

**THE VILLAGE LEARNING PLACE, INC.**

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

**June 30, 2021 and 2020**

**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, 2021 and 2020, and the related statement of activities, functional expenses, 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*

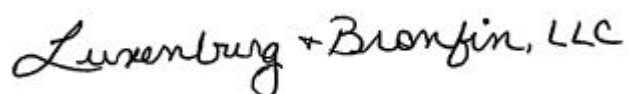
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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, 2021 and 2020, 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.

A handwritten signature in black ink that reads 'Luxenburg & Bronfin, LLC'.

Baltimore, Maryland  
February 23, 2022

**The Village Learning Place, Inc.**  
**Statements of Financial Position**  
**June 30, 2021 and 2020**

	2021	2020
<b>ASSETS</b>		
Current assets		
Cash	\$ 297,377	\$ 219,990
Grant receivable	212,073	152,970
Accounts receivable - other	-	5,565
Prepaid expenses	42,712	41,093
Total current assets	552,162	419,618
Fixed assets		
Property and equipment	1,061,135	1,061,135
Less accumulated depreciation	(774,644)	(734,039)
Total fixed assets	286,491	327,096
Total assets	\$ 838,653	\$ 746,714
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accrued expenses	\$ 15,896	\$ 9,098
Deferred revenue	-	73,545
PPP loan	-	15,467
Total current liabilities	15,896	98,110
Net assets		
Without donor restrictions	668,108	550,816
With donor restrictions	154,649	97,788
Total net assets	822,757	648,604
Total liabilities and net assets	\$ 838,653	\$ 746,714

See notes to financial statements

**The Village Learning Place, Inc.**  
**Statements of Activities**  
**For the Years Ended June 30, 2021 and 2020**

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenue						
Contributions and grants	\$ 503,609	\$ 526,289	\$ 1,029,898	\$ 388,917	\$ 397,302	\$ 786,219
PPP grant income	-	15,467	15,467	-	77,033	77,033
Miscellaneous income	11,868	-	11,868	29,611	-	29,611
Rental income	22,029	-	22,029	22,129	-	22,129
Interest and dividend income	43	-	43	37	-	37
Net assets released from restrictions	484,895	(484,895)	-	485,477	(485,477)	-
Support and revenue	<u>1,022,444</u>	<u>56,861</u>	<u>1,079,305</u>	<u>926,171</u>	<u>(11,142)</u>	<u>915,029</u>
Functional expenses						
Program services						
Learning Center	520,248	-	520,248	575,216	-	575,216
Library	139,327	-	139,327	126,087	-	126,087
Support services						
Management and general	149,104	-	149,104	156,538	-	156,538
Fundraising	96,473	-	96,473	104,283	-	104,283
Total functional expenses	<u>905,152</u>	<u>-</u>	<u>905,152</u>	<u>962,124</u>	<u>-</u>	<u>962,124</u>
Change in net assets	117,292	56,861	174,153	(35,953)	(11,142)	(47,095)
Net assets						
Beginning 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>
End of year	<u>\$ 668,108</u>	<u>\$ 154,649</u>	<u>\$ 822,757</u>	<u>\$ 550,816</u>	<u>\$ 97,788</u>	<u>\$ 648,604</u>

See notes to financial statements

**The Village Learning Place, Inc.**  
**Statements of Functional Expenses**  
**For the Years Ended June 30, 2021 and 2020**

	2021						2020
	Program Services			Support Services			Total Expenses
	Learning Center	Library	Total Program	Management and General	Fundraising	Total Expenses	
Bad debt expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,474
Books	-	336	336	-	-	336	1,320
Computer expense	15,447	7,723	23,170	15,450	2,734	41,354	39,696
Consultants and contractors	16,890	2,640	19,530	660	660	20,850	11,250
Depreciation	36,545	-	36,545	4,060	-	40,605	42,797
Dues and subscriptions	-	-	-	200	-	200	700
Employee benefits	2,668	7,688	10,356	1,543	2,385	14,284	17,947
Insurance	5,807	2,711	8,518	4,887	364	13,769	10,053
Interest	-	-	-	-	-	-	1,028
Legal and professional	6,550	3,275	9,825	6,550	-	16,375	13,275
Miscellaneous	2,209	2,209	4,418	2,443	40	6,901	9,688
Office expense	-	1,382	1,382	11,027	-	12,409	9,898
Payroll service	1,931	643	2,574	393	608	3,575	4,648
Postage	172	172	344	1,379	525	2,248	2,727
Printing and copying	387	387	774	3,095	-	3,869	3,445
Professional development	3,113	-	3,113	37	-	3,150	16,171
Program expenses	72,995	349	73,344	314	256	73,914	63,557
Rent	48,538	-	48,538	32,360	-	80,898	79,295
Repairs and maintenance	29,834	14,917	44,751	4,973	-	49,724	48,837
Retirement plan	1,903	634	2,537	388	599	3,524	750
Salaries	248,031	81,180	329,211	50,739	81,621	461,571	509,657
Taxes	21,350	7,203	28,553	4,387	6,681	39,621	41,619
Telephone and internet	2,632	2,632	5,264	3,498	-	8,762	10,157
Utilities	3,246	3,246	6,492	721	-	7,213	10,135
	<u>\$ 520,248</u>	<u>\$ 139,327</u>	<u>\$ 659,575</u>	<u>\$ 149,104</u>	<u>\$ 96,473</u>	<u>\$ 905,152</u>	<u>\$ 962,124</u>

See notes to financial statements

**The Village Learning Place, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2021 and 2020**

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 174,153	\$ (47,095)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	40,605	42,797
(Increase) decrease in:		
Grant receivable	(59,103)	427
Accounts receivable - other	5,565	7,909
Prepaid expenses	(1,619)	(29,781)
Increase (decrease) in:		
Accrued expenses	6,798	2,665
Deferred revenue	(73,545)	73,545
Net cash provided by operating activities	92,854	50,467
Cash flows from investing activities		
Capital expenditures	-	(5,739)
Net cash used in investing activities	-	(5,739)
Cash flows from financing activities		
Net use of/proceeds from PPP loan	(15,467)	15,467
Net cash (used in) provided by financing activities	(15,467)	15,467
Net increase in cash	77,387	60,195
Cash, beginning of year	219,990	159,795
Cash, end of year	\$ 297,377	\$ 219,990
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ -	\$ 1,028

See notes to financial statements

THE VILLAGE LEARNING PLACE, INC.

Notes to Financial Statements  
June 30, 2021 and 2020

**Note 1      Organization and Nature of Operations**

*Nature of Operations*

The Village Learning Place, Inc., (the Organization), began operations in 1997 and is located in Baltimore City. The Organization operates as a community library that houses educational programs, enrichment, opportunities, and informational resources throughout Baltimore City. The Organization's mission is to promote literacy, cultural awareness, and lifelong learning.

**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.

*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 nonprofit 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, 2021 and 2020

*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, 2021 and 2020, 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*

Revenues from government grants are considered to be contributions as the transactions are non-reciprocal in nature and contain a right of return. As such, revenues from grants are recognized when the conditions are met, that is as allowable expenditures under such agreements are incurred and reported as increases in net assets without donor restrictions. As restrictions were met in the same period, these grants were reported as changes in net assets without donor restrictions.

*Paycheck Protection Program Loan*

The Organization's policy is to account for the Paycheck Protection Program Loan (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

# THE VILLAGE LEARNING PLACE, INC.

## Notes to Financial Statements June 30, 2021 and 2020

when the Organization uses the proceeds for qualifying expenses such as payroll costs, benefits, rent, and utilities as described in the CARES Act.

### *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, 2021 and 2020

### *Changes in Accounting Principles*

As of July 1, 2020, the Organization adopted provisions of the FASB issued Accounting Standard Update (ASU) 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. Adopting the new standard did not have a material effect on the Organization's revenue recognition for the year ended June 30, 2021.

In June 2018, ASU no. 2019-08, "Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made", which presents a new methodology for determining whether a grant or contribution received or made by a not-for-profit entity should be accounted for as an exchange transaction or as a contribution. This new standard is effective for fiscal years beginning after December 15, 2018, for entities receiving contributions. The Organization adopted this ASU effective July 1, 2020 using the modified prospective approach. The adoption of this ASU did not have a significant impact on the Organization's financial statements.

Leases – In February 2016, FASB issued new guidance over leases which requires that all leasing activity with initial terms in excess of twelve months be recognized on the balance sheet with a right of use asset and a lease liability. The standard will require entities to classify leases as either a finance or operating lease based upon the contractual terms. For finance leases, the right to use asset and lease liability will be calculated based upon the present value of the lease payments. The asset will then be amortized and the interest on the obligation will be recognized separately within the statement of operations. On the statement of cash flows, the principal portion of the finance lease payments will be classified as a financing activity. For operating leases, the right to use asset and lease liability will also be calculated based upon the present value of the lease payments. However, the cost of the lease will generally be allocated over the lease term on a straight-line basis and presented as a single expense on the statement of operations. On the statement of cash flows, all cash payments for operating leases will be classified as an operating activity. The new standard will be effective for periods beginning after December 15, 2021, and will require entities to use a modified retrospective approach to the earliest period presented.

### **Note 3      Property and Equipment**

Property and equipment as of June 30, 2021 and 2020 comprised of the following:

THE VILLAGE LEARNING PLACE, INC.

Notes to Financial Statements  
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Building improvements	\$ 857,892	\$ 857,892
Furniture and fixtures	80,173	80,173
Improvements	<u>123,070</u>	<u>123,070</u>
Fixed assets, total	1,061,135	1,061,135
Less, accumulated depreciation	<u>(774,644)</u>	<u>(734,039)</u>
	<u>\$ 286,491</u>	<u>\$ 327,096</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$40,605 and \$42,797, respectively.

**Note 4 Paycheck Protection Program Loan**

In April 2020, the Organization applied for and was approved for funding of \$92,500 pursuant to the 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 was recorded as a liability on the statements of financial position. As of June 30, 2021, the remaining \$15,467 of loan proceeds were used for qualifying expenses and were recorded as grant revenue on the statement of activities. The PPP loan was forgiven as of August 2021.

**Note 5 Net Assets with Donor Restrictions**

Net assets with donor restrictions were available for the following purposes as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Assets available for restricted use		
Library	\$ 3,865	\$ 3,865
Learning center	55,331	46,470
Capital improvements	<u>95,453</u>	<u>47,453</u>
Net assets with donor restrictions	<u>\$ 154,649</u>	<u>\$ 97,788</u>

THE VILLAGE LEARNING PLACE, INC.

Notes to Financial Statements  
June 30, 2021 and 2020

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

	<u>2021</u>	<u>2020</u>
Library	\$ -	\$ 6,268
Learning center	<u>484,895</u>	<u>479,209</u>
Net assets released from restrictions	<u>\$ 484,895</u>	<u>\$ 485,477</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, 2021 and 2020 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. For the years ended June 30, 2021 and 2020, the employer match expense was \$3,524 and \$750, 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, 2021 and 2020 was \$80,898 and \$79,295, respectively. Future minimum lease payments under the lease are as follows:

June 30, 2022	\$ 66,468
2023	60,929

**Note 9 Commitment**

The Organization entered into a lease with the City of Baltimore, in 1998, for rental of the library. The lease was a five-year lease with three additional five-year automatic renewals. In May of 2017, the Organization signed a new lease with the same provisions as the previous lease. The lease will expire in 2037. The annual rent is \$1.

THE VILLAGE LEARNING PLACE, INC.

Notes to Financial Statements  
June 30, 2021 and 2020

**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>2021</u>	<u>2020</u>
Cash	\$ 297,377	\$ 219,990
Grant receivable	212,073	152,970
Accounts receivable - other	-	5,565
	<u>509,450</u>	<u>378,525</u>
Donor-imposed restrictions	<u>(154,649)</u>	<u>(97,788)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 354,801</u>	<u>\$ 280,737</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 February 23, 2022, 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.