



Reviewed Financial Statements

Understanding Our Differences, Inc.

June 30, 2023

Understanding Our Differences, Inc.

Reviewed Financial Statements

June 30, 2023

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Independent Accountants' Review Report

Board of Directors
Understanding Our Differences, Inc.

We have reviewed the accompanying statements financial position of Understanding Our Differences, Inc. as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Program's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Accountants' Responsibility

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Understanding Our Differences, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

G.T. Reilly & Company

Milton, Massachusetts
March 18, 2024

Understanding Our Differences, Inc.

Statements of Financial Position

For the Years Ended June 30

(See Independent Accountants' Review Report)

| | <u>2023</u> | <u>2022</u> |
|----------------------------------------------|-----------------------|-----------------------|
| <u>Assets</u> | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 260,987 | 258,474 |
| Accounts receivable - contracts | <u>53</u> | <u>270</u> |
| TOTAL CURRENT ASSETS | <u>261,040</u> | <u>258,744</u> |
| TOTAL ASSETS | <u>\$ 261,040</u> | <u>\$ 258,744</u> |
| <u>Liabilities and Net Assets</u> | | |
| NET ASSETS (Note 2) | | |
| Without donor restriction | <u>\$ 261,040</u> | <u>\$ 258,744</u> |

Understanding Our Differences, Inc.

Statement of Activities and Changes in Net Assets Year Ended June 30, 2023

(See Independent Accountants' Review Report)

| | Without Donor Restriction | With Donor Restriction | Total |
|------------------------------------------------------------------------------------------------|------------------------------|---------------------------|-------------------|
| SUPPORT AND REVENUE | | | |
| Grants and donations (Note 4) | \$ 287,926 | \$ - | \$ 287,926 |
| Program sales and fees | 24,775 | - | 24,775 |
| Interest and other income | 68 | - | 68 |
| Net assets released from restrictions through satisfaction of program and time restrictions | - | - | - |
| TOTAL SUPPORT AND REVENUE | 312,769 | - | 312,769 |
| EXPENSES | | | |
| Program services | 220,823 | - | 220,823 |
| General and administrative | 36,834 | - | 36,834 |
| Fundraising and development | 82,869 | - | 82,869 |
| TOTAL EXPENSES | 340,526 | - | 340,526 |
| CHANGE IN NET ASSETS FROM OPERATIONS | (27,757) | - | (27,757) |
| NON-OPERATING SUPPORT | | | |
| Employee retention credits (Note 3) | 30,053 | - | 30,053 |
| CHANGE IN NET ASSETS | 2,296 | - | 2,296 |
| NET ASSETS AT BEGINNING OF YEAR | 258,744 | - | 258,744 |
| NET ASSETS AT END OF YEAR | \$ 261,040 | \$ - | \$ 261,040 |

Understanding Our Differences, Inc.

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2022

(See Independent Accountants' Review Report)

| | Without Donor Restriction | With Donor Restriction | Total |
|-----------------------------------------------|------------------------------|---------------------------|-------------------|
| SUPPORT AND REVENUE | | | |
| Grants and donations | \$ 250,030 | \$ - | \$ 250,030 |
| Program sales and fees | 11,550 | - | 11,550 |
| Interest and other income | 109 | - | 109 |
| satisfaction of program and time restrictions | 10,000 | (10,000) | - |
| TOTAL SUPPORT AND REVENUE | 271,689 | (10,000) | 261,689 |
| EXPENSES | | | |
| Program services | 177,280 | - | 177,280 |
| General and administrative | 33,862 | - | 33,862 |
| Fundraising and development | 64,758 | - | 64,758 |
| TOTAL EXPENSES | 275,900 | - | 275,900 |
| CHANGE IN NET ASSETS | (4,211) | (10,000) | (14,211) |
| NET ASSETS AT BEGINNING OF YEAR | 262,955 | 10,000 | 272,955 |
| NET ASSETS AT END OF YEAR | \$ 258,744 | \$ - | \$ 258,744 |

Understanding Our Differences, Inc.

Statement of Functional Expenses

Year Ended June 30, 2023

(See Independent Accountants' Review Report)

| | <u>Program Services</u> | <u>General & Administrative</u> | <u>Fundraising & Development</u> | <u>Total</u> |
|-----------------------------------|-----------------------------|-----------------------------------------|------------------------------------------|-------------------|
| Salaries and wages | \$ 183,501 | \$ 24,040 | \$ 54,562 | \$ 262,103 |
| Payroll taxes | 14,035 | 1,839 | 4,173 | 20,047 |
| Contract services and consultants | 530 | 7,050 | - | 7,580 |
| Fundraising events | - | - | 24,134 | 24,134 |
| Supplies | 8,814 | - | - | 8,814 |
| Printing and postage | 1,342 | - | - | 1,342 |
| Insurance | 3,143 | 1,846 | - | 4,989 |
| Payroll and bank service charges | 1,826 | - | - | 1,826 |
| Miscellaneous | 7,632 | 2,059 | - | 9,691 |
| | <u>\$ 220,823</u> | <u>\$ 36,834</u> | <u>\$ 82,869</u> | <u>\$ 340,526</u> |

Understanding Our Differences, Inc.

Statement of Functional Expenses

Year Ended June 30, 2022

(See Independent Accountants' Review Report)

| | <u>Program Services</u> | <u>General & Administrative</u> | <u>Fundraising & Development</u> | <u>Total</u> |
|-----------------------------------|-----------------------------|-----------------------------------------|------------------------------------------|-------------------|
| Salaries and wages | \$ 147,539 | \$ 24,017 | \$ 42,459 | \$ 214,015 |
| Payroll taxes | 10,622 | 1,950 | 3,736 | 16,308 |
| Contract services and consultants | 4,750 | 4,550 | - | 9,300 |
| Strategic initiative | 5,000 | - | - | 5,000 |
| Fundraising events | - | - | 18,563 | 18,563 |
| Supplies | 3,696 | - | - | 3,696 |
| Printing and postage | 975 | - | - | 975 |
| Insurance | 2,754 | 1,617 | - | 4,371 |
| Payroll and bank service charges | 1,793 | - | - | 1,793 |
| Miscellaneous | 151 | 1,728 | - | 1,879 |
| | <u>\$ 177,280</u> | <u>\$ 33,862</u> | <u>\$ 64,758</u> | <u>\$ 275,900</u> |

Understanding Our Differences, Inc.

Statements of Cash Flows

For the Years Ended June 30

(See Independent Accountants' Review Report)

| | <u>2023</u> | <u>2022</u> |
|--------------------------------------------------------------------------------------|-------------------|-------------------|
| CASH FLOWS PROVIDED BY OPERATING ACTIVITIES | | |
| Change in net assets | \$ 2,296 | \$ (14,211) |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | |
| Changes in operating assets and liabilities: | | |
| Promises to give | 217 | 4,665 |
| Accounts receivable - contracts | <u>-</u> | <u>10,000</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>2,513</u> | <u>454</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 2,513 | 454 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>258,474</u> | <u>258,020</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 260,987</u> | <u>\$ 258,474</u> |

Understanding Our Differences, Inc.

Notes to Financial Statements

June 30, 2023

(See Accountants' Review Report)

Note 1 – Nature of Activities and Significant Accounting Policies

Nature of Activities – Understanding Our Differences, Inc. (the “Program”) was founded in 1978 by a group of parents of children with disabilities in Newton, Massachusetts. The Program’s mission is to increase information, understanding and acceptance of people with disabilities and individual differences.

The Program is a nationally recognized, award-winning program that uses a hands-on, participatory curriculum to foster respect, acceptance, and compassion for people of all abilities in elementary schools and communities at large. The Program’s approach is grounded in the belief that children are naturally curious about differences, and accurate information can be the difference between acceptance and discrimination. The Program consists of seven different units covering a range of physical, sensory, and developmental disabilities, and is designed to seamlessly fit into a typical 3rd to 5th grade curriculum. The Program is usually taught by trained, volunteer instructors.

Tax Status – The Program is a non-profit agency, exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

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.

Accounting Estimates – The preparation of the financial statements in conformity with generally accepted accounting principles may require management to make estimates and assumptions that affect certain reported amounts of assets, liabilities, support, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Net Assets Without Donor Restrictions – These are net assets available for use in general operations and not subject to donor restrictions. At its discretion, the Board of Directors may designate net assets without restrictions for specific purposes.

Net Assets With Donor Restrictions – These net assets are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met with the passage of time, the occurrence of events, or the use of the funds as specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that the funds be maintained in perpetuity, such as endowments.

Donor-restricted support is recorded as “net assets with donor restrictions” when received or pledged. When a temporary donor-imposed restriction expires, either by use of the funds for the specified purpose, or by the expiration of a time restriction, related amounts of “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 made with donor-imposed restrictions to maintain the principal in perpetuity, while allowing the use of income generated therefrom, are also classified as “net assets with donor restrictions”. Income derived from the investment of these perpetual net assets is reported as an increase in “net assets without donor restrictions” or “net assets with donor restrictions” depending on the terms of the donor instrument. Unrealized gains or losses on perpetual net assets are reported as increases or decreases in “net assets with donor restrictions” unless the donor explicitly states otherwise.

See Note 2 regarding restrictions on net assets.

Note 1 – Significant Accounting Policies (Cont.)

Contributions – The Program recognizes contributions in accordance with Accounting Standards Update (ASU) 2018-08, “*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*”.

The ASU clarifies that a contribution represents a nonreciprocal transaction where the grantor or donor does not receive a benefit of commensurate value in return for the assets or resources provided to the recipient. In an exchange transaction, the resource provider receives some thing or benefit of commensurate value in return for the resources provided. Exchange transactions include instances where a transfer of assets represents a payment from a third-party payer on behalf of an existing exchange transaction between the recipient and an identified customer receiving the benefit. However, where the benefit or potential benefit is received by the public, or segments thereof, and the resource provider (such as a foundation, government agency, corporation, or other entity) only receives indirect or incidental benefit that is not of commensurate value, the transaction is treated as a contribution for accounting purposes.

Distinguishing between contributions and exchange transactions determines the appropriate accounting and reporting for a transaction. Transactions determined to be contributions are reported as revenue or support with or without donor restrictions as described above.

Conditional Grants and Contributions – Contributions, grants or other support that are conditional are not recognized in the statement of activities until they become unconditional, that is, at the time when the donor or grantor-imposed conditions on which they depend are substantially met, or barriers are overcome. Certain grants are recognized as support in the statement of activities only when allowable qualified costs are incurred (cost-reimbursement), or when other performance requirements are met. Accounts receivable are recorded for any unreimbursed costs, and a liability for refundable advances is recorded for any unused or forfeited funds that may have been received in advance, prior to performance.

Promises to Give – Promises to give to the Program that are, in effect, “unconditional” are recorded at the present value of future cash flows. Contributions to be received after one year are generally discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contributions in accordance with donor-imposed restrictions, if any. When considered necessary, promises to give are stated net of an allowance for doubtful collection when management believes that the collectability of a specific promise to give is unlikely.

Contributed Services, Facilities and Other Nonfinancial Assets – A substantial number of unpaid volunteers and members of the Board of Directors have made significant contributions of their time to develop and maintain the Program’s services, including general and administrative support, and fundraising and development activities. The value of these services has not been estimated or reflected in the accompanying financial statements since the services do not meet the criteria for recognition under accounting principles generally accepted in the United States of America. The Program also operates free of rent in modest space provided by the Newton Public Programs, however the value of these contributed facilities has not been estimated or reflected in the accompanying financial statements due to the nominal value.

The Program did not receive any other contributed nonfinancial assets during the years ended June 30, 2023 or 2022.

Statement of Cash Flows – For the purpose of the statement of cash flows, the Program considers bank deposits with original maturities of three months or less to be cash and cash equivalents.

Note 1 – Significant Accounting Policies (Cont.)

Expenses by Nature and Function – The statement of activities and changes in net assets reports a summary of the Program’s expenses by function, either program or supporting functions (general and administrative function and fundraising function). The statement of functional expenses presents the natural classification of expenses by function. Certain expenses are charged directly to the programs or supporting functions to which they relate. Other expenses require allocation to programs and/or supporting functions, which is made on a reasonable basis that is consistently applied. The expenses that are generally allocated include salaries and wages, payroll taxes and benefits, which are allocated on the basis of estimated efforts.

Evaluation of Subsequent Events – Management has evaluated subsequent events involving the Program for potential recognition or disclosure in the accompanying financial statements. Subsequent events are events or transactions that occurred after June 30, 2023 up through March 18, 2024, the date the accompanying financial statements were available to be issued.

Note 2 – Net Assets

The Program does not have any net assets with restrictions at June 30, 2023 or 2022.

Net assets with donor restrictions that were time restricted at June 30, 2021 in the amount of \$10,000 were released and utilized during the year ended June 30, 2022.

Note 3 – Employee Retention Credits

Management believes that the Program met the criteria to claim Employee Retention Credits from the IRS under provisions of the CARES Act. Accordingly, during fiscal year 2023, the Program filed an application and received funds in the amount of \$30,053. The amount of the claims received for the Employee Retention Credits is reflected as non-operating support in the accompanying statement of activities and changes in net assets for 2023.

In the American Rescue Plan of 2021, Congress extended the time by which the IRS could audit ERC claims from three to five years.

Note 4 – Financial Instruments, Credit Risk and Concentrations

The Program’s financial instruments that may be subject to concentrations of credit risk at June 30, 2023 consist of cash. A summary of credit risk and other concentrations follows.

The Program maintains its cash deposits with high-quality financial institutions. Based on bank balances at June 30, 2023, \$11,000 of deposits were in excess of federally insured limits.

For the year ended June 30, 2023, approximately 22%, \$64,000 of the Program’s total grants and donations were derived from one donor, the Newton Public Schools (26% or \$64,000 in fiscal 2022). Additionally, for the year ended June 30, 2023, approximately 3% (\$9,000) of the Program’s total grants and donations were received from members of the Board of Directors (\$33,000 or 13% in fiscal year 2022). The Program depends on these grants and donations to fulfill its mission.

The Program performs its services primarily in the Greater Boston geographic area.

Note 5 – Unemployment Compensation Insurance

The Program has elected to finance the benefit cost of unemployment compensation insurance by reimbursing the Commonwealth of Massachusetts, Department of Workforce Development, for any unemployment compensation paid to employees. There were no payments required by the Commonwealth for the years ended June 30, 2023 or 2022.

Note 6 – Liquidity and Availability

The Program's financial assets available within one year of June 30 for general expenditures are as follows:

| | <u>2023</u> | <u>2022</u> |
|--------------------------------------------------|-------------------|-------------------|
| Financial Assets: | | |
| Cash and cash equivalents | \$ 260,987 | \$ 258,474 |
| Accounts receivable - contracts | <u>53</u> | <u>270</u> |
| Total financial assets available within one year | <u>\$ 261,040</u> | <u>\$ 258,744</u> |

The Program has a policy to structure its financial assets to be available and liquid as obligations come due. Management anticipates receiving sufficient support and revenue through grants and contributions over the next twelve months to cover general expenditures over that same period.