ACCEL AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

Year Ended June 30, 2021

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AND ADDITIONAL INFORMATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

ACCEL AND SUBSIDIARIES

We have audited the accompanying consolidated financial statements of ***ACCEL and Subsidiaries***, which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility for the Consolidated Financial Statements

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of ACCEL International Saudi, Inc. for Education, a wholly owned subsidiary, which statements reflect total assets constituting 12 percent of consolidated total assets at June 30, 2021, and total revenues constituting 26 percent of consolidated total revenues for the year then ended. Those statements, which were prepared in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities as issued by the International Accounting Standards Board, were audited by other auditors in accordance with International Standards on Auditing, whose report has been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of ACCEL International Saudi, Inc. for Education, which conform those financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for ACCEL International Saudi, Inc. for Education, prior to these conversion adjustments, is based solely on the report of the other auditors, and additional audit procedures to meet the relevant requirements of auditing standards generally accepted in the United States of America performed by us. 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, based on our audit and the report of the other auditors, the consolidated financial statements of ***ACCEL and Subsidiaries*** present fairly, in all material respects, the financial position as of June 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, ***ACCEL and Subsidiaries*** changed its method of accounting for leases as of July 1, 2020 due to the adoption of Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842).* Our opinion is not modified with respect to this matter.

Mayer Hoffman McCann P.C.

March 2, 2022

ACCEL AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2021

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 3,521,675
Tuition receivable	1,030,653
Adult education receivable	397,757
Promises to give	249,900
Prepaid expenses	193,144
Assets whose use is limited, current portion	962,125
TOTAL CURRENT ASSETS	6,355,254
INVESTMENTS	175,932
CASH RESTRICTED TO INVESTMENT IN PROPERTY AND EQUIPMENT	40,183
PROPERTY AND EQUIPMENT, net	13,447,645
ASSETS WHOSE USE IS LIMITED, net of current portion	724,926
RIGHT-OF-USE ASSET, net of discount	3,321,080
DEPOSITS	50,543
TOTAL ASSETS	$ 24,115,563

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	86,268
Accrued expenses	815,120
Accrued payroll	736,515
Current maturities of bonds payable, less unamortized bond issuance costs	218,135
Current maturities of long-term debt	35,250
Current maturities of lease liabilities	494,260
TOTAL CURRENT LIABILITIES	2,385,548
PAYCHECK PROTECTION PROGRAM FORGIVABLE OBLIGATION	471,134
BONDS PAYABLE, less current maturities and unamortized bond issuance costs	13,340,444
LONG-TERM DEBT, less current maturities	16,943
LEASE LIABILITIES, less current maturities	2,991,545
EMPLOYEES' DEFINED BENEFIT OBLIGATION	219,816
TOTAL LIABILITIES	19,425,430
NET ASSETS	
Without donor restrictions	4,099,692
With donor restrictions	590,441
TOTAL NET ASSETS	4,690,133
TOTAL LIABILITIES AND NET ASSETS	$ 24,115,563

ACCEL AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Tuition revenue			
Metro campus	$ 7,492,549	$ -	$ 7,492,549
Tempe campus	2,636,827	-	2,636,827
Adult education programs	2,071,101	-	2,071,101
Ajyal Center	3,450,422	-	3,450,422
Clinic fees	1,282,346	-	1,282,346
Contributions	5,458,483	339,009	5,797,492
Investment income	34,676	-	34,676
Other revenue	82,623	-	82,623
Net assets released from restrictions	57,774	(57,774)	-
TOTAL REVENUE AND SUPPORT	22,566,801	281,235	22,848,036
EXPENSES			
Program services:			
Metro campus	7,601,980	-	7,601,980
Tempe campus	2,617,880	-	2,617,880
Adult education programs	1,947,629	-	1,947,629
The BISTÅ Center	1,344,223	-	1,344,223
Ajyal Center	3,597,393	-	3,597,393
Total program services	17,109,105	-	17,109,105
Supporting services:			
Administrative	3,458,059	-	3,458,059
Fundraising	458,842	-	458,842
Total supporting services	3,916,901	-	3,916,901
TOTAL EXPENSES	21,026,006	-	21,026,006
OTHER INCOME	2,011	-	2,011
LOSS ON DISPOSAL OF PROPERTY AND EQUIPMENT	116,100		116,100
INCOME TAX EXPENSE	95,759	-	95,759
CHANGE IN NET ASSETS	1,330,947	281,235	1,612,182
NET ASSETS, BEGINNING OF YEAR	2,768,745	309,206	3,077,951
NET ASSETS, END OF YEAR	$ 4,099,692	$ 590,441	$ 4,690,133

ACCEL AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

	Program Services								
	Metro Campus	Tempe Campus	Adult Education Programs	The BISTÅ Center	Ajyal Center	Total Program Services	Administrative	Fundraising	Total Expenses
Salaries	$ 5,101,227	$ 1,811,125	$ 1,111,314	$ 910,947	$ 2,608,840	$ 11,543,453	$ 2,130,655	$ 344,246	$ 14,018,354
Payroll and other taxes	281,486	87,381	23,079	66,665	205,504	664,115	84,650	25,299	774,064
Other employee benefits	401,848	174,053	115,069	52,819	335,835	1,079,624	235,960	13,147	1,328,731
Total employee related expenses	5,784,561	2,072,559	1,249,462	1,030,431	3,150,179	13,287,192	2,451,265	382,692	16,121,149
Computer expense	18,138	6,658	13,921	10,553	13,955	63,225	39,710	123	103,058
Bad debt expense	-	-	-	-	-		218,142	-	218,142
Depreciation expense	355,264	111,793	113,705	7,956	52,640	641,358	21,437	615	663,410
Dues and subscriptions	11,015	3,308	1,705	4,848	-	20,876	50,679	5,114	76,669
Education and seminars	14,805	5,117	2,612	5,143	-	27,677	6,181	9,238	43,096
Equipment leases	16,297	7,095	6,500	21,777	-	51,669	8,887	3,575	64,131
Publicity and marketing supplies	-	-	-	-	-	-	14,130	27,468	41,598
Insurance	63,723	23,650	15,015	12,100	57,559	172,047	5,500	-	177,547
Interest	556,769	187,454	4,639	-	1,366	750,228	-	-	750,228
Lunch program	37,326	5,380	-	-	-	42,706	-	-	42,706
Vocational supplies	20,866	883	10,592	-	-	32,341	-	-	32,341
Other expenses	68,945	23,114	7,940	59,356	12,615	171,970	77,322	460	249,752
Nursing and psychology	6,615	360	259	-	1,467	8,701	-	-	8,701
Office supplies	35,397	9,201	4,120	2,955	11,326	62,999	8,742	458	72,199
Contractors expense	1,854	-	-	810	212,507	215,171	161,033	-	376,204
Postage	3,208	861	409	28	809	5,315	675	302	6,292
Development and training	38,178	6,912	88,912	-	-	134,002	9,600	-	143,602
Professional services	5,855	-	2,535	53,248	-	61,638	220,167	16,789	298,594
Rent	86,379	-	297,193	94,039	-	477,611	45,546	4,196	527,353
Repairs and maintenance	164,428	62,972	18,232	4,299	272	250,203	1,456	-	251,659
School and program supplies	145,185	38,238	40,941	8,770	48,127	281,261	-	-	281,261
Staff recognition	8,067	2,742	428	1,069	-	12,306	2,572	-	14,878
Telephone	26,860	8,186	8,663	10,935	12,515	67,159	39,314	2,742	109,215
Therapy	12,212	360	-	-	-	12,572	-	-	12,572
Transportation and travel	29,194	12,830	58,701	12,913	22,056	135,694	75,417	5,070	216,181
Utilities	89,821	28,207	943	1,816	-	120,787	284	-	121,071
Fundraising event expenses	1,018	-	202	1,177	-	2,397	-	-	2,397
TOTAL EXPENSES	$ 7,601,980	$ 2,617,880	$ 1,947,629	$ 1,344,223	$ 3,597,393	$ 17,109,105	$ 3,458,059	$ 458,842	$ 21,026,006

See Notes to Consolidated Financial Statements

ACCEL AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 1,612,182
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	663,410
Amortization of bond issuance costs	30,422
Provision for bad debts	170,376
Loss on disposal of property and equipment	116,100
Contributions restricted to investment in property and equipment	(249,900)
Realized and unrealized gains on investments	(34,676)
Decrease (increase) in:	
Tuition receivable	(472,878)
Adult education receivable	(310,530)
Clinic fees receivable	(87,299)
Promises to give	1,294,376
Prepaid expenses	(9,340)
Right-of-use asset	470,958
Increase (decrease) in:	
Accounts payable	(131,397)
Accrued expenses	322,845
Accrued payroll	(84,296)
Deferred revenue	(275,210)
Paycheck protection program forgivable obligation	(489,429)
Employees' defined benefit obligation	129,140
Lease liabilities	(425,491)
Net cash provided by operating activities	2,239,363
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(280,354)
Change in deposits	(23,132)
Net cash used in investing activities	(303,486)
CASH FLOWS FROM FINANCING ACTIVITIES	
Collection of contributions restricted to investment in property and equipment	238,000
Borrowings on line of credit	2,690,000
Payments on line of credit	(2,690,000)
Principal payments on long-term debt	(18,892)
Principal payments on bonds	(230,000)
Net cash provided by financing activities	(10,892)
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,924,985
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	$ 3,323,924
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	$ 5,248,909
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid for interest	$ 788,800
Cash paid for income taxes	$ 95,759
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES	
Transfer to property and equipment in satisfaction of promises to give	$ 259,663

(1) Organization's operations and summary of significant accounting policies

Nature of operations – ACCEL was incorporated in 1980 as LATCH School, Inc. In 2005, LATCH School, Inc. officially changed its name to ACCEL. ACCEL's mission is to provide exceptional educational, behavioral, therapeutic and vocational programs to individuals with cognitive, behavioral and physical challenges, to give them the necessary skills to learn, work and to live successfully with dignity and independence. ACCEL is accredited by the National Commission for Accreditation of Special Education Services. ACCEL contracts with over 40 Maricopa County school districts and serves over 300 special needs children and adults on five sites within Maricopa County in Arizona.

During the year ended June 30, 2014, ACCEL established the ACCEL Foundation (the "Foundation") for the purpose of raising monies to fund programs that provide support and training to increase community awareness for both children and adults with special needs.

In February 2019, ACCEL purchased all outstanding shares of ACCEL Int'l., Inc. Prior to 2019, ACCEL Int'l., Inc. had no operations. ACCEL Int'l., Inc. is a Delaware corporation and was established to serve as the sole member of ACCEL International Saudi, Inc. for Education. In July 2019, ACCEL International, Inc. was incorporated in the state of Arizona and has had no operations.

In February 2019, ACCEL formed ACCEL International Saudi, Inc. for Education as a single shareholder limited liability company in accordance with the Companies Law issued by Royal Decree in the Kingdom of Saudi Arabia. ACCEL International Saudi, Inc. for Education's registration in the Kingdom of Saudi Arabia has a term of 99 years and can be dissolved by a resolution of the single shareholder. ACCEL International Saudi, Inc. for Education was established to operate a special needs center in the Kingdom of Saudi Arabia.

ACCEL's major programs are as follows:

School programs (Metro Campus and Tempe Campus) – ACCEL operates school programs located in Phoenix and Tempe as well as satellite classrooms on Arizona public school district campuses. All programs incorporate innovative, individualized, evidenced based practices in applied behavior analysis and structured teaching. Students with a wide range of developmental abilities are taught using a functional life skills curriculum aligned with the Arizona Academic Standards in small sized classrooms with a low student to staff ratio, in addition to an extensive vocational program/transition curriculum, focusing on dignity, independence and community skills.

Adult education programs – The Adult Services program provides adults with functional disabilities, ages 18 and older, an opportunity to gain valuable employment skills through practical, "hands on" training experience in creative, enterprise-based businesses such as screen printing and managing a coffee shop, and in other activities that reinforce these skills. Adults receive lifelong training and education, affirming their self-worth and enabling them to fully participate in the workforce and community.

The BISTÅ Center – ACCEL BISTÅ Center offers intensive behavioral services at local clinics, homes and community settings. The BISTÅ Center implements evidence-based practices in Applied Behavior Analysis ("ABA") Treatment. The BISTÅ Center offers individualized ABA treatment packages based on initial and ongoing assessments. ABA treatment packages include assessments, development of individualized skill acquisition programs, problem behavior identification and reduction, parent and family training consultations, and social groups. The staff at BISTÅ has experience in working with individuals with autism spectrum disorder, including those diagnosed with Asperger's Syndrome and pervasive developmental disorder-not otherwise specified ("PDD-NOS"). The staff also specializes in working with children with other disabilities. BISTÅ provides functional behavior assessments, academic assessments and speech services.

(1) <u>Organization's operations and summary of significant accounting policies (continued)</u>

Ajyal Center – In April 2019, ACCEL International Saudi, Inc. for Education and the Saudi Arabian Oil Company ("Saudi Aramco") entered into an operation agreement ("Saudi Agreement") whereby ACCEL International Saudi, Inc. for Education is to assist in developing and operating the Ajyal Special Needs Center ("ASNC") in the Kingdom of Saudi Arabia. Pursuant to the Saudi Agreement, the program is to include special education and support services, such as speech, occupational, physical, art, behavioral therapies, life skills, and assistive technology training, recreational programs including maker education, prevocational and vocational training therapies. Saudi Aramco is responsible for constructing, furnishing and maintaining the program premises.

The Saudi Agreement has an initial five year term with the option of Saudi Aramco to extend the agreement for a subsequent five years prior to the expiration of the initial term. The Saudi Agreement includes a mobilization and funding plan which outlines key milestones to be reached in order for ACCEL International Saudi, Inc. for Education to receive funding from Saudi Aramco. In September 2019, ACCEL International Saudi, Inc. for Education commenced operations of the ASNC. During the year ended June 30, 2021, ACCEL International Saudi, Inc. for Education received contributions from Saudi Aramco of approximately $2,084,000, pursuant to the Saudi Agreement payment schedule.

If the school meets certain milestones related to manpower expenditures, equipment and material, staff training, and other miscellaneous expenditures and requirements, it can earn $1,500,000 for the year ended June 30, 2021. The conditions of this contribution were met in the year ended June 30, 2021. Further, the Saudi Agreement calls for an annual contribution of $1,000,000 from the third year of operation (year ended June 30, 2022) and throughout the life of the contract agreement.

ACCEL International Saudi, Inc. for Education also receives payroll cost support from the Saudi Human Resources Development Fund, under the Saudi Ministry of Labor and Social Development, which is concerned with providing financial support to organizations that train and qualify citizens in the private sector. ACCEL International Saudi, Inc. for Education applied for and received government support under this initiative of approximately $257,000 for the year ended June 30, 2021, which is included in contributions in the accompanying consolidated statement of activities and changes in net assets. The assistance is not conditional once approved and awarded.

Consolidated financial statements – ACCEL has an economic interest in and control over the Foundation and is the sole owner of the outstanding stock of ACCEL Int'l., Inc., which is the sole member of ACCEL International Saudi, Inc. for Education. Accordingly, the consolidated financial statements include the accounts of ACCEL, the Foundation, ACCEL Int'l., Inc. and ACCEL International Saudi, Inc. for Education (collectively referred to hereafter as the "Organization"). All significant inter-organization transactions and accounts have been eliminated in consolidation. The financial position and operations of ACCEL Int'l., Inc. and ACCEL International Saudi, Inc. for Education have been consolidated into and presented within the financial position and operations of ACCEL Int'l., Inc. in the accompanying consolidating statement of financial position and consolidating statement of activities and changes in net assets.

The Financial Accounting Standards Board ("FASB") sets generally accepted accounting principles in the United States of America ("GAAP") to ensure consistent reporting. References to GAAP are to the FASB Accounting Standards Codification ("ASC").

Basis of presentation – The accompanying consolidated financial statements are presented in accordance with FASB ASC 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*, including the adoption of Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities* in 2019. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

(1) Organization's operations and summary of significant accounting policies (continued)

Net assets without donor restrictions
Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization'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; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. At June 30, 2021, the Organization has no donor restrictions which were perpetual in nature.

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 consolidated statement of activities and changes in net assets.

Management's use of estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and cash equivalents – Cash consists of cash and, at times, cash equivalents consisting of highly liquid financial instruments purchased with original maturities of three months or less. Deposits at each financial institution are insured in limited amounts by the Federal Deposit Insurance Corporation. As of June 30, 2021, the Organization had $2,383,342 of cash deposits in a financial institution under the jurisdiction of the Kingdom of Saudi Arabia, which is not insured.

In accordance with FASB Accounting Standards Update No. 2016-18, *Statement of Cash Flows (Topic 230)*, the following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the consolidated statement of financial position that aggregate to the total of the same such amounts shown in the consolidated statement of cash flows:

Cash and cash equivalents	$ 3,521,675
Cash restricted to investment in property and equipment	40,183
Cash related to assets whose use is limited	1,687,051
Total cash, cash equivalents, restricted cash, and cash related to assets whose use is limited presented in the consolidated statement of cash flows	$ 5,248,909

Receivables – Tuition, adult education and clinic fees receivables are carried at the amount management expects to collect. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. At June 30, 2021, management has established an allowance for doubtful accounts of approximately $218,000.

(1) Organization's operations and summary of significant accounting policies (continued)

Promises to give – Unconditional promises to give that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promise to give through the use of a present value discount technique. In periods subsequent to initial recognition, unconditional promises to give are reported at the amount management expects to collect and are discounted over the collection period using the same discount rate as determined at the time of initial recognition. The discount rate determined at the initial recognition of the unconditional promise to give is based upon management's assessment of many factors, including when the promise to give is expected to be collected, the creditworthiness of the other parties, the Organization's past collection experience and its policies concerning the enforcement of promises to give, expectations about possible variations in the amount or timing, or both, of the cash flows, and other factors concerning the promise to give's collectability. Amortization of any discount is included in support from contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. At June 30, 2021, promises to give are considered by management to be fully collectible, and accordingly, an allowance for uncollectible promises to give is not considered necessary. The balance of promises to give as of June 30, 2021 is comprised of donated vehicles not yet received.

Investments – The Organization accounts for their investments in accordance with FASB ASC 958-320, *Investments – Debt Securities,* and FASB ASC 958-321, *Investments – Equity Securities*. Under FASB ASC 958-320 and 958-321, ACCEL is required to report investments in equity and debt securities at fair value. The fair values of investments with readily determinable fair value are based on quoted market prices. Investments are classified as noncurrent in the accompanying consolidated statement of financial position based on management's intent.

Investment income, including realized and unrealized gains and losses, is reported as increases or decreases in net assets without donor restrictions, unless a donor restricts their use.

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect account balances and the amounts reported in the accompanying consolidated financial statements.

Assets whose use is limited – Assets whose use is limited includes cash and cash equivalents held by the bond trustee in accordance with the Bond Agreement described in Note 5. Amounts required to meet long-term liabilities and expenses of the Organization have been classified as long-term assets in the accompanying consolidated statement of financial position.

Fair value measurements – FASB ASC 820, *Fair Value Measurement,* establishes a common definition for fair value to be applied to accounting principles generally accepted in the United States of America requiring the use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements. FASB ASC 820 establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values by requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

(1) Organization’s operations and summary of significant accounting policies (continued)

Level 2: Inputs to the valuation methodology include unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable inputs for the asset or liability.

Property and equipment and related depreciation and amortization – Purchased property and equipment is recorded at cost. Donated property and equipment is recorded at fair value at the date of gift to the Organization. Maintenance and repairs are charged to operations when incurred. Purchases of property and equipment in excess of $5,000 are capitalized. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation and amortization accounts are relieved, and any gain or loss is included in operations. Depreciation and amortization is computed on a straight-line basis using the following estimated useful lives:

Buildings	10 - 20 years
Equipment	1 - 10 years
Leasehold improvements	10 - 30 years
Vehicles	4 - 7 years
Autism clinic software	3 - 5 years

Impairment of long-lived assets – The Organization accounts for long-lived assets in accordance with the provisions of FASB ASC 360, *Property, Plant, and Equipment*. FASB ASC 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell. No impairment charges were recorded for the year ended June 30, 2021.

Going concern – The Organization follows the guidance in ASC 205-40, *Presentation of Financial Statements – Going Concern*, which requires management to assess the Organization’s ability to continue as a going concern and to provide related disclosure in certain circumstances. There were no conditions or events, when considered in the aggregate, that raise substantial doubt about ACCEL’s ability to continue as a going concern within one year after the date the consolidated financial statements were issued.

Revenue recognition – The Organization derives its tuition revenues from providing educational instruction services under contracts with school districts and under contracts related to adult behavioral education with the Arizona Department of Economic Security, Division of Developmental Disabilities (“DES-DDD”). Tuition revenues are also derived from scholarships for approved students funded by local foundations and governmental agencies.

(1) Organization's operations and summary of significant accounting policies (continued)

The Organization's revenues from clinic fees are generated through providing clinic services to individuals. The contractual relationships with individuals, in most cases, also involve a third-party payer (Medicaid or commercial insurance companies, including plans offered through the health insurance exchanges) and the transaction prices for the services provided are dependent upon the terms provided by (Medicaid) or negotiated with the third-party payers (commercial insurance companies). The Organization records revenue from clinic services based upon the agreed upon contracted rate for the specific services provided, net of explicit and implicit price concessions which represent the only form of variable consideration.

The Organization elected the practical expedient of expensing costs incurred to obtain a contract as the costs are generally immaterial and the amortization period would be for one year or less.

Tuition revenue at the Tempe and Metro campuses is earned from contracts with school districts and through scholarships through performance obligations satisfied over time as the instruction services are provided over the course of each month to enrolled students, based on rates agreed to for the applicable school year with each specific school district. The period of performance in each school district contract aligns with the Organization's fiscal year. Tuition is recognized at the Ajyal campus in the same manner. Tuition revenue at the Ajyal campus impacts the mobilization and funding plan milestones discussed above. Revenue generated through performance obligations satisfied over time totaled $13,579,798 for the year ended June 30, 2021.

Revenue from adult behavioral education contracts is generated through performance obligations satisfied at a point in time as the service is provided to enrolled adults. Clinic fee revenue from contracts with patients are funded by insurance providers and private pay contracts and is generated through performance obligations satisfied at a point in time as the service is rendered to the individual. Revenue generated through performance obligations satisfied at a point in time totaled approximately $3,353,000 for the year ended June 30, 2021.

All of the Organization's contracts with customers include a single performance obligation to transfer the promised service, specifically to provide educational instruction services, to generate tuition revenue or to provide clinical services to generate clinic fee revenue. The Organization invoices for the services either during the month of service for school district contracts or at the time of service for all other contracts. Contract liabilities for the Organization would be comprised of tuition fees received in advance of the Organization satisfying the performance obligations. As of June 30, 2021, the Organization had no contract liabilities.

The Organization does not have any significant financing components as payment is generally received in a customary time frame for the customers. The contracts do not contain material amounts of variable consideration. At contract inception, the Organization evaluates the probability of collecting the transaction price based on the history of payment by the customer.

There were no contract assets as of June 30, 2021 for any contracts for which revenue is recognized under Topic 606. Accounts receivable related to such contracts were approximately $1,428,000 and $728,000 as of June 30, 2021 and 2020, respectively. Contract liabilities related to contracts for which revenue is recognized under Topic 606 were approximately $275,000 as of June 30, 2020. There were no contract liabilities as of June 30, 2021.

(1) Organization's operations and summary of significant accounting policies (continued)

Contributions and grants – The Organization accounts for contributions and grants in accordance with FASB ASC Topic 958. The Organization evaluates grants and contributions for evidence of the transfer of commensurate value from the Organization to the grantor or resource provider. The transfer of commensurate value from the Organization to the grantor or resource provider may include instances when a) the goods or services provided by the Organization directly benefit the grantor or resource provider or are for the sole use of the grantor or resource provider, or b) the grantor or resource provider obtains proprietary rights or other privileges from the goods or services provided by the Organization. When such factors exist, the Organization accounts for the grants or contributions as exchange transactions under ASC 606, *Revenue from Contracts with Customers*, or other appropriate guidance. In the absence of these factors, the Organization accounts for the award under the contribution accounting model.

In the absence of the transfer of commensurate value from the Organization to the resource provider, the Organization evaluates the contribution for criteria indicating the existence of measurable barriers to entitlement for the Organization or the right of return to the resource provider. A barrier to entitlement is subject to judgment and generally represents an unambiguous threshold for entitlement that provides clarity to both the Organization and resource provider whether the threshold has been met and when. These factors may include measurable performance thresholds or limited discretion on the part of the Organization to use the funds. Should the existence of a measurable barrier to entitlement exist and be accompanied by a right of return of the funds to the resource provider or a release of the resource provider from the obligation, the contribution is treated as a conditional contribution. If both the barrier to entitlement and right of return do not exist, the contribution is unconditional.

The Organization recognizes amounts received from unconditional contributions at the time the Organization receives notification of the award. Contributions that include conditions imposed by the grantor or resource provider are recognized when those conditions are met by the Organization.

In accordance with FASB ASC 958-605, contributions received are recorded as contributions with donor restrictions or contributions without donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions on the consolidated statement of activities and changes in net assets depending on the nature of the restriction. All contributions are considered to be available for use unless specifically restricted by the donor. 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 consolidated statement of activities and changes in net assets as net assets released from restrictions. Restricted support, where restrictions are met in the same period as the donation is made, is shown as additions to net assets without donor restrictions.

Donated materials and services – Donated materials and services are reflected in the accompanying consolidated financial statements at their estimated fair value at the date of the donation. Donated services are recognized as contributions in accordance with FASB ASC 958-605 if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. No amounts have been reflected in the consolidated financial statements for certain donated volunteer services because they did not qualify for recording under the guidelines of FASB ASC 958-605; however, a substantial number of volunteers have donated significant amounts of their time to the Organization's program services and fundraising campaigns.

(1) Organization's operations and summary of significant accounting policies (continued)

Leases – The Organization reviews new leasing arrangements at inception to evaluate whether substantially all the economic benefits and rights to control the use of an asset are obtained. If the Organization determines that an arrangement qualifies as a lease, with a lease term of greater than one year, the Organization assess whether the leased asset is an operating or financing lease. The Organization's lease portfolio is primarily related to office space, under various operating lease agreements.

The Organization records a lease right-of-use ("ROU") asset and lease liability as the present value of the future minimum lease payments (including fixed lease payments and certain qualifying index-based variable payments) over the reasonably certain lease term, beginning at the lease commencement date. The Organization has elected to use the risk-free rate as the discount rate for the purposes of determining the present value of the right-of-use asset and lease liabilities, as a practical expedient available to non-public business entities. The Organization uses the risk-free rate for all lease agreements. Certain adjustments to the Organization's lease ROU assets may be required for items such as initial direct costs paid or incentives received.

The Organization elected to not record operating lease right-of-use assets or operating lease liabilities for leases with an initial term of 12 months or less. The Organization elected the practical expedient not to separate lease components from non-lease components but, rather, to combine them into one single lease component, which is recognized over the expected term on a straight-line expense basis in occupancy costs.

As of June 30, 2021, the Organization's leases have remaining terms of less than one year to just over 8 years. The lease ROU assets and lease liabilities recognized did not include any renewal or termination options that were not yet reasonably certain to be exercised.

Functional expenses – The costs of providing the Organization's various programs and other activities have been reported on a functional basis in the accompanying consolidated statement of activities and changes in net assets. The consolidated statement of functional expenses presents the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to program and supporting services using appropriate allocation methods. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization and are allocated based on personnel or other appropriate indicators. For the year ended June 30, 2021, the Organization had no material allocations of expenses to more than one function.

Financial instruments and credit risk – The Organization manages deposit concentration risk by placing cash with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Additionally, the Organization's cash deposits totaling $2,383,342 at June 30, 2021 in a financial institution under the jurisdiction of the Kingdom of Saudi Arabia are not insured. To date, the Organization has not experienced losses in any of these accounts.

(1) Organization's operations and summary of significant accounting policies (continued)

The Organization extends unsecured credit to school districts and to various payor sources for clinic clients. Credit risk associated with receivables is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental or quasi-governmental agencies supportive of the Organization's mission. As of June 30, 2021 the DES-DDD and two school districts made up 30%, 16% and 16%, respectively, of the receivable balance.

For the year ended June 30, 2021, approximately 10% of the consolidated revenue was received from Saudi Aramco and approximately 9% of consolidated revenue was received from DES-DDD.

Income tax status – ACCEL and the Foundation qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (the "Code") and, therefore, there is no provision for income taxes. In addition, ACCEL and the Foundation qualify for the charitable contribution deduction under Section 170 of the Code and have been classified as organizations that are not private foundations. Income determined to be unrelated business taxable income would be taxable and accounted for under the asset and liability method.

ACCEL Int'l., Inc. is a domestic C-corporation that does not qualify as a tax-exempt organization under the Code. For ACCEL Int'l., Inc. income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the tax and financial reporting bases of the entity's assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in future years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced through the establishment of a valuation allowance, if, based upon available evidence, it is determined that it is more likely than not that the deferred tax assets will not be realized (see Note 8).

ACCEL International Saudi, Inc. for Education is a single shareholder limited liability company in the Kingdom of Saudi Arabia and in accordance with the tax code of Saudi Arabia meets the definition of a resident corporation. ACCEL International Saudi, Inc. for Education is subject to the Regulations of the General authority of Zakat and Tax ("GAZT") in the Kingdom of Saudi Arabia. Income tax is provided on an estimated accruals basis and charged to the statement of comprehensive income. Income tax is computed on the adjusted net income. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared. A resident corporation is taxed on income arising in Saudi Arabia at a general corporate tax rate of 20%. Tax losses may be carried forward indefinitely for use against future years' taxable income, subject to a maximum offset of 25% of the annual taxable profits. ACCEL International Saudi, Inc. for Education earned net income for the year ended June 30, 2021.

ACCEL International Saudi, Inc. for Education is subject to value added tax. Expenses and assets are recognized net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

The Organization evaluates their uncertain tax positions, if any, on a continual basis through review of their policies and procedures, review of their regular tax filings, and discussions with outside experts.

(1) Organization's operations and summary of significant accounting policies (continued)

The Tax Cuts and Jobs Act of 2017 ("TCJA") contains a provision which subjects a U.S. parent of a foreign subsidiary to current U.S. tax on its global intangible low-taxed income ("GILTI"). The GILTI is required to be included in gross income each year, subject to exclusions and calculations pursuant to the Code. Under Section 118 of the Code, non-shareholder contributions to capital are excluded from corporate income, including GILTI, pursuant to specific conditions further described in the Code. For income tax purposes, the Organization has made an election to classify the contributions from Saudi Aramco as non-shareholder contributions to capital as management has concluded that the specific conditions to qualify for such treatment have been met. Under this classification, the Organization would have no tax liability associated with GILTI relative to the non-shareholder contributions to capital from Saudi Aramco since inception of ACCEL International Saudi, Inc. for Education. The Organization recognizes the financial statement benefit of such a position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The tax returns subjected to this position, fiscal periods ending June 30, 2019, 2020 and 2021, are still subject to examination by the IRS for the three years after filing. Should an examination be conducted and the position taken by management not be sustained, the impact could be material to the Organization's consolidated financial statements.

ACCEL and the Foundation's federal Returns of Organizations Exempt from Income Tax (Form 990 and 990T) for fiscal 2018, 2019 and 2020 are subject to examination by the IRS, generally for three years after they were filed. As of the date of this report, the fiscal 2021 returns have not yet been filed. The tax returns for ACCEL Intl., Inc. for fiscal 2020 is subject to examination by the IRS, generally for three years after it was filed. The tax returns for ACCEL Intl., Inc. for the period from February 2019 through June 2019 and fiscal 2021 have not yet been filed.

Foreign currency – The Organization's functional currency for operations of ACCEL International Saudi, Inc. for Education in the Kingdom of Saudi Arabia is the U.S. dollar. Monetary assets and liabilities are translated at exchange rates in effect at the end of the year. Transactions occurring during the year are translated at a rate in effect on the day of the transaction. Gains and losses from foreign currency transactions are included in current results of the Organization's operations and were not material for fiscal 2021.

Recent accounting pronouncements – In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842).* ASU 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the consolidated statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the consolidated statement of activities changes in net assets and the consolidated statement of cash flows will be substantially unchanged from the existing lease accounting guidance. In June 2020, the FASB issued FASB ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*, which allows certain entities to elect to defer the effective date of the provisions of FASB ASU No. 2016-02 discussed above. Under the amendments, public not-for-profit entities may elect to adopt the leases guidance for fiscal years beginning after December 15, 2019. ACCEL adopted ASC Topic 842 effective July 1, 2020 under the modified retrospective approach. ACCEL adopted the package of practical expedients to (1) not reassess whether existing contracts contain leases, (2) carryforward the existing lease classification, and (3) not reassess initial direct costs associated with existing leases. In addition, ACCEL elected the practical expedient to use hindsight in determining the lease term for existing leases. ACCEL also elected to use the risk-free rate as a practical expedient for the determination of a discount rate for the right-of-use asset and corresponding lease liabilities.

(1) Organization's operations and summary of significant accounting policies (continued)

As a lessee, the adoption of ASC Topic 842 resulted in the recognition of a right-of-use ("ROU") asset of approximately $3,792,000 and corresponding lease liabilities of approximately $3,911,000, as of July 1, 2020. See Note 9 for further information on the impact of ASC Topic 842. The Organization does not have any leases classified as finance leases. The adoption of ASC Topic 842 did not have a material impact on the consolidated statement of activities and changes in net assets and the consolidated statement of cash flows for the year ended June 30, 2021.

Subsequent events – The Organization has evaluated subsequent events through March 2, 2022, which is the date the consolidated financial statements were available to be issued.

(2) Investments

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 3,244	$ -	$ -	$ 3,244
Equity funds	111,106	-	-	111,106
Fixed income funds	44,971	-	-	44,971
Alternatives	16,611	-	-	16,611
Total investments at fair value	$ 175,932	$ -	$ -	$ 175,932

The Organization has no other assets or liabilities measured at fair value other than at initial recognition.

(3) Property and equipment

Property and equipment consist of the following at June 30, 2021:

Land	$ 1,849,540
Buildings	12,287,591
Equipment	1,407,692
Leasehold improvements	1,340,246
Vehicles	794,675
Autism clinic software	50,000
Construction in progress	96,079
	17,825,823
Accumulated depreciation	(4,378,178)
	$ 13,447,645

Depreciation expense charged to operations was $663,410 for the year ended June 30, 2021.

(4) Line of credit

The Organization has a line of credit has a borrowing capacity of $1,000,000 and is collateralized by substantially all assets of the Organization. The borrowings bear interest at a variable rate equal to one month LIBOR plus 3.25% (3.40% at June 30, 2021). The line of credit matured in October 2021 and was renewed through January 27, 2022. As of June 30, 2021, there was no balance outstanding on the line of credit. Subsequent to June 30, 2021 additional draws were made on the line of credit and the balance outstanding at the date the consolidated financial statements were available was approximately $985,000. The line was not renewed subsequent to maturity in January 2022 and ACCEL is currently working with the bank to renew the line of credit. There can be no assurance that the line of credit will be renewed.

(5) Bonds payable

In August 2018, the Organization entered into an agreement with the Arizona Industrial Development Authority (the “Issuer”) to issue Education Facility Revenue Bonds (ACCEL Schools Project), Series 2018A (the “Series 2018A Bonds”) and Education Facility Revenue Bonds (ACCEL Schools Project), Taxable Series 2018B (the Series 2018B Bonds”), in the aggregate principal amount of $14,730,000 (together, the "Series 2018 Bonds"), pursuant to an Indenture of Trust, dated as of August 1, 2018 (the "Indenture"), between the Issuer and UMB Bank, National Association, as trustee (the "Trustee"). The bonds were approved in two separate series: Series 2018A for $14,205,000 and Series 2018B for $525,000. The proceeds of the Series 2018 Bonds were used to make a loan to the Organization, pursuant to a Loan Agreement, dated as of August 1, 2018 (the "Loan Agreement"), between the Organization and the Issuer, and used for purposes of: (i) refunding the outstanding 2014 bonds of The Industrial Development Authority of the Town of Florence, Inc., (ii) financing the $9.4 million acquisition of the 10251 North 35th Avenue in Phoenix, Arizona 85051 building, including the repayment of debt outstanding on the former facility, (iii) funding the required reserve funds, and (iv) paying the costs incurred in connection with the authorization, issuance and sale of the Series 2018 Bonds.

The Series 2018 Bonds will be payable from the monies held for the payment thereof by the Trustee under the Indenture, including amounts held in a subaccount of the debt service reserve fund and other funds held by the Trustee and Loan Payments to be made by the Organization under the Loan Agreement. The Series 2018 Bonds are secured by an assignment and pledge of (i) amounts payable pursuant to the Loan Agreement (other than the Issuer’s Unassigned Rights), (ii) the Deed of Trust, including an assignment of all rents, revenues and profits of the facilities in favor of the Trustee, as beneficiary, and the title company, as trustee thereunder, subject to certain Permitted Encumbrances, and (iii) certain funds created in the Indenture.

Principal of the Series 2018 Bonds will be paid on August 1 of each year, commencing August 1, 2019, and interest will be paid on February 1 and August 1, commencing February 1, 2019. The Series 2018 Bonds bear interest at fixed rates ranging from 4% to 5.25%, depending on the tranche, and mature through August 1, 2048. The Organization is required to fund the bond sinking funds with monthly debt service payments approximating $81,000 as of June 30, 2021. At June 30, 2021 these sinking funds consists entirely of cash deposits and are classified as assets whose use is limited in the accompanying consolidated statement of financial positon.

(5) Bonds payable (continued)

The Organization incurred $819,355 in bond issuance costs as part of the issuance of the Series 2018A and 2018B bonds, which have been capitalized and recorded as a reduction in the outstanding balance of the bonds in the accompanying consolidated statement of financial position. The capitalized bond issuance costs related to the issuance of the Series 2018A bonds are $790,152 and are amortized over twenty-nine years which represents the term of the Series 2018A bonds. The capitalized bond issuance costs related to the issuance of the Series 2018B bonds are $29,203 and are amortized over three years which represents the term of the Series 2018B bonds. As of June 30, 2021, the Organization has recorded $112,934 of accumulated amortization of the bond issuance costs. The unamortized bond issuance costs total $706,421 at June 30, 2021, with $26,865 of the costs to be amortized in fiscal 2022 which are recorded net against the current portion of bonds payable in the accompanying consolidated statement of financial position.

Annual principal payments on the Series 2018 Bonds are as follows:

Years Ending June 30,	
2022	$ 245,000
2023	255,000
2024	265,000
2025	280,000
2026	295,000
Thereafter	12,925,000
Total	$ 14,265,000

The Series 2018 Bonds contain certain annual financial and non-financial covenants.

(6) Long-term debt

At June 30, 2021, the long-term debt of the Organization relates to five notes payable to third parties, collateralized by vehicles. The notes bear interest at rates ranging from 5.49% to 7.25% with monthly payments ranging from $597 to $1,145. The notes mature at various dates through October 2023.

Annual maturities of long-term debt outstanding at June 30, 2021 are as follows:

Years Ending June 30,	
2022	$ 35,250
2023	14,606
2024	2,337
Total	$ 52,193

(7) Net assets with donor restrictions

As of June 30, 2021, net assets with donor restrictions consisted of the following:

Classroom Technology	$ 9,987
Vocational Program	43,000
Fitness Equipment	65,183
Kitchen Equipment	1,085
Adaptation	173
Health	16,873
Vehicles	454,140
	$ 590,441

(7) Net assets with donor restrictions (continued)

At June 30, 2021, net assets with donor restrictions are included within cash and cash equivalents and promises to give on the accompanying consolidated statement of financial position.

For the year ended June 30, 2021, net assets released from donor restrictions consisted of the following:

Adaptation	$ 6,339
Classroom Technology	4,093
Health	5,387
Vehicles	33,760
Fitness equipment	8,195
	$ 57,774

(8) Income taxes

ACCEL previously operated a retail store as an enterprise-based program. The store was closed in fiscal year 2017 and the remaining inventory was written off. The revenues and related expenses generated before the store's closure were not exempt from federal taxes under Section 511 of the Internal Revenue Code and applicable state taxes. At June 30, 2019, ACCEL had accumulated approximately $650,000 of net operating loss carryforwards for tax purposes, which represented a deferred tax asset of approximately $215,000 available to offset future unrelated business income tax. During the year ended June 30, 2019, ACCEL utilized a portion of the net operating loss carryforward to cover taxable income generated through certain provisions of the Tax Cuts and Jobs Act of 2017 ("TCJA"). ACCEL has fully reserved the deferred tax asset with a valuation allowance in the amount of $154,082 as management has determined that it is not more likely than not that future taxable income will be sufficient for the realization of the net deferred tax asset as of June 30, 2021. The net operating loss carryforwards will begin to expire in the year 2034.

ACCEL Int'l., Inc. has recorded net operating losses since inception which represent substantially all of ACCEL Int'l., Inc.'s net deferred tax asset as of June 30, 2021. As of June 30, 2021, ACCEL Int'l., Inc. has recorded a deferred tax asset of approximately $81,000, comprised primarily of the net operating loss carryforward. The net deferred tax asset has an accompanying valuation allowance of approximately $81,000 as management has determined that it is not more likely than not that future taxable income will be sufficient for the realization of the net deferred tax asset as of June 30, 2021. During the year ended June 30, 2021, ACCEL Int'l applied current year net income of approximately $32,000 against the carryforward of prior year net operating losses.

For the year ended June 30, 2021, ACCEL International Saudi, Inc. for Education reported income tax expense of approximately $96,000.

Valuation allowances are provided when it is considered more likely than not that deferred tax assets will not be realized. When they exist, the realization of the deferred tax asset is dependent upon the Organization's ability to generate sufficient taxable income, including unrelated business taxable income in future periods.

(9) Operating leases

The Organization leases office equipment and office space under operating lease agreements with terms expiring in various years through July 2030. Most leases include one or more options to renew, with renewal terms that can extend the lease term from 1 to 15 years. The exercise of lease renewal options is at the Organization's sole discretion. Only lease options that the Organization believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities.

(9) Operating leases (continued)

The following is a table of the Organization's components of total lease costs for the year ended June 30, 2021:

Operating lease cost	$ 518,256
Short-term lease cost	34,714
Total lease costs	$ 552,970

The Organization used the risk-free rate of 0.69% for the leases included in the future commitments below in order to determine the present value of the ROU. The 0.69% date is the daily yield rate for a 10-year treasury bond as of June 30, 2020. The weighted average discount rate used by the Organization on all lease commitments is 0.69% and the weighted average remaining lease term as of June 30, 2021 is approximately 9 years. The operating cash flows paid to fulfill operating lease commitments were $448,792 for the year ended June 30, 2021.

The Organization is committed under non-cancellable operating leases for the rental of facilities and land. Future minimum lease commitments for facilities under these leases with an initial term in excess of one year are as follows:

Years Ending June 30,	
2022	$ 460,145
2023	484,041
2024	419,397
2025	346,742
2026	352,688
Thereafter	1,529,025
Total future lease payments	3,592,038
Less imputed interest	(106,232)
Total operating lease liabilities	$ 3,485,805

(10) Retirement plans

Defined contribution plan – ACCEL sponsors a defined contribution 401(k) plan covering all eligible full-time employees. The assets of the plan are held in a separate trust established by the Organization. Contributions to the 401(k) plan are made by the participants to their individual accounts through payroll withholdings. Additionally, the plan provides for a discretionary employer contribution to be determined by the Board of Directors of the Organization each year. ACCEL did not contribute an employer contribution to the plan for the year ended June 30, 2021.

Employees' defined benefit obligations – ACCEL International Saudi, Inc. for Education operates a non-funded employees' end-of-service benefit plan, which is classified as a defined benefit obligation. A defined benefit plan is a plan which is not a defined contribution plan. The liability recognized in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligations at the end of the reporting period. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high quality corporate bonds or government bonds that have terms to maturity approximating to the estimated term of the defined benefit obligations.

(10) Retirement plans (continued)

Current service costs for the year ended June 30, 2021 were approximately $137,000. Actuarial valuations were performed by an independent qualified actuary using the projected unit credit method at June 30, 2021. Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in the Kingdom of Saudi Arabia. All movements in the employee defined benefit obligations are recognized in the consolidated statement of activities and change in net assets. Actuarial losses or gains are not material.

Movement in the defined benefit obligation was primarily related to current service costs as disclosed above.

The Company makes contributions to a defined contribution benefit plan to the General Organization for Social Insurance in respect of its employees. The total amount expensed during the year in respect to this plan was approximately $237,000.

(11) Risks and uncertainties

Periodically, the Organization is involved in litigation and claims arising in the normal course of operations. In the opinion of management and based on consultation with legal counsel, losses, if any, from these matters are covered by insurance or are immaterial.

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a “pandemic”. First identified in late 2019 and known now as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many counties have implemented measures to combat the outbreak which have impacted global business operations. As of the date of issuance of the consolidated financial statements, ACCEL’s operations have not been significantly negatively impacted. Depending on the severity and duration of the pandemic, ACCEL could experience a material impact to consolidated operations if further decisions are required to be made such as the closure of schools. The pandemic could also impact ACCEL’s ability to serve members, receive contributions and also could impact the performance of ACCEL’s investments.

In April 2020, ACCEL applied for and received a forgivable Paycheck Protection Program Loan (“PPP1”) of $2,079,418 as provided for under the Federal Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) and the loan was funded on April 20, 2020. Under the terms of the PPP1 loan, the balance may be forgivable to the extent the proceeds are used for certain qualified costs for the 24 week period through September 2020 and that certain employment levels are maintain or certain safe harbor requirements are met. To the extent a portion of the PPP1 loan does not meet the criteria to be forgiven, such amount is due July 2023 and carries an interest rate of 1%.

ACCEL accounts for the PPP1 loan in accordance with FASB ASC 958-605 as a conditional contribution. As of June 30, 2020, ACCEL estimated that they had satisfied the conditions of the loan to qualify for partial forgiveness. Forgiveness totaling approximately $1,119,000 was recorded as contributions revenue for the year ended June 30, 2020. As of June 30, 2021, ACCEL estimated that they have satisfied the conditions of the loan to qualify for the remaining balance to be forgiven. As a result, such forgiveness totaling approximately $960,000 is included within contributions revenue in the accompanying consolidated statement of activities and changes in net assets. On October 27, 2021, ACCEL received confirmation from the Small Business Administration that the full amount of the PPP1 loan of $2,079,418 was forgiven.

(11) Risks and uncertainties (continued)

In March 2021, ACCEL applied for and received a forgivable Paycheck Protection Program Loan 2 ("PPP2") of $2,000,000 as provided for under the CARES Act, and the loan was funded on March 18, 2021. Under the terms of the loan, the balance may be forgivable to the extent the proceeds are used for certain qualified costs for the 24 week period through August 2021 and that certain employment levels are maintained or certain safe harbor requirements are met. To the extent a portion of the loan does not meet the criteria to be forgiven, such is due March 18, 2026 and carries an interest rate of 1%.

ACCEL accounts for the PPP2 loan in accordance with FASB ASC 958-605 as a conditional contribution. As of June 30, 2021, ACCEL estimated that they have satisfied the conditions of the loan to qualify for partial forgiveness. As a result, such forgiveness totaling approximately $1,529,000 is included within contributions revenue in the accompanying consolidated statement of activities and changes in net assets. A formal request for forgiveness will be submitted to the lender. However, there can be no assurance that such forgiveness will occur.

(12) Liquidity and availability of resources

The Organization monitors its cash position on a weekly basis to ensure the fulfillment of all obligations and considers the funds necessary to maintain the Organization's operation within one year of the consolidated statement of financial position date with regular reviews of the budget to actual results. Planning for the following year's budget is created with this information. As part of the Organization's liquidity plan, excess cash is invested in investments and maintained in the Organization's cash accounts. As of June 30, 2021, the Organization's financial assets available within one year of the consolidated statement of financial positon date for general expenditures are as follows:

Cash and cash equivalents	$ 3,521,675
Tuition receivable, net	1,030,653
Adult education receivable	397,757
Promises to give	249,900
Current portion of assets whose use is limited	962,125
Total current financial assets	6,162,110
Less current portion of assets whose use is limited	(962,125)
Less net assets related to above amounts with donor restrictions	(590,441)
Financial assets available to meet cash needs for general expenditure within one year	$ 4,609,544

While the Organization's investments are classified as long-term in the accompanying consolidated statement of financial position based on management's intent, the investments could be readily liquidated without significant penalty to fund operating cash flow needs. The Organization also has a $1,000,000 line of credit, of which $1,000,000 was available at June 30, 2021, to meet cash flow needs. Additionally, certain financial assets serve as collateral for the line of credit (Note 4) and Bonds Payable (Note 5).

ADDITIONAL INFORMATION

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INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the Board of Directors of

ACCEL AND SUBSIDIARIES

We have audited the consolidated financial statements of ***ACCEL and Subsidiaries*** as of and for the year ended June 30, 2021, and our report thereon dated March 2, 2022 which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1-2. Our audit was performed for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The schedule of debt service coverage ratio on page 25 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. The consolidating statement of financial position and consolidating statement of activities and changes in net assets presented on pages 26 and 27 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual entities, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with Section 8.05 of the Loan Agreement between ACCEL and the Arizona Industrial Development Authority, dated August 1, 2018, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mayer Hoffman McCann P.C.

March 2, 2022

ACCEL AND SUBSIDIARIES

ADDITIONAL INFORMATION

SCHEDULE OF DEBT SERVICE COVERAGE RATIO

Year Ended June 30, 2021

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	1,330,947
DEPRECIATION AND AMORTIZATION EXPENSE	663,410
INTEREST EXPENSE	750,228
INCOME TAX EXPENSE	95,759
NET PROJECT INCOME AVAILABLE FOR DEBT SERVICE	$ 2,840,344
ACTUAL ANNUAL DEBT SERVICE (PRINCIPAL AND INTEREST PAID)	$ 967,325
ACTUAL DEBT SERVICE COVERAGE RATIO	2.94
REQUIRED DEBT SERVICE COVERAGE RATIO GREATER THAN	1.10

ACCEL AND SUBSIDIARIES

ADDITIONAL INFORMATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2021

A S S E T S

	ACCEL	Foundation	International	Eliminations	Consolidated
CURRENT ASSETS					
Cash and cash equivalents	$ 1,138,333	$ -	$ 2,383,342	$ -	$ 3,521,675
Tuition receivable	890,686	-	139,967	-	1,030,653
Adult education receivable	397,757	-	-	-	397,757
Promises to give	249,900	-	-	-	249,900
Prepaid expenses	118,893	-	74,251	-	193,144
Assets whose use is limited, current portion	962,125	-	-	-	962,125
TOTAL CURRENT ASSETS	3,757,694	-	2,597,560	-	6,355,254
INVESTMENTS	-	175,932	-	-	175,932
CASH RESTRICTED TO INVESTMENT IN PROPERTY AND EQUIPMENT	40,183	-	-	-	40,183
PROPERTY AND EQUIPMENT, net	13,220,391	-	227,254	-	13,447,645
ASSETS WHOSE USE IS LIMITED, net of current portion	724,926	-	-	-	724,926
DUE FROM AFFILIATE	544,805	-	-	(544,805)	-
RIGHT-OF-USE ASSET, net of discount	3,321,080				3,321,080
DEPOSITS	50,543	-	-	-	50,543
TOTAL ASSETS	$ 21,659,622	$ 175,932	$ 2,824,814	$ (544,805)	$ 24,115,563

L I A B I L I T I E S A N D N E T A S S E T S

	ACCEL	Foundation	International	Eliminations	Consolidated
CURRENT LIABILITIES					
Accounts payable	$ 86,268	$ -	$ -	$ -	$ 86,268
Accrued expenses	300,969	-	514,151	-	815,120
Accrued payroll	297,245	-	439,270	-	736,515
Due to shareholder	-	-	544,805	(544,805)	-
Current maturities of bonds payable, less unamortized bond issuance costs	218,135	-	-	-	218,135
Current maturities of long-term debt	35,250	-	-	-	35,250
Current maturities of lease liabilities	494,260	-	-	-	494,260
TOTAL CURRENT LIABILITIES	1,432,127	-	1,498,226	(544,805)	2,385,548
PAYCHECK PROTECTION PROGRAM FORGIVABLE OBLIGATION	471,134	-	-	-	471,134
BONDS PAYABLE, less current maturities and unamortized bond issuance costs	13,340,444	-	-	-	13,340,444
LONG-TERM DEBT, less current maturities	16,943	-	-	-	16,943
LEASE LIABILITIES, less current maturities	2,991,545				2,991,545
EMPLOYEES' DEFINED BENEFIT OBLIGATION	-	-	219,816	-	219,816
TOTAL LIABILITIES	18,252,193	-	1,718,042	(544,805)	19,425,430
NET ASSETS					
Without donor restrictions	2,816,988	175,932	1,106,772	-	4,099,692
With donor restrictions	590,441	-	-	-	590,441
TOTAL NET ASSETS	3,407,429	175,932	1,106,772	-	4,690,133
TOTAL LIABILITIES AND NET ASSETS	$ 21,659,622	$ 175,932	$ 2,824,814	$ (544,805)	$ 24,115,563

ACCEL AND SUBSIDIARIES

ADDITIONAL INFORAMTION

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2021

	ACCEL	Foundation	International	Eliminations	Consolidated
REVENUE AND SUPPORT					
Tuition revenue					
Metro campus	$ 7,492,549	$ -	$ -	$ -	$ 7,492,549
Tempe campus	2,636,827	-	-	-	2,636,827
Adult education programs	2,071,101	-	-	-	2,071,101
Ajyal Center	-	-	3,450,422	-	3,450,422
Clinic fees	1,282,346	-	-	-	1,282,346
Contributions	3,334,549	-	2,462,943	-	5,797,492
Investment income	-	34,676	-	-	34,676
Other revenue	17,015	-	65,608	-	82,623
TOTAL REVENUE AND SUPPORT	16,834,387	34,676	5,978,973	-	22,848,036
EXPENSES					
Program services:					
Metro campus	7,601,980	-	-	-	7,601,980
Tempe campus	2,617,880	-	-	-	2,617,880
Adult education programs	1,947,629	-	-	-	1,947,629
The BISTÅ Center	1,344,223	-	-	-	1,344,223
Ajyal Center	-	-	3,597,393	-	3,597,393
Total program services	13,511,712	-	3,597,393	-	17,109,105
Supporting Services:					
Administrative	1,515,857	-	1,942,202	-	3,458,059
Fundraising	458,842	-	-	-	458,842
Total supporting services	1,974,699	-	1,942,202	-	3,916,901
TOTAL EXPENSES	15,486,411	-	5,539,595	-	21,026,006
OTHER INCOME	-	-	2,011	-	2,011
LOSS ON DISPOSAL OF PROPERTY AND EQUIPMENT	-	-	116,100		116,100
INCOME TAX EXPENSE	-	-	95,759	-	95,759
CHANGE IN NET ASSETS	1,347,976	34,676	229,530	-	1,612,182
NET ASSETS, BEGINNING OF YEAR	2,059,453	141,256	877,242	-	3,077,951
NET ASSETS, END OF YEAR	$ 3,407,429	$ 175,932	$ 1,106,772	$ -	$ 4,690,133