

THE VILLAGE LEARNING PLACE, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

June 30, 2020 and 2019

THE VILLAGE LEARNING PLACE, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Village Learning Place, Inc.

We have audited the accompanying financial statements of The Village Learning Place, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statement of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Village Learning Place, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on page 13 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures 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 financial statements as a whole.

Luxemburg + Bronfin, LLC

Baltimore, Maryland
August 26, 2021

The Village Learning Place, Inc.
Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets		
Cash	\$ 219,990	\$ 159,795
Grant receivable	152,970	153,397
Accounts receivable - other	5,565	13,474
Prepaid expenses	41,093	11,312
Total current assets	419,618	337,978
Fixed assets		
Property and equipment	1,061,135	1,055,396
Less accumulated depreciation	(734,039)	(691,242)
Total fixed assets	327,096	364,154
Total assets	\$ 746,714	\$ 702,132
LIABILITIES AND NET ASSETS		
Current liabilities		
Accrued expenses	\$ 9,098	\$ 6,433
Deferred revenue	73,545	-
PPP loan	15,467	-
Total current liabilities	98,110	6,433
Net assets		
Without donor restrictions	550,816	586,769
With donor restrictions	97,788	108,930
Total net assets	648,604	695,699
Total liabilities and net assets	\$ 746,714	\$ 702,132

See notes to financial statements

The Village Learning Place, Inc.
Statements of Activities
For the Years Ended June 30, 2020 and 2019

	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenue						
Contributions and grants	\$ 388,917	\$ 397,302	\$ 786,219	\$ 694,016	\$ 105,065	\$ 799,081
PPP grant	-	77,033	77,033	-	-	-
Miscellaneous income	29,611	-	29,611	66,799	-	66,799
Rental income	22,129	-	22,129	25,019	-	25,019
Interest and dividend income	37	-	37	56	-	56
Net assets released from restrictions	485,477	(485,477)	-	107,452	(107,452)	-
Support and revenue	<u>926,171</u>	<u>(11,142)</u>	<u>915,029</u>	<u>893,342</u>	<u>(2,387)</u>	<u>890,955</u>
Functional expenses						
Program services						
Learning Center	575,216	-	575,216	513,335	-	513,335
Library	126,087	-	126,087	98,062	-	98,062
Support services						
Management and general	156,538	-	156,538	167,852	-	167,852
Fundraising	104,283	-	104,283	75,754	-	75,754
Total functional expenses	<u>962,124</u>	<u>-</u>	<u>962,124</u>	<u>855,003</u>	<u>-</u>	<u>855,003</u>
Change in net assets	(35,953)	(11,142)	(47,095)	38,339	(2,387)	35,952
Net assets						
Beginning of year	<u>586,769</u>	<u>108,930</u>	<u>695,699</u>	<u>548,430</u>	<u>111,317</u>	<u>659,747</u>
End of year	<u>\$ 550,816</u>	<u>\$ 97,788</u>	<u>\$ 648,604</u>	<u>\$ 586,769</u>	<u>\$ 108,930</u>	<u>\$ 695,699</u>

See notes to financial statements

The Village Learning Place, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ (47,095)	\$ 35,952
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	42,797	39,650
(Increase) decrease in:		
Grant receivable	427	(21,250)
Accounts receivable - other	7,909	16,330
Prepaid expenses	(29,781)	(9,593)
Increase (decrease) in:		
Accrued expenses	2,665	1,484
Deferred revenue	73,545	-
Net cash provided by operating activities	50,467	62,573
Cash flows from investing activities		
Capital expenditures	(5,739)	(34,225)
Net cash used in investing activities	(5,739)	(34,225)
Cash flows from financing activities		
Net proceeds from PPP loan	15,467	-
Net cash provided by financing activities	15,467	-
Net increase in cash	60,195	28,348
Cash, beginning of year	159,795	131,447
Cash, end of year	\$ 219,990	\$ 159,795

See notes to financial statements

THE VILLAGE LEARNING PLACE, INC.

Notes to Financial Statements
June 30, 2020 and 2019

Note 1 Organization and Nature of Operation

Nature of Operations

The Village Learning Place, Inc., (the Organization), began operations in 1997 and is located in Baltimore City. The Organization's mission is to operate community library and learning center that houses educational programs, enrichment, opportunities, and informational resources throughout Baltimore City.

Note 2 Summary of Significant Accounting Policies

Method of Accounting

These financial statements have been prepared on the accrual basis in accordance with the accounting principles generally accepted in the United States of America. Revenues are recognized in the period in which they are earned and expenses in the period the related liability are incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles generally accepted requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Classification of Net Assets

The financial statements are presented in accordance with FASB accounting guidance for financial statements of not-for-profit organizations, which establishes standards for financial statements issued by nonprofit organizations. It requires that net assets and related revenue and expenses be classified in two classes of net assets – net assets without donor restrictions and net assets with donor restrictions reflected based upon the existence or absence of donor-imposed restrictions. A definition and description of each net asset class follows:

Net Assets Without Donor Restrictions – Funds that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Funds subject to donor or grant-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

THE VILLAGE LEARNING PLACE, INC.

Notes to Financial Statements
June 30, 2020 and 2019

Grants and Accounts Receivable

Grants and accounts receivable are reported net of allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that management's estimate of the allowance will change. As of June 30, 2020 and 2019, the allowance for doubtful accounts was \$-0-, respectively.

Donated Goods and Services

Volunteers have donated significant amounts of time in support of the Organization's activities. However, the value of these services is not reflected in the accompanying financial statements, as they do not meet the criteria for recognition as set forth under generally accepted accounting principles.

Contribution and Revenue

Contributions and other support are recorded as without donor restrictions or with 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. 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 statements of activities as net assets released from restrictions. Conditional contributions represent money received in advance where the Organization must meet certain requirements subject to the donor approval before being allowed to spend the proceeds.

Government Grants

Government grants are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the grantors.

PPP Loan

The Organization's policy is to account for the PPP loan as a conditional grant. The Organization would continue to record the conditional grant as a liability until the conditions of the grant are met at which point the grant would be recorded into income. The significant conditions associated with the PPP loan are met when the Organization uses the proceeds for qualifying expenses such as payroll costs, benefits, rent, and utilities as described in the CARES Act.

THE VILLAGE LEARNING PLACE, INC.

Notes to Financial Statements
June 30, 2020 and 2019

Property and Equipment

Fixed assets are recorded at cost if purchased or at fair market value at date of gift if donated. Depreciation for property and equipment is computed using the straight-line method over the life of the assets. Additions and improvements that add materially productive capacity or extend the life of an asset are capitalized. The estimated lives used in determining depreciation are:

Building and improvements	25 or 15 years
Furniture and fixtures	5 or 7 years

Income Taxes

The Organization is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the IRC.

Income Tax Uncertainties

The Organization follows FASB guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. Management evaluated the Organization's tax position and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Organization is not currently under audit by any tax jurisdiction.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Costs that cannot be specifically identified with a particular function and that benefit more than one functional category are allocated on the basis of estimates of the portion of time expended by the staff on the various functions.

THE VILLAGE LEARNING PLACE, INC.

Notes to Financial Statements
June 30, 2020 and 2019

Note 3 Property and Equipment

Property and equipment as of June 30, 2020 and 2019 comprised of the following:

	<u>2020</u>	<u>2019</u>
Building improvements	\$ 857,892	\$ 857,892
Furniture and fixtures	80,173	79,084
Improvements	<u>123,070</u>	<u>118,420</u>
Fixed assets, total	1,061,135	1,055,396
Less, accumulated depreciation	<u>(734,039)</u>	<u>(691,242)</u>
	<u>\$ 327,096</u>	<u>\$ 364,154</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$42,797 and \$39,650, respectively.

Note 4 PPP Loan

In April 2020, the Organization applied for and was approved for funding of \$92,500 pursuant to the Paycheck Protection Program (PPP), administered by the U.S. Small Business Administration. The PPP was authorized in the Coronavirus Aid, Relief and Economic Security (CARES) Act. The Organization received the proceeds on May 5, 2020. Subject to certain eligibility and spending requirements under the PPP, some or all of the loan amounts may be forgiven. The loan accrues interest at a rate of 1% and any portion of the principal and interest that is not forgiven is required to be paid by April 2022. As of June 30, 2020, \$77,033 of the loan proceeds were used for qualifying expenses and were recorded as grant revenue on the statement of activities and the remaining \$15,467 was not yet forgiven and is recorded as a liability on the statement of financial position.

Note 5 Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Assets available for restricted use		
Library	\$ 3,865	\$ 3,865
Learning center	46,470	57,612
Capital improvements	<u>47,453</u>	<u>47,453</u>
Net assets with donor restrictions	<u>\$ 97,788</u>	<u>\$ 108,930</u>

THE VILLAGE LEARNING PLACE, INC.

Notes to Financial Statements
June 30, 2020 and 2019

Net assets with donor restrictions were released to expenses after satisfying the following restricted purposes:

	<u>2020</u>	<u>2019</u>
Library	\$ 6,268	\$ -
Learning center	<u>479,209</u>	<u>107,452</u>
Net assets released from restrictions	<u>\$ 485,477</u>	<u>\$ 107,452</u>

Note 6 Bank Line of Credit

On June 30, 2012, the Organization obtained a \$100,000 line of credit with PNC Bank. The line is secured by money on deposit with the bank and property. Amounts borrowed will bear interest at a variable rate equal to the highest prime rate published in the Wall Street Journal. The outstanding balance as of June 30, 2020 and 2019 was \$0-, respectively.

Note 7 Retirement Plan

The Organization offers employees the opportunity to contribute to a Simple IRA retirement plan. Each employee may contribute up to the maximum allowable by the Internal Revenue Service annually from his or her own funds. The Organization contributes an employer match to the retirement plan on behalf of each employee. As of February 2020, the Organization terminated the plan. For the years ended June 30, 2020 and 2019, the employer match expense was \$750 and \$1,402, respectively.

Note 8 Rent Expense

On May 20, 2017, the Organization signed a three-year lease renewal agreement for additional space needed to meet the demands for the Organization's programs and services. On March 5, 2020, the Organization signed a new 3-year lease extension. The rent includes 33.3% of taxes and CAM fees and increases in the third year by 3%. Rent expense for the years ended June 30, 2020 and 2019 were \$79,295 and \$79,242, respectively. Future minimum lease payments under the lease are as follows:

June 30, 2021	\$ 64,697
2022	66,468
2023	60,929

Note 9 Commitment

The Organization entered into a fifteen-year lease with the City of Baltimore for rental of the library. The lease expired in February 2013 and was automatically renewed for an additional five years with three additional five-year renewals under the terms of the lease. The annual rent is \$1.

THE VILLAGE LEARNING PLACE, INC.

Notes to Financial Statements
June 30, 2020 and 2019

Note 10 Contingency

Grants require the fulfillment of certain conditions as set forth in each grant instrument. Failure to fulfill those conditions could result in the return of funds to the grantors. Management deems this contingency remote since it believes it has complied with the terms of each grant.

Note 11 Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, are comprised of the following:

	<u>2020</u>	<u>2019</u>
Cash	\$ 219,990	\$ 159,795
Grant receivable	152,970	153,397
Accounts receivable - other	<u>5,565</u>	<u>13,474</u>
 Total financial assets available within one year	 378,525	 326,666
Donor-imposed restrictions	<u>(97,788)</u>	<u>(108,929)</u>
Financial asstes available to meet cash needs for general expenditures within one year	<u><u>\$ 280,737</u></u>	<u><u>\$ 217,737</u></u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures become due.

Note 12 Subsequent Events

Subsequent events were evaluated through August 26, 2021, which is the date the financial statements were available to be issued. No significant events have been identified that would require adjustment or disclosure in the accompanying financial statements, other than the subsequent event noted below.

In early 2020, an outbreak of the coronavirus (COVID-19) emerged in the United States. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of revenue and other material adverse effects to the Organization's financial position, results of operations, and cash flows. The Organization is not able to reliably estimate the severity of this outbreak and the related financial impact.

Supplementary Information

The Village Learning Place, Inc.
Schedule of Functional Expenses
For the Years Ended June 30, 2020 and 2019

	2020					2019	
	Program Services			Support Services			Total Expenses
	Learning Center	Library	Total Program	Management and General	Fundraising	Total Expenses	
Bad debt expense	\$ -	\$ -	\$ -	\$ 13,474	\$ -	\$ 13,474	\$ -
Books	-	1,320	1,320	-	-	1,320	1,686
Computer expense	14,127	7,613	21,740	15,227	2,729	39,696	30,884
Consultants and contractors	11,250	-	11,250	-	-	11,250	17,017
Depreciation	19,259	19,259	38,518	4,279	-	42,797	39,650
Dues and subscriptions	-	-	-	700	-	700	975
Employee benefits	11,307	1,795	13,102	1,795	3,050	17,947	16,141
Fundraising	-	-	-	-	1,740	1,740	4,092
Insurance	4,362	3,585	7,947	1,830	276	10,053	5,979
Interest	617	103	720	308	-	1,028	1,151
Legal and professional	5,310	2,655	7,965	5,310	-	13,275	13,275
Miscellaneous	2,931	2,931	5,862	3,019	-	8,881	6,144
Office expense	58	261	319	9,418	161	9,898	11,077
Payroll service	2,928	465	3,393	465	790	4,648	5,464
Postage	220	220	440	1,762	525	2,727	2,720
Printing and copying	216	216	432	1,723	1,290	3,445	1,473
Professional development	16,171	-	16,171	-	-	16,171	9,844
Program expenses	59,503	1,690	61,193	599	832	62,624	45,126
Rent	47,307	-	47,307	31,538	450	79,295	79,242
Repairs and maintenance	24,831	19,905	44,736	4,101	-	48,837	27,698
Retirement plan	472	75	547	75	128	750	1,401
Salaries	320,638	52,152	372,790	51,661	85,206	509,657	476,930
Taxes	26,101	4,234	30,335	4,178	7,106	41,619	37,713
Telephone and internet	3,047	3,047	6,094	4,063	-	10,157	8,104
Utilities	4,561	4,561	9,122	1,013	-	10,135	11,217
	<u>\$ 575,216</u>	<u>\$ 126,087</u>	<u>\$ 701,303</u>	<u>\$ 156,538</u>	<u>\$ 104,283</u>	<u>\$ 962,124</u>	<u>\$ 855,003</u>

See independent auditor's report