

**Julie's Family Learning Program, Inc.**

**Financial Statements**

**June 30, 2022**

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# Julie's Family Learning Program, Inc.

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June 30, 2022

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## Independent Auditor's Report

To the Board of Directors of  
Julie's Family Learning Program, Inc.

Report on the Audit of the Financial Statements

### *Opinion*

We have audited the accompanying financial statements of Julie's Family Learning Program, Inc. (a nonprofit organization), (the Agency), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year 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 the Agency as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### Report on Summarized Comparative Information

We have previously audited the Agency's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 22, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.



Braintree, Massachusetts  
February 28, 2023

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in Accordance With  
Government Auditing Standards

To the Board of Directors of  
Julie's Family Learning Program, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Julie's Family Learning Program, Inc. (a nonprofit organization), (the Agency), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 28, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2023, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

*CohnReznick LLP*

Braintree, Massachusetts  
February 28, 2023

**Julie's Family Learning Program, Inc.**

Statement of Financial Position

As of June 30, 2022

With Comparative Totals as of June 30, 2021

	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 159,053	\$ 303,148
Accounts receivable	3,651	-
Pledges receivable, current	47,523	-
Prepaid expenses	6,240	16,178
Total Current Assets	216,467	319,326
Fixed Assets		
Leasehold improvements	1,531,587	1,531,587
Furniture and equipment	155,159	155,159
	1,686,746	1,686,746
Less: accumulated depreciation	(1,515,535)	(1,434,912)
Total Fixed Assets	171,211	251,834
<b>Total Assets</b>	<b>\$ 387,678</b>	<b>\$ 571,160</b>
 <b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable	\$ 5,802	\$ 20,051
Accrued expenses	53,891	23,038
Deferred revenue	-	214
Total Current Liabilities	59,693	43,303
<b>Total Liabilities</b>	59,693	43,303
Net Assets		
Net assets without donor restrictions	327,985	527,857
<b>Total Net Assets</b>	327,985	527,857
<b>Total Liabilities and Net Assets</b>	<b>\$ 387,678</b>	<b>\$ 571,160</b>

The accompanying notes are an integral part of these financial statements.

**Julie's Family Learning Program, Inc.**

Statement of Activities

For the Year Ended June 30, 2022  
With Comparative Totals for the Year Ended June 30, 2021

	<b>2022</b>	<b>2021</b>
	<b>Total</b>	<b>Total</b>
<b>Revenue and Support</b>		
Contributions and grants	\$ 685,670	\$ 474,341
In-kind contributions	150,000	182,286
Program service fees	700,688	603,920
Forgiveness of debt - PPP loan	-	110,602
Other revenue	996	2,028
	<u>1,537,354</u>	<u>1,373,177</u>
<b>Total Revenue and Support</b>		
	<u>1,537,354</u>	<u>1,373,177</u>
<b>Expenses</b>		
Program services	1,270,199	1,065,725
Management and general	168,064	136,460
Fundraising	298,963	160,640
	<u>1,737,226</u>	<u>1,362,825</u>
<b>Total Expenses</b>		
	<u>1,737,226</u>	<u>1,362,825</u>
<b>Change in Net Assets</b>	(199,872)	10,352
<b>Net Assets at Beginning of Year</b>	<u>527,857</u>	<u>517,505</u>
<b>Net Assets at End of Year</b>	<u>\$ 327,985</u>	<u>\$ 527,857</u>

The accompanying notes are an integral part of these financial statements.

**Julie's Family Learning Program, Inc.**

Statement of Functional Expenses

For the Year Ended June 30, 2022

With Comparative Totals for the Year Ended June 30, 2021

	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Program Services</u>	<u>Total 2022</u>	<u>Total 2021</u>
<b>Functional Expenses</b>					
Employee compensation and related expenses	\$ 93,229	\$ 227,934	\$ 811,586	\$ 1,132,749	\$ 802,597
Occupancy	12,161	911	103,623	116,695	118,162
In-Kind expense	4,584	11,225	134,191	150,000	150,000
Professional fees	32,836	11,118	41,398	85,352	130,968
Operating expenses	22,790	41,742	107,275	171,807	80,510
Depreciation	<u>2,464</u>	<u>6,033</u>	<u>72,126</u>	<u>80,623</u>	<u>80,588</u>
<b>Total Functional Expenses</b>	<u>\$ 168,064</u>	<u>\$ 298,963</u>	<u>\$ 1,270,199</u>	<u>\$ 1,737,226</u>	<u>\$ 1,362,825</u>

The accompanying notes are an integral part of these financial statements.

**Julie's Family Learning Program, Inc.**

Statement of Cash Flows

For the Year Ended June 30, 2022  
With Comparative Totals for the Year Ended June 30, 2021

	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (199,872)	\$ 10,352
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	80,623	80,588
Forgiveness of debt - PPP loan	-	(110,602)
(Increase) decrease in assets		
Accounts receivable	(3,651)	-
Pledges receivable	(47,523)	-
Prepaid expenses	9,938	(1,562)
Increase (decrease) in liabilities		
Accounts payable	(14,249)	13,536
Accrued expenses	30,853	(31,802)
Deferred revenue	(214)	214
<b>Net Cash Used in Operating Activities</b>	<b>(144,095)</b>	<b>(39,276)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	-	(13,699)
<b>Net Cash Used in Investing Activities</b>	<b>-</b>	<b>(13,699)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(144,095)</b>	<b>(52,975)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>303,148</b>	<b>356,123</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 159,053</b>	<b>\$ 303,148</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest	\$ -	\$ 132

The accompanying notes are an integral part of these financial statements.

# Julie's Family Learning Program, Inc.

## Notes to Financial Statements

June 30, 2022

### **(1) Summary of Significant Accounting Policies**

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 (U.S. GAAP). The significant accounting policies followed by Julie's Family Learning Program, Inc. (the Agency) are described below to enhance the usefulness of the financial statements to the reader.

#### ***(a) Nature of Activities***

The Agency administers community-based family support and education programs committed to the development of strong, healthy family functioning. The Agency's mission is to break the cycle of poverty among low-income, at-risk families by providing services that enable adult learners 16 and older and their children to become healthy, responsible, successful at life and economically self-sufficient members of their communities.

The majority of the Agency's services are provided to residents of the greater Boston area. The following program divisions are listed in order of relative importance based upon total program expenditures:

Adult Education - The adult education program is aimed towards single adult learners 16 and older. The program provides counseling, educational opportunities, life skills development and career development programs to clients to help break the cycle of poverty. The adult education division accounted for 64% of total program expenditures for the year ended June 30, 2022.

Child Development - The child development program includes infant and toddler and preschool services. The program is designed to aid in the development of skills that will ensure success in later educational settings. The child development division accounted for 36% of total program expenditures for the year ended June 30, 2022.

#### ***(b) Basis of Presentation***

The statement of activities reports all changes in net assets, including changes in net assets without donor restrictions from operating activities. Operating revenues consist of those monies received and other contributions attributable to the Agency's ongoing efforts.

**Julie's Family Learning Program, Inc.**

Notes to Financial Statements

June 30, 2022

**(1) Summary of Significant Accounting Policies - continued**

**(c) Revenue Recognition**

The Agency earns revenue as follows:

Program Service Fees - Federal and state contracts that are considered reciprocal transactions or purchases of services, the results of which are turned over to the grantor, are recognized as the work under the contract is performed. Contracts that are considered nonreciprocal transactions that further the programs of the Agency are recorded when the Agency receives notification of the contract, or if, conditions for performance are imposed, revenue is recognized when conditions have been met. The contracts consist of two types, unit-rate and cost-reimbursement contracts, all with ceiling amounts. Unit-rate contracts provide that revenue is to be earned and recognized at a negotiated or class rate for each unit-of-service that is provided under the terms of the contract. Under the cost-reimbursement contracts, revenue recognition takes place as costs related to the services provided are incurred. Billings on the contracts are subject to final approval by the governmental agency. As of June 30, 2022, program service fees on the statement of activities consist solely of nonreciprocal transactions.

Grants - The Agency receives funding from federal and state governmental agencies and various other grantors for direct and indirect program costs associated with specific programs and projects. Various grants are subject to certain barriers as outlined in the agreement. Revenue is recognized as the barrier is met. For unconditional grants, revenue is recognized as grant revenue that increases net assets with donor restrictions at the time the grant is received or pledged and the funds are released from restriction when the restriction has been met. Grants with donor restrictions received and satisfied in the same period are included in grants without donor restrictions.

Contributions - In accordance with ASC Sub Topic 958-605, *Revenue Recognition*, the Agency must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity and stipulations that are related to the purpose of the agreement.

Topic 958 prescribes that the Agency should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional advance liabilities until such conditions are met.

**Julie's Family Learning Program, Inc.**

Notes to Financial Statements

June 30, 2022

**(1) Summary of Significant Accounting Policies - continued**

***(c) Revenue Recognition - continued***

Contributions without donor restrictions are recognized as revenue when received or unconditionally pledged. Contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as services are performed and costs are incurred pro-rata over the period covered by the contribution as time restrictions lapse. Contributions with donor restrictions received and satisfied in the same period are included in contributions without donor restrictions.

Substantially all of the Agency's revenue is derived from its activities in Massachusetts. During the year ended June 30, 2022, the Agency derived approximately 54% of its total revenue from foundations and individual donors and 46% from governmental agencies. All revenue is recorded at the estimated net realizable amounts.

***(d) Pledges Receivable***

Unconditional promises to give are recognized as revenue and as assets, net of allowances, in the period in which the promises are made. Unconditional promises to give are recorded, in the year received, at the present value of estimated future cash flows using a risk-adjusted discount rate. Amortization of the discount is included in contribution revenue. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and when the promises become unconditional.

Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful accounts. Management estimates the allowance by review of historical experience and a specific review of collections trends that differ from scheduled collections on individual promises. As of June 30, 2022, management has determined any allowance would be immaterial. All pledges receivable as of June 30, 2022, are expected to be paid within the next fiscal year.

***(e) Accounts Receivable***

The Agency carries its accounts receivable at an amount equal to uncollected but earned revenue less an allowance for doubtful accounts. Accounts receivable outstanding for thirty days or more are deemed delinquent. On a periodic basis, the Agency evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions. As of June 30, 2022, management has determined any allowance would be immaterial.

The Agency does not have a policy to accrue interest on accounts receivable. Contracts and grant accounts are written off upon notification by the government and/or non-profit entity that amounts are uncollectible. The Agency has no policies requiring collateral or other security to secure the accounts receivable.

**Julie's Family Learning Program, Inc.**

Notes to Financial Statements

June 30, 2022

**(1) Summary of Significant Accounting Policies - continued**

***(f) Standards of Accounting and Reporting***

The Agency's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The statement of financial position presents two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) and the statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Agency are presented as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions consist of assets and contributions available for the support of operations. These net assets may be designated for specific purposes by management or the Board of Directors. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

Net Assets With Donor Restrictions- Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Agency and/or passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions, gains and investment income that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the contributions are recognized.

As of June 30, 2022, all net assets are without donor restrictions. The Agency has no separate plant, endowment or custodian funds.

***(g) Income Taxes***

The Agency qualifies as an Agency formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally not subject to income tax. However, income from certain activities not directly related to the Agency's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Agency is not a private foundation under Section 509(a)(1) of the IRC. Generally the Agency's information returns remain open for possible examination for three years after the filing date. While no income tax returns are currently being examined by the IRS, tax years since 2019 remain open. As of June 30, 2022, the Agency believes that there are no uncertain tax positions with any of its open tax years.

# Julie's Family Learning Program, Inc.

## Notes to Financial Statements

June 30, 2022

### **(1) Summary of Significant Accounting Policies - continued**

#### ***(h) Fundraising***

Fundraising relates to the activities of raising general and specific contributions to the Agency and promoting special events. Fundraising expenses, as a percentage of total contribution and special event revenue, was 47% for the year ended June 30, 2022. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

#### ***(i) Functional Allocation of Expenses***

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Agency. Payroll and associated costs are allocated to functions based upon actual time charges and time studies. Occupancy costs are allocated based upon square footage.

#### ***(j) Use of Estimates***

In preparing the Agency's financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent 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.

#### ***(k) Cash and Cash Equivalents***

The Agency considers all highly liquid investments purchased with an original maturity of three months or less, which are neither held nor restricted by donors for long-term purposes, to be cash equivalents.

The Agency maintains its cash balances at several financial institutions. The cash balances are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, the Agency has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of June 30, 2022.

**Julie's Family Learning Program, Inc.**

Notes to Financial Statements

June 30, 2022

**(1) Summary of Significant Accounting Policies - continued**

**(l) Fixed Assets**

Fixed assets are recorded at cost or if donated, fair value on the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

The Agency computes depreciation using the straight-line method over the following estimated lives:

Leasehold improvements	20 years
Furniture and equipment	3-5 years

**(m) Summarized Financial Information for 2021**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, there is no presentation of statement of cash flows or statement of functional expenses for the year ended June 30, 2021. In addition, the financial statements do not include full financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2021, from which the summarized information is derived.

**(n) Recent Accounting Standards, Adopted**

For the year ended June 30, 2022, the Agency adopted ASU 202-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This standard provides guidance on the presentation of contributed nonfinancial assets in the statement of activities and additional disclosure requirements for each type of contributed nonfinancial asset. The ASU provides transparency on the measurement of the contributed nonfinancial assets of the Agency and will not change existing recognition and measurement requirements. The Agency has implemented the provisions of ASU 2020-07 applicable to all contributed nonfinancial assets.

# Julie's Family Learning Program, Inc.

## Notes to Financial Statements

June 30, 2022

### (1) Summary of Significant Accounting Policies - continued

#### (o) Recent Accounting Standards

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)* which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today.

The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU was set to be effective on January 1, 2021, with early adoption permitted. The effective date was extended to fiscal years beginning after December 15, 2021. The Agency is currently evaluating the impact the adoption of this new standard will have on its financial statements.

In July 2018, FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases* and ASU 2018-11, *Leases (Topic 842), Targeted Improvements*. In December 2018, FASB issued ASU 2018-20, *Leases (Topic 842), Narrow-Scope Improvements for Lessors*. Adoption of these ASUs will run concurrent with the Agency's adoption of ASU 2016-02.

### (2) Fixed Assets

Fixed assets consist of the following as of June 30, 2022:

Leasehold improvements	\$ 1,531,587
Furniture and equipment	<u>155,159</u>
	<u>\$ 1,686,746</u>

Depreciation expense amounted to \$80,623 for the year ended June 30, 2022.

### (3) Debt

#### (a) Line of Credit

The Agency had available a demand line of credit with Liberty Bay Credit Union (a Massachusetts bank) in the maximum amount of \$25,000 to be drawn upon as needed, with interest at the prime rate plus 3.5%, or 6.75 as of June 30, 2022. The line of credit was secured with all business assets and was renewed on January 23, 2021 for an additional 24 months. As of June 30, 2022, there was no outstanding balance.

**Julie's Family Learning Program, Inc.**

Notes to Financial Statements

June 30, 2022

**(4) In-Kind Donations**

Donated facilities for the year ended June 30, 2022 consist of contributed rent totaling \$150,000.

Donated rent is valued using estimated U.S. rental prices (principal market) of identical or similar space using pricing data under a "like-kind" methodology considering the condition and utility for use at the time of the contribution.

Donated facilities are used in program, fundraising and administration services. As of June 30, 2022, donated facilities received were unrestricted.

**(5) Operating Lease Commitments**

The Agency leases office equipment at will and under an operating lease agreement expiring October 15, 2022. The minimum annual operating lease commitments on equipment for the Agency are as follows for the year ended June 30:

2023	\$ 1,276
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Equipment rental expense for the year ended June 30, 2022 was \$5,689.

**(6) Commitments and Contingencies**

The Agency receives a portion of its funding from government agencies under cost reimbursement programs. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed, if any, and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

The Agency's operations are concentrated in the social service provider field. As such, the Agency operates in a heavily regulated environment. The operations of the Agency are subject to administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to the following:

Massachusetts Department of Elementary and Secondary Education  
Massachusetts Department of Children and Families  
Massachusetts Operational Services Division  
City of Boston

Such administrative directives, rules and regulations are subject to change by an act of Congress, act of the state and local legislature or an administrative change mandated by the Commonwealth of Massachusetts Departments listed above. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change. Additionally, contractual funding may decrease or be withdrawn with little notice.

## Julie's Family Learning Program, Inc.

### Notes to Financial Statements

June 30, 2022

#### (7) Liquidity and Availability of Resources

The following reflects the Agency's financial assets as of June 30, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year from the statement of financial position date.

Financial assets at year end	
Cash and cash equivalents	\$ 159,053
Accounts Receivable	3,651
Pledges Receivable	<u>47,523</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>210,227</u>

The Agency is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Agency must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

#### (8) COVID-19 - Risks and Uncertainties

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. At this stage, the limited impact to the Agency resulted in a loss of revenues and other adverse effects to the Agency's financial position, results of operations, and cash flows. Further, the Agency's liquidity as of June 30, 2022 is documented at Note 8. The Agency is not able to estimate the length or severity of this outbreak and the related financial impact. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effects on the Agency's operations continue for an extended period of time the Agency may have to seek alternative measures to finance its operations. The Agency does not believe that the impact of COVID-19 would have a material adverse effect on its financial condition or liquidity.

#### (9) Subsequent Events

The Agency has performed an evaluation of subsequent events through February 28, 2023, which is the date the Agency's financial statements were available to be issued. No material subsequent events have occurred since June 30, 2022 that required recognition or disclosure in these financial statements.

**Julie's Family Learning Program, Inc.**

Schedule of Findings and Responses

June 30, 2022

**(1) Financial Statement Findings**

None

**(2) Status of Prior Year Findings**

None



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