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EDUCATION  
RESEARCH  
ADVOCACY &  
SUPPORT TO  
ELIMINATE  
RACISM

*FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT*

*FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021*

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**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
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## **Independent Auditors' Report**

To the Board of Directors of  
ERASE Racism, Inc.  
Syosset, NY 11791-4401

### ***Opinion***

We have audited the accompanying financial statements of ERASE Racism, Inc. ("ERASE," a not-for-profit corporation), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 accompanying financial statements present fairly, in all material respects, the financial position of ERASE as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

### ***Emphasis-of-Matter***

As discussed in Notes 1 and 11 to the financial statements, the financial statements for the year ended December 31, 2021 have been restated to retroactively adjust for the adoption of Accounting Standards Codification ("ASC") 842, *Leases*. Our opinion is not modified with respect to this matter.

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

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

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 ERASE's ability to continue as a going concern for one year after the date that the financial statements are issued.

### *Auditors' Responsibilities for the Audits 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 auditors' 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 GAAS 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 ERASE'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about ERASE'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

*Cerini & Associates LLP*

July 10, 2023  
Bohemia, New York

*ERASE RACISM, INC.*

**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31,**

**2022**                      **2021**

**ASSETS**

**Current Assets:**

Cash and cash equivalents.....	\$ 414,985	\$ 594,739
Restricted cash and cash equivalents.....	-	15,000
Contributions and grants receivable.....	76,010	103,177
Current portion of right-of-use asset.....	24,787	24,714
Prepaid expenses and other current assets.....	10,916	22,158

**TOTAL CURRENT ASSETS**                      526,698                      759,788

Property and equipment, net of accumulated depreciation .....	7,445	9,165
Right-of-use asset, net of current portion.....	26,939	51,726
Security deposit.....	6,969	6,969

**TOTAL ASSETS**                      \$ 568,051                      \$ 827,648

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts payable and accrued expenses .....	\$ 39,406	\$ 48,802
Current portion of lease liability.....	25,308	24,413

**TOTAL CURRENT LIABILITIES**                      64,714                      73,215

Note payable.....	149,359	150,000
Lease liability, net of current portion.....	28,335	53,643

**TOTAL LIABILITIES**                      242,408                      276,858

**Net Assets:**

Without donor restrictions.....	325,643	535,790
With donor restrictions.....	-	15,000

**TOTAL NET ASSETS**                      325,643                      550,790

**TOTAL LIABILITIES AND NET ASSETS**                      \$ 568,051                      \$ 827,648

**ERASE RACISM, INC.**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>			
Contributions and grants.....	\$ 244,799	\$ -	\$ 244,799
Consulting fees.....	38,882	-	38,882
Paycheck Protection Program loan forgiveness .....	-	-	-
Other income.....	2,714	-	2,714
Net assets released from restrictions.....	15,000	(15,000)	-
Gross proceeds from special events.....	202,220	-	202,220
Less: direct benefits to donors.....	(40,246)	-	(40,246)
Net proceeds from special events.....	161,974	-	161,974
<b>TOTAL SUPPORT AND REVENUE</b>	<b>463,369</b>	<b>(15,000)</b>	<b>448,369</b>
<b>EXPENSES:</b>			
Program services:			
Housing.....	62,222	-	62,222
Education.....	67,458	-	67,458
Public education/seminars.....	12,537	-	12,537
Partner.....	159,070	-	159,070
Racism research.....	172,157	-	172,157
Youth.....	28,061	-	28,061
<b>TOTAL PROGRAM SERVICES</b>	<b>501,505</b>	<b>-</b>	<b>501,505</b>
Supporting services:			
Management and general.....	115,796	-	115,796
Development.....	56,215	-	56,215
<b>TOTAL SUPPORTING SERVICES</b>	<b>172,011</b>	<b>-</b>	<b>172,011</b>
<b>TOTAL EXPENSES</b>	<b>673,516</b>	<b>-</b>	<b>673,516</b>
<b>CHANGE IN NET ASSETS</b>	<b>(210,147)</b>	<b>(15,000)</b>	<b>(225,147)</b>
Net assets, beginning of year.....	535,790	15,000	550,790
Net assets, end of year.....	\$ 325,643	\$ -	\$ 325,643

**ERASE RACISM, INC.**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUE:</b>			
Contributions and grants.....	\$ 395,257	\$ 15,000	\$ 410,257
Consulting fees.....	83,100	-	83,100
Paycheck Protection Program loan forgiveness .....	69,695	-	69,695
Other income.....	3,385	-	3,385
Net assets released from restrictions.....	76,103	(76,103)	-
Gross proceeds from special events.....	238,586	-	238,586
Less: direct benefits to donors.....	(41,320)	-	(41,320)
Net proceeds from special events.....	197,266	-	197,266
<b>TOTAL SUPPORT AND REVENUE</b>	824,806	(61,103)	763,703
<b>EXPENSES :</b>			
Program services:			
Housing.....	84,712	-	84,712
Education.....	106,618	-	106,618
Public education/seminars.....	35,000	-	35,000
Partner.....	156,690	-	156,690
Racism research.....	135,631	-	135,631
Youth.....	16,773	-	16,773
<b>TOTAL PROGRAM SERVICES</b>	535,424	-	535,424
Supporting services:			
Management and general.....	62,066	-	62,066
Development.....	61,459	-	61,459
<b>TOTAL SUPPORTING SERVICES</b>	123,525	-	123,525
<b>TOTAL EXPENSES</b>	658,949	-	658,949
<b>CHANGE IN NET ASSETS</b>	165,857	(61,103)	104,754
Net assets, beginning of year.....	369,933	76,103	446,036
Net assets, end of year.....	\$ 535,790	\$ 15,000	\$ 550,790

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services						Supporting Services			Total Expenses	
	Housing	Education	Public Education/ Seminars	Partner	Racism Research	Youth	Total Program Services	Management and General	Development		Total Supporting Services
Staff leasing expense.....	\$ 53,032	\$ 53,442	\$ 7,417	\$ 103,277	\$ 119,431	\$ 20,694	\$ 357,293	\$ 37,214	\$ 40,450	\$ 77,664	\$ 434,957
Professional fees.....	1,858	9,215	727	32,879	25,349	6,174	76,202	46,335	1,067	47,402	123,604
Telecommunications.....	507	582	248	4,539	1,538	132	7,546	3,642	587	4,229	11,775
Equipment and maintenance.....	172	229	110	502	7,167	32	8,212	614	239	853	9,065
Supplies.....	-	-	-	-	430	-	430	2,486	701	3,187	3,617
Conferences.....	-	-	-	-	130	-	130	1,311	41	1,352	1,482
Travel and entertainment.....	479	34	843	591	276	74	2,297	2,345	677	3,022	5,319
Postage and delivery.....	26	-	-	2,834	-	-	2,860	481	3,228	3,709	6,569
Staff development.....	-	-	1,495	-	-	-	1,495	-	-	-	1,495
Occupancy.....	2,022	2,337	988	5,620	6,155	540	17,662	8,381	2,338	10,719	28,381
Utilities .....	502	593	245	1,830	1,629	112	4,911	82	593	675	5,586
Printing and production.....	-	-	-	1,976	-	40	2,016	11	-	11	2,027
Insurance.....	644	695	322	1,052	1,762	176	4,651	3,295	734	4,029	8,680
Advertising.....	-	-	-	275	175	-	450	-	500	500	950
Miscellaneous.....	2,687	-	-	2,892	7,236	11	12,826	8,673	4,729	13,402	26,228
Depreciation.....	293	331	142	803	879	76	2,524	926	331	1,257	3,781
<b>Total Expenses</b>	<b>\$ 62,222</b>	<b>\$ 67,458</b>	<b>\$ 12,537</b>	<b>\$ 159,070</b>	<b>\$ 172,157</b>	<b>\$ 28,061</b>	<b>\$ 501,505</b>	<b>\$ 115,796</b>	<b>\$ 56,215</b>	<b>\$ 172,011</b>	<b>\$ 673,516</b>

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services						Supporting Services					Total Expenses
	Housing	Education	Public Education / Seminars	Partner	Racism Research	Youth	Total Program Services	Management and General	Development	Total Supporting Services		
Staff leasing expense.....	\$ 71,951	\$ 85,437	\$ 28,688	\$ 106,306	\$ 112,119	\$ 13,822	\$ 418,323	\$ 18,627	\$ 46,309	\$ 64,936	\$ 483,259	
Professional fees.....	1,831	2,032	1,523	31,563	1,833	637	39,419	19,636	1,350	20,986	60,405	
Telecommunications.....	652	821	536	3,789	992	172	6,962	2,433	685	3,118	10,080	
Equipment and maintenance....	377	10,481	361	360	7,007	61	18,647	941	224	1,165	19,812	
Supplies.....	416	10	-	945	31	364	1,766	1,318	612	1,930	3,696	
Conferences.....	100	-	-	-	-	-	100	82	-	82	182	
Travel and entertainment.....	24	17	-	4	-	7	52	82	517	599	651	
Postage and delivery.....	18	2	1	1,484	-	51	1,556	32	3,323	3,355	4,911	
Staff development.....	-	-	-	-	-	-	-	-	-	-	-	
Occupancy.....	3,441	4,020	2,175	3,154	3,543	906	17,239	7,103	1,844	8,947	26,186	
Utilities .....	852	992	531	768	866	223	4,232	908	447	1,355	5,587	
Printing and production.....	-	-	-	2,565	38	8	2,611	-	-	-	2,611	
Insurance.....	1,388	1,642	825	1,304	1,406	371	6,936	1,480	675	2,155	9,091	
Advertising.....	-	-	-	-	530	-	530	-	-	-	530	
Miscellaneous.....	3,164	585	50	3,999	6,760	20	14,578	8,894	5,212	14,106	28,684	
Depreciation .....	498	579	310	449	506	131	2,473	530	261	791	3,264	
<b>TOTAL EXPENSES</b>	<b>\$ 84,712</b>	<b>\$ 106,618</b>	<b>\$ 35,000</b>	<b>\$ 156,690</b>	<b>\$ 135,631</b>	<b>\$ 16,773</b>	<b>\$ 535,424</b>	<b>\$ 62,066</b>	<b>\$ 61,459</b>	<b>\$ 123,525</b>	<b>\$ 658,949</b>	

**ERASE RACISM, INC.**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31,**

**2022                      2021**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets.....	\$ (225,147)	\$ 104,754
<u>Adjustment to reconcile change in net assets</u>		
<u>to net cash (used in)/ provided by operating activities:</u>		
Depreciation.....	3,781	3,264
Paycheck Protection Program loan forgiveness.....	-	(69,695)
Note payable forgiveness.....	-	(50,000)
<u>Changes in operating assets and liabilities:</u>		
Contributions and grants receivable.....	27,167	40,168
Right-of-use asset.....	24,714	(76,440)
Prepaid expenses and other current assets.....	11,242	(12,218)
Accounts payable and accrued expenses.....	(9,396)	12,269
Lease liability.....	(24,413)	78,056
<b>NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES</b>	<b>(192,052)</b>	<b>30,158</b>

**CASH FLOWS USED IN INVESTING ACTIVITIES:**

Purchases of property and equipment.....	(2,061)	(11,001)
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**CASH FLOWS FROM FINANCING ACTIVITIES:**

Draws on line of credit.....	-	656
Payments of line of credit.....	-	(656)
Proceeds from note payable.....	-	69,695
Payment of note payable.....	(641)	-
<b>NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES</b>	<b>(641)</b>	<b>69,695</b>

<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(194,754)</b>	<b>88,852</b>
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Cash and cash equivalents, beginning of year.....	609,739	520,887
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Cash and cash equivalents, end of year.....	<u>\$ 414,985</u>	<u>\$ 609,739</u>
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**COMPONENTS OF CASH AND CASH EQUIVALENTS:**

Cash and cash equivalents.....	\$ 414,985	\$ 594,739
Restricted cash and cash equivalents.....	-	15,000

<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ 414,985</b>	<b>\$ 609,739</b>
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of ERASE Racism, Inc. (hereinafter “ERASE”) is presented to assist in understanding ERASE’s financial statements. The financial statements and notes are representations of ERASE’s management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization: ERASE was founded in 2001 as an initiative of The Long Island Community Foundation (“LICF”), a division of The New York Community Trust (“NYCT”). It operates as an education and networking hub for leaders from nonprofits; local government; businesses; community groups; and health, education, welfare, and philanthropic organizations who are motivated to rid the region of institutional racism. In December of 2003, ERASE was incorporated in New York State. During 2004, ERASE obtained its tax-exempt status and separated from NYCT.

ERASE is a regional organization that leads public policy advocacy campaigns and related educational and programmatic initiatives to promote racial equity in areas such as housing, public school education, and healthcare, primarily on Long Island. Because of ERASE’s work, racism—long a taboo subject—has become part of the regular discourse of public officials and other regional leaders. Consequently, ERASE’s call to address racial inequity is now given serious consideration by regional leaders.

ERASE primarily receives its support from foundation and corporate grants and contributions, as well as an annual event, for the support of its efforts to engage individuals and organizations in educational and problem solving activities designed to increase public awareness of the history and effects of institutional racism in the region and to promote policies and practices that address the disparities and inequities resulting from institutional racism. Individual contributions and program fees provide additional support.

Income Tax Status: ERASE is exempt from federal income tax under Internal Revenue Code Section 501(c)(3), is publicly supported, as described in Section 509(a), and does not conduct unrelated business activities.

ERASE has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. ERASE has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements for 2022 and 2021.

ERASE files an IRS Form 990 and respective state and local tax returns. These tax returns are subject to review and examination by federal, state, and local taxing authorities. ERASE has determined that it has registered in all states where it is required to be registered.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

New Accounting Pronouncement: During the year ended December 31, 2022, ERASE adopted Accounting Standards Codification ("ASC") 842, *Leases*, for all material, long-term operating leases. Under this new accounting pronouncement, for each applicable lease, ERASE recognizes a right-of-use asset and a lease liability calculated based on the present value of the lease payments not yet paid, discounted using an appropriate discount rate at the lease liability plus any initial direct costs and prepaid assets is charged to rent expense, which is recorded on the straight-line basis over the term of each lease, unless another systematic and rational basis is more representative of the time pattern in which the use benefit is derived from the leased property, in which case that basis will be used.

Revenue Recognition: ERASE's primary sources of revenue consist of contributions and grants, consulting fees, and proceeds from special events, as discussed below:

Contributions and grants: ERASE recognizes revenue from grants and contributions in the period these grants and contributions are pledged. Revenue received under these grants and contributions is usually unrestricted as to use. All other contributions are recognized as revenue upon the receipt of cash.

Contributions are recognized when donors makes promises to give that are, in substance, unconditional. Contributions that are restricted by donors are reported as increases in net assets without donor restrictions when restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of restriction. When restrictions expire (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 statements of activities as net assets released from restrictions. Conditional contributions are accounted for as liabilities or are not recognized as revenue initially, until the barriers to entitlement are overcome, at which point contributions are recognized as unconditional and classified as either net assets with donor restrictions or net assets without donor restrictions.

Consulting fees: ERASE recognizes consulting fees and related registration fees when performance obligations to consumers are satisfied, principally at points in time, as underlying services are performed. Fees received in advance of services are reported as deferred revenue in the accompanying statements of financial position. Consulting fees are subject to ASC Topic 606, *Revenue from Contracts with Customers*, based on the timing of satisfaction of performance obligations and totaled \$38,882 and \$83,100 during the years ended December 31, 2022 and 2021, respectively.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Proceeds from special events: ERASE recognizes gross proceeds from special events when performance obligations to attendees are satisfied, which occurs at the time the events take place. Costs incurred for which donors receive direct benefits, exchange transactions, have been offset against the revenue in the statements of activities. Other costs related to the events for which the donors do not receive direct benefits are included within development costs in the statements of functional expenses. Gross proceeds from special events are subject to ASC Topic 606, *Revenue from Contracts with Customers*, based on the timing of satisfaction of performance obligations and totaled \$202,220 and \$238,586 during the years ended December 31, 2022 and 2021, respectively.

Financial Statement Presentation: ERASE 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.

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 ERASE. These net assets may be used at the discretion of ERASE'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 ERASE or by the passage of time. Other donor restrictions may be perpetual in nature, whereby donors can stipulate that funds be maintained in perpetuity. ERASE did not have any funds that were stipulated donors to be maintained in perpetuity as of December 31, 2022 and 2021.

Use of Estimates: The presentation of 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents: All short-term investments with original maturities of three months or less are accounted for as cash equivalents and include checking, savings, and money market accounts.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Property and Equipment, Net: Property and equipment are stated at cost. Those assets acquired by donation are carried at fair market value established at the date of acquisition. Maintenance and repairs are charged to expense and betterments in excess of \$1,000 are capitalized.

Depreciation expense is computed using the straight-line method over each asset’s estimated useful life as follows:

	<u>Years</u>
Furniture and fixtures .....	7
Office equipment .....	3-5
Computer equipment.....	3

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Expenses have been allocated between program services and supporting services based on an analysis of personnel time for related activities. Some indirect costs including utilities, rent, and telephone are allocated based upon the time spent by staff categories. Other indirect costs such as legal/accounting have all been allocated to management and general, as these are not affiliated with program related initiatives but provide for the overall support and direction of ERASE.

Grants and Contributions Receivable: Grants and contributions receivable include unconditional promises to give. Management deems all grants and contributions receivable at December 31, 2022 and 2021 fully collectible. As such, no reserve for doubtful accounts has been established.

Leased Employees: ERASE has a year-to-year contract with Alcott Staff Leasing, Inc. (“Alcott”), a professional employer organization for leased employees. Alcott provides comprehensive human resource services to ERASE and is responsible for personnel, administrative, and benefits management functions, as well as payroll processing. Since Alcott is the employer of record for all employees assigned to ERASE, they are included in the Alcott quarterly Internal Revenue Service (“IRS”) Form 941, New York State Form NYS-45, and statutory New York State disability and workers compensation filings. Alcott carries a surety bond of \$1 million, and in addition to an annual financial statement audit, undergoes quarterly agreed-upon procedures engagements intended to provide substantial assurance that all appropriate payroll taxes are paid and filed when due.

Donated Services: From time to time certain individuals with specific expertise have provided services to ERASE on a pro-bono basis, which they would have paid for, had they not been donated. ERASE did not receive any donated services during 2022 or 2021. In addition, many individuals expend a significant level of time performing a variety of program functions and other tasks for ERASE, which do not require specific expertise. As such, these amounts are not reflected as donated services in the accompanying financial statements.

Events Occurring After Report Date: ERASE has evaluated events and transactions that occurred between January 1, 2023 and July 10, 2023, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**NOTE 2 - CONCENTRATIONS OF CREDIT RISK AND SUPPORT**

Financial instruments that potentially subject ERASE to concentrations of credit risk consist principally of cash and cash equivalents. Throughout the year, ERASE has cash or deposits with financial institutions that are in excess of Federal Deposit Insurance Corporation limits. ERASE’s cash and cash equivalent accounts have been placed with high credit quality financial institutions. ERASE has not experienced, nor does it anticipate, any losses with respect to such accounts.

Approximately 23% of total support and revenue in 2022 was from one donor. Approximately 17% of total support and revenue in 2021 was from two donors.

As of December 31, 2022 and 2021, approximately 33% and 40% of total accounts receivables was from one donor, respectively.

**NOTE 3 - LEASED FACILITIES**

ERASE leases its current facilities in Syosset, New York. The lease agreement was originally entered into in 2004 and has been amended several times since.

The amended lease term from February 1, 2019 through January 31, 2021 called for initial monthly payments of \$1,663 for rent and \$466 for electricity, with minor increases through the end of the lease term.

Effective February 1, 2022, the lease was extended through January 31, 2023. The amended lease agreement called for monthly payments of \$1,928 through January 31, 2022 and \$2,062 through January 31, 2023.

Effective February 1, 2023, the lease was extended through January 31, 2025. The amended lease agreement calls for monthly payments of \$2,124 through January 31, 2024 and \$2,188 through January 31, 2025.

Operating lease costs incurred during the years ended December 31, 2022 and 2021, inclusive of right-of-use asset amortization, totaled \$28,381 and \$24,570, respectively, and are included as part of occupancy expense in the statements of functional expenses.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liability for the years ending December 31,:

2023 .....	\$	25,426
2024 .....		26,189
2025 .....		2,188
Total .....	<u>\$</u>	<u>53,803</u>

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**NOTE 3 - LEASED FACILITIES (continued)**

The weighted average remaining lease term (in months) and discount rates for the above mentioned leases were as follows for the years ended December 31,:

	<u>2022</u>	<u>2021</u>
Weighted average remaining lease term (in months) .....	25.00	37.00
Weighted average discount rate .....	0.11%	0.11%

Operating cash flows from operating leases totaled \$24,605 and \$21,214 for the years ended December 31, 2022 and 2021, respectively.

**NOTE 4 - INVESTMENTS**

The Financial Accounting Standards Board (“FASB”)’s ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

Level I: Valuations are based on observable inputs that reflect quoted market prices in active markets for the same or identical assets and liabilities at the reporting date.

Level II: Valuations are based on (i) quoted prices for similar investments, in active markets, or (ii) quoted prices for those investments, or similar investments, in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. Level II assets include those investments, or similar investments that are redeemable at or near the statement of financial position date and for which a model was derived for valuation.

Level III: Valuations are based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the investments, (ii) the investments cannot be independently valued, or (iii) the investments cannot be immediately redeemed at or near the fiscal year-end.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the period. During the year ended December 31, 2022, there were no transfers among the fair-value hierarchy levels. During the year ended December 31, 2022, ERASE obtained a certificate of deposit with a value of \$75,211 at December 31, 2022 and is considered a level II investment for fair value reporting. The certificate of deposit has a maturity of three months or less, maturing on February 1, 2023, and is reported under cash and cash equivalents on the statements of financial position.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**NOTE 5 - OPERATIONS**

The overall mission that has guided ERASE’s work from its inception continued in 2022. This mission is to expose forms of racial discrimination and advocate for the engagement of the public in changing laws and policies to help eliminate racial disparities, particularly in the areas of housing, community development, and public education. ERASE’s vision is to seek transformed, integrated communities in which no person’s access to opportunity is limited by race or ethnicity.

While the most rampant acts of racial discrimination in the United States and on Long Island have been addressed and curbed by civil rights laws it is well documented that race and ancestry continue to function as a basis for discrimination. This discrimination produces inequitable treatment and outcomes for people of color in all areas of life – from public education, to housing, to community wealth and development. Additionally, while civil rights laws have contributed to our strides against these inequities in recent decades, so-called “race neutral” policies continue to perpetuate racial discrimination and produce racially disparate impacts. This reality underpins ERASE’s beliefs that:

- Civil rights laws must be enforced.
- Discriminatory policies must end.
- Inaction in regard to racial inequities is discrimination.

ERASE achieves its objectives via research, public education, policy advocacy, legal actions, and civic engagement of Long Island leaders, community organizations, and community residents of various ages and backgrounds.

**Accomplishments during 2022**

**Education Equity Initiative**

Although Long Island has become more diverse in recent decades, its public schools have become more segregated and unequal. In addition to documenting this trend and its consequences – especially for Black and Latino students – ERASE’s Education Equity Initiative promotes priorities, strategies, and measures that are achievable in a region with 125 separate, self-taxing school districts.

The Education Equity Initiative consists of the following interrelated elements:

- A High School Student Leaders for Equity Internship (“SLEI”) that provided selected students with the opportunity to learn about systemic racism and collaboratively strategize community-based solutions.
- A Student Voices Campaign that equips students with knowledge and leadership skills to stand for inclusion and equity in their schools and districts.
- Knowledge and Awareness-Building via social, alternative, and traditional media as well as workshops and forums.
- A Professional Development Program for Teachers lauded for its workshops on culturally responsive pedagogy, understanding and eliminating bias, and serving diverse classrooms.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**NOTE 5 - OPERATIONS (continued)**

- An Education Equity Working Group consisting of 353 area educators, parents, academics, and advocates.
- Advocacy aimed at state, local, and district policies and practices, so that they encourage rather than inhibit integration and equity.
- Mobilization of partners and the public to challenge segregation and inequity.

A sampling of activities and accomplishments to advance education equity in 2022:

- The Rauch Foundation renewed its support of the Initiative with a \$100,000 general support grant. Other institutional funding came from the Jeanine Heller Foundation, the Long Island Unitarian Universalist Fund, and the Nassau Bar WE CARE Fund. A partnership with the Rauch Foundation, which underwrote fellowships for Long Island educators to attend the Reimagining Education Summer Institute at Teachers College, Columbia University as well as funding for a communications consultant, helped ERASE continue to gain important visibility in regional and local media.
- ERASE Racism's Student Voices Campaign equipped students across Long Island with leadership skills, facilitated meaningful interactions with students of different backgrounds and districts, and educated students about the history underpinning Long Island's segregated towns and school districts and how they can advance equity and inclusion in their schools and communities. It did this via the following programs:
  - The six-week paid high school student internship, SLEI, provided five high school students from five different Long Island school districts with an opportunity to learn about the historical and ongoing systemic racism across Long Island, the local history of their towns, and how to advocate for racial equity and justice in their own schools and communities. By conducting research, collaborating with one another and local community leaders, and by strategic planning of initiatives, these first five students were able to develop an understanding of their local context and make a plan for tangible change in their communities. After the initial six weeks of the internship, the five student interns continued to meet regularly with the Program Coordinator throughout the 2022-2023 school year to monitor progress, collaborate, and troubleshoot.
  - The Student Task Force for Racial Equity plays a leadership role in the Student Voices Campaign. In 2022 it had 27 students of diverse identities and backgrounds from a number of Long Island public school districts. The Task Force meets at least monthly, or more frequently when needed to prepare for upcoming events. During 2022, ERASE launched a Student Task Force Alumni Group, which services as a continued community for former Student Task Force members.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**NOTE 5 - OPERATIONS (continued)**

- Student Task Force members also presented to educators from across the U.S. at the four-day Reimagining Education Summer Institute (“RESI”) at Columbia University Teachers College. Their student-led workshop, “From Passion to Action: Supporting Student Leadership and Activism,” provided educators with a concrete framework on how to support their students in developing their ideas into positive change. ERASE’s student leaders designed their workshop to provide tools for educators to design a more culturally responsive classroom experience using three key guiding ideas: “Dream Together”, “Listen Together”, and “Doing Together.” One of the session attendees shared, “Fantastic session. I will work to give more students a voice in class, school, and district-wide.” Five student leaders also presented during a Plenary Session, entitled “The Freedom to Learn: Youth Leaders’ Visions for their Classrooms and Schools,” about their experiences with Culturally Responsive-Sustaining Education in their schools.
  - ERASE recruited 30 educators from 9 districts in Nassau and Suffolk to attend RESI and the Rauch Foundation paid registration fees for the participants.
- In April 2022 ERASE announced its fourth annual “Raise Your Voice Essay Contest.” Four winners received \$500 scholarships underwritten by our partner SCOPE Educational Services.
- ERASE organized a teach-in as part of a national Teach the Truth Day of Action at the Henry Lloyd Manor House in Huntington, New York, where students, parents, and community members learned about the history of slavery on Long Island.
- ERASE conducted two student-facing workshops on topics ranging from implicit bias to structural racism. These workshops help to continue developing important community relationships and expanding ERASE’s impact.
- ERASE released a significant Education Report about Long Island schools in May, 2022, revealing unequal resources for Long Island students based on race. In July, 2022, ERASE released a statewide Education Report, this one a longitudinal review of the impact of inequitable traditional public school funding in New York State.

**Inclusive Housing Program**

The Inclusive Housing Program promotes effective fair housing laws, nondiscriminatory affordable housing policies, and vigilant fair housing enforcement. We also organize residents to engage in civic actions to support these activities. In recent years we have used our research and documentation to strengthen fair housing laws, successfully settle federal housing discrimination lawsuits, and elevate the voices of people in low-income housing. Frequent speaking engagements and meetings educate the public and decision-makers about local, New York State and national issues impacting fair housing.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**NOTE 5 - OPERATIONS (continued)**

A sampling of activities and accomplishments in 2022:

- Governor Hochul has signed the seven fair housing bills we were following and two additional bills: 1) requires real estate brokers to receive at least two hours of training in cultural competency, as part of the renewal process for real estate broker licensure and 2) establishes a toll-free hotline for complainants of housing discrimination. There is continued interest in our tool for Affirmatively Furthering Fair Housing (“AFFH”). The 2022-2023 legislative session is now active and we are monitoring the progress of those housing and education bills that are of special interest to ERASE.
- Elaine Gross testified in Albany on behalf of Accessory Dwelling Units (“ADU”) legislation that was included in Governor Hochul’s executive budget. To bolster ERASE’s support, a petition was shared on the website urging Governor Hochul and the NYS Legislature to amend the ADU legislation so that it includes provisions for affirmatively furthering fair housing and upholding other fair housing statutes. While the ADU legislation was ultimately withdrawn, the work ultimately advanced efforts for Long Island housing advocates to coalesce around these issues, which is ongoing now.
- Elaine Gross wrote an article related to Fair Housing which appeared in the special housing edition of the Touro Law Review.
- Policy Analyst/Researcher Cam Owen began developing Affirmatively Furthering Fair Housing (“AFFH”) tools – to measure the AFFH potential of proposed housing developments.
- ERASE worked with a group of organizations on Long Island that are interested in Affordable and Fair Housing on Long Island. Dr. Ann Golob from the Long Island Index should be credited for bringing the group together and getting funding for a coordinator to lead the group.
- Elaine Gross continued as a board member of the New York State Mortgage Agency (“SONYMA”) Board, consistently ensuring that fair housing remains a central part of their discussions, including by using ERASE’s assessment tool to analyze of housing developments have the potential to further fair housing or further housing segregation.

**Community Education and Mobilizing the Partnership for Racial Equity**

Educating and mobilizing the public remains a core activity for ERASE’s effort to build a constituency for racial equity on Long Island.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**NOTE 5 - OPERATIONS (continued)**

A sampling of activities and accomplishments in 2022:

- Following the transition of the organization’s presidency, the new Executive Director, Laura Harding, participated in speaking engagements and activities with the following groups and organizations:
  - Panelist for Long Island Job with Justice’s Working Poor
  - Hofstra’s Suburban Diversity Gala
  - Jaspan Schlesinger LLP Christmas party
  - State of Black Long Island (“SOBLI”) Equity Council Meeting/Dinner, hosted by the Urban League
  - Keynote Speaker at Adelphi’s Kwanzaa Event
  - Implicit Bias and Institutional Training for Westbury Arts
- ERASE sent 11 EMERGE e-newsletters and 16 E-Alerts to 4,771 subscribers for each newsletter. The newsletters informed subscribers about the leadership exhibited by ERASE’s Student Task Force, fair housing workshops and other program offerings by ERASE, and important news related to fair housing legislation, among other information.
- Media coverage of ERASE Racism in 2022 included 81 stories in total in outlets spanning from local to national to international, including USA Today, New York Law Journal, Newsday, PBS, and TAZ in Germany. Of the 81 stories, 19 reached audience beyond Long Island. Eight of the stories were bylined articles by ERASE.
  - The media coverage continues to elevate ERASE’s visibility, underscore its important presence in the social fabric of Long Island, and present its perspectives locally, regionally, and nationally on structural racism and its implications, especially in housing and public-school education.
  - The media coverage highlighted, among other things, the following:
    - ERASE’s innovative research, demonstrating the ongoing impacts of racial discrimination in Long Island’s public schools.
    - ERASE’s leadership in addressing and ending housing discrimination on Long Island and in the region.
    - ERASE’s efforts to raise awareness of structural racism’s implications for housing and public schools’ education.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**NOTE 5 - OPERATIONS (continued)**

- Included among the coverage in 2022 are the following three op-ed articles by Elaine Gross:
  - Long Island Herald - March 31, 2022 - "Finally, a Black women on the Supreme Court?"
  - The Long Island Advocate - June 28, 2022 - "Unequal resources in L.I. schools based on race" - An op-ed by Elaine Gross originally published by the Long Island Herald.
  - Long Island Herald - June 23, 2022 - "Long Island students' resources depend on race" - An op-ed by Elaine Gross.
- In 2022, ERASE delivered 13 workshops to over 200 participants. ERASE's clients came from varied industries including education, government, library, media, non-profit, religious services, and arts. The workshops consist of four core modules: 1) The Development of Race and Racism, 2) Structural Racism on Long Island; 3) Implicit Bias, Microaggressions, and Next Steps to Address Racism, and 4) Institutional Assessment as well as custom workshops and retreats.
  - Workshops were provided to the following businesses, organizations, and schools; Adelphi University, Amityville Union Free School District, Bay Shore High School, Energeia Partnership, Hope for Youth, Long Island Library Council, Middle Country Library, The Watermill Center, and Westbury Arts.

**NOTE 6 - AVAILABILITY AND LIQUIDITY**

The following represents ERASE's financial assets at December 31,:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents.....	\$ 414,985	\$ 594,739
Restricted cash and cash equivalents .....	-	15,000
Contributions and grants receivable .....	76,010	103,177
Total financial assets	<u>490,995</u>	<u>712,916</u>
Contractual or donor-imposed restrictions:		
Purpose restrictions to be met in less than a year .....	-	(15,000)
Financial assets available to meet general expenditures over the next twelve months.....	<u>\$ 490,995</u>	<u>\$ 697,916</u>

ERASE's goal is generally to maintain financial assets to meet ninety days of operating expenses (approximately \$165,000). ERASE has a \$45,000 line of credit available to meet cash flow needs (refer to Note 7).

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**NOTE 7 - LINE OF CREDIT**

ERASE has a line of credit (“LOC”) with Bethpage Federal Credit Union which allows borrowings of up to \$45,000 and charges an interest rate of 4.75%. The LOC was paid in full as of December 31, 2021. ERASE did not draw on the LOC during the year ended December 31, 2022. The LOC is renewed annually.

**NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS**

\$15,000 of net assets were restricted for use in the youth program as of December 31, 2021. There were no net assets with donor restrictions at December 31, 2022.

Net assets released from donor purpose restrictions were as follows for the years ended December 31,:

	<b>2022</b>	<b>2021</b>
Education.....	\$ -	\$ 6,130
Housing .....	-	67,473
Youth.....	15,000	-
Program development.....	-	2,500
Total.....	\$ 15,000	\$ 76,103

Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions. During the years ended December 31, 2022 and 2021, ERASE received \$23,500 and \$20,000, respectively, in contributions whose restrictions had been met within the years of contribution and have been reflected as without donor restrictions in the accompanying statements of activities.

Cash and cash equivalents have been restricted in accordance with donor restricted net assets held at year-end. At December 31, 2022, there were no net assets with donor restrictions included as part of cash and cash equivalents. At December 31, 2021, net assets with donor restrictions of \$15,000 consisted entirely of restricted cash and cash equivalents. There were no net assets with donor restrictions included as part of contributions and grants receivable at December 31, 2022 and 2021.

**NOTE 9 - FINANCIAL IMPACTS RELATED TO THE COVID-19 PANDEMIC**

As a result of the COVID-19 pandemic, ERASE received a Paycheck Protection Program (“PPP”) loan on April 5, 2021 in the amount of \$69,695. Interest accrued on the unpaid principal, retroactive to the date of the loan, at a rate of 1.00% per annum. The Small Business Administration (“SBA”) approved the loan forgiveness in February 2022 and loan forgiveness income was recognized for the year ended December 31, 2021.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**NOTE 9 - FINANCIAL IMPACTS RELATED TO THE COVID-19 PANDEMIC (continued)**

ERASE received an Economic Injury Disaster Loan (“EIDL”) advance from the SBA for \$150,000 on June 20, 2020. This loan advance was intended to provide economic relief to businesses experiencing a temporary loss of revenue due to the COVID-19 pandemic. The loan bears interest at a rate of 2.75% per annum and matures on June 20, 2050. The note was originally issued with a twelve-month deferral period that did not require payments to be made until June 2021. During March 2021, the deferral period was extended to thirty months. Subsequent to the deferral period, monthly payments of \$641 will be made by ERASE. All remaining principal and accrued interest will be due and at maturity. The loan is secured by substantially all assets of ERASE.

Payments on the principal made during the year ended December 31, 2022 was \$641.

Future minimum payments under the EIDL are as follows for the years ending December 31;

2023 .....	\$	-
2024 .....		-
2025 .....		425
2026 .....		3,642
2027 and thereafter .....		141,548
Total loan repayments.....	\$	<u>149,359</u>

**NOTE 10 - RELATED-PARTY TRANSACTION**

ERASE received a promissory note from the Board Treasurer of ERASE in the amount of \$50,000 on April 14, 2020. The note bore interest at a rate of 0.91% per annum and was originally set to mature on March 31, 2023. This note was intended to provide economic relief to ERASE due to the COVID-19 pandemic. On October 26, 2021, the note was converted into a gift to ERASE with no payments being required to the Board Treasurer. This amount is included in contributions and grants revenue on the accompanying statement of activities for the year ended December 31, 2021.

**NOTE 11 - PRIOR PERIOD ADJUSTMENT**

During the year ended December 31, 2022, management determined that a retroactive adjustment to net assets without donor restrictions was needed to be in compliance with ASC 842, *Leases*. This resulted in retroactive adjustments made for the year ended December 31, 2021. As a result of the adjustments, net assets without donor restrictions decreased by \$1,616, and a right-of-use asset and lease liability were recognized for \$76,440 and \$78,056, respectively, as of December 31, 2021.