
Financial assets at year end—		
Cash	<u>\$2,537,808</u>	<u>\$1,482,620</u>
Total financial assets at year end	<b>2,537,808</b>	1,482,620
Less financial assets unavailable for general expenditures within one year—		
Donor restricted funds	<b>(430,728)</b>	(146,655)
Board designation (see footnote 8)—		
Operating reserve fund	<u><b>(87,500)</b></u>	<u>(87,500)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><b>\$2,019,580</b></u>	<u>\$1,248,465</u>

As part of School on Wheels, Inc.'s liquidity management, it establishes detailed budgets before the start of the year, then, on a monthly basis, closely monitor actual financial performance compared to budgets.

See Accompanying Independent Auditor's Report and Notes to the Financial Statements

**SCHOOL ON WHEELS, INC.**  
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NOTES TO FINANCIAL STATEMENTS

December 31, 2020

**NOTE 11 - SUBSEQUENT EVENT**

School on Wheels, Inc. has evaluated events and transactions occurring subsequent to the statement of financial position date of December 31, 2020 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through April 9, 2021, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

**NOTE 12 - CONCENTRATION OF RISK**

School on Wheels, Inc. maintains its cash and cash equivalents in bank deposit accounts and other investment accounts which, at times, may exceed federally insured limits. School on Wheels, Inc. has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**NOTE 13- SBA - PAYROLL PROTECTION PLAN LOAN**

The Organization received \$279,700 from the SBA under the Federal Payroll Protection Plan. Interest accrues at 1% until April 15, 2021, whereupon interest and principal payments of \$11,776 are due monthly until the loan is paid in full in April 2023.

Under certain circumstances as outlined by the SBA, the Organization may apply for loan forgiveness in whole, or in part. Management will apply for forgiveness and believes the entire loan will be forgiven. Under these circumstances, the amount of loan forgiven will be written off to income in the period the SBA agrees to forgive any amounts.

See Accompanying Independent Auditor's Report and Notes to the Financial Statements