



REPORT ON REVIEW OF FINANCIAL STATEMENTS

JUNE 30, 2023



BERNARD JOHNSON
HAGANICOUTO & CO PC

CHANGE IS SIMPLE, INC.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Change is Simple, Inc.

We have reviewed the accompanying financial statements of Change is Simple, Inc. (a Massachusetts not-for-profit corporation), which comprise the statement of financial position as of June 30, 2023, the related statements of activities, functional expenses, and cash flows for the six months then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company 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 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

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

Accountant's Conclusion

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

BJHC PC

Topsfield, Massachusetts
December 8, 2023



CHANGE IS SIMPLE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 692,206
Grants and contributions receivable, current portion	284,999
Program service fees receivable	49,037
Total current assets	<u>1,026,242</u>

FIXED AND OTHER ASSETS, NET

80,384

OTHER ASSETS:

Security deposit	4,900
Grant receivable, net of current portion	210,000
Operating lease right-of-use asset	175,806
Total other assets	<u>390,706</u>

Total assets

\$ 1,497,332

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$ 29,134
Current portion of long-term operating lease liability	20,501
Total current liabilities	<u>49,635</u>

LONG-TERM OPERATING LEASE LIABILITY, net of current portion

155,408

Total liabilities

205,043

NET ASSETS:

Without donor restrictions	947,289
With donor restrictions	345,000

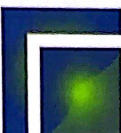
Total net assets

1,292,289

Total liabilities and net assets

\$ 1,497,332

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

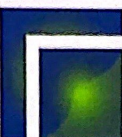


CHANGE IS SIMPLE, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
OPERATING REVENUES AND SUPPORT:			
Contributions	\$ 211,148	\$ -	\$ 211,148
Foundation grants	31,000	-	31,000
Program service fees	151,517	-	151,517
Interest income	6,124	-	6,124
Net assets released from restrictions	160,000	(160,000)	-
Total operating revenues and support	559,789	(160,000)	399,789
EXPENSES:			
PROGRAM AND SUPPORT SERVICES:			
Program services	354,628	-	354,628
Management and general	24,875	-	24,875
Fundraising and development	53,286	-	53,286
Total program and support services	432,789	-	432,789
Change in net assets	127,000	(160,000)	(33,000)
Net assets, beginning of period	820,289	505,000	1,325,289
Net assets, end of period	\$ 947,289	\$ 345,000	\$ 1,292,289

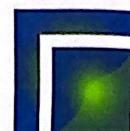
The accompanying notes are an integral part of these financial statements.



CHANGE IS SIMPLE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

	School Program Services	Management and General	Fundraising and Development	Total
Salaries and wages	\$ 240,578	\$ 13,665	\$ 43,025	\$ 297,268
Payroll taxes	27,463	1,340	4,689	33,492
Fringe benefits and other	12,632	-	-	12,632
Coop stipends and travel	3,389	-	-	3,389
Total personnel costs	284,062	15,005	47,714	346,781
Occupancy	25,099	-	-	25,099
Program expenses	20,545	-	-	20,545
Transportation	9,846	-	-	9,846
Depreciation and amortization	13,076	71	-	13,147
Fundraising and events	-	-	5,572	5,572
Professional fees	-	9,429	-	9,429
Supplies and other	2,000	243	-	2,243
Technology	-	127	-	127
Total expenses by function	\$ 354,628	\$ 24,875	\$ 53,286	\$ 432,789

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



CHANGE IS SIMPLE, INC.
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (33,000)
Adjustments to reconcile change in net assets from operations to net cash used in operating activities:	
Amortization of operating lease right-of-use asset	11,390
Depreciation and amortization	13,147
Cash provided by (used in) changes in:	
Grants and contributions receivable	(15,000)
Program service fees receivable	(17,088)
Accounts payable and accrued expenses	1,417
Unearned revenue	(39,047)
NET CASH USED IN OPERATING ACTIVITIES	<u>(78,181)</u>
CASH FLOWS FROM INVESTING ACTIVITIES-	
Additions to property and equipment	(1,315)
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,315)</u>
CASH FLOWS FROM FINANCING ACTIVITIES-	
Principal payments of operating lease liability	(11,403)
NET CASH USED IN FINANCING ACTIVITIES	<u>(11,403)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(90,899)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	783,105
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 692,206</u>
Supplemental disclosure of cash flow information:	
Cash paid during the period for:	
Interest	\$ -
Unrelated business income taxes	\$ -

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



CHANGE IS SIMPLE, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

1. BUSINESS ACTIVITY:

Change is Simple, Inc. is a non-profit organization, founded in 2011, that provides STEM-based, environmental, sustainability and climate education programs and workshops for students and their teachers in grades K-6 in the greater Boston area.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Standards of Accounting and Reporting

Change is Simple, Inc. follows standards of accounting and financial reporting as described in the American Institute of Certified Public Accountants' *Audit and Accounting Guide for Not-for-Profit Organizations*.

b. Financial Statement Presentation

Change is Simple, Inc. classifies net assets, revenues, gains and losses based on the existence or absence of donor or grant-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net assets without donor restrictions represent the portion of net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- Net assets with donor restrictions represent the portion of net assets subject to donor- (or certain grantor-) imposed restrictions. Certain donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources to be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

c. Change of Fiscal Year End

Change is Simple, Inc.'s Board of Directors voted to change the fiscal year of the organization to the last day of June from, formerly, a calendar year end. As such, these financial statements represent activity for the six months ended June 30, 2023.

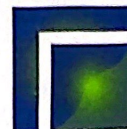
d. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 those differences could be material.

e. Cash, Cash Equivalents and Restricted Cash

For the purpose of presentation in the Statements of Cash Flows, Change is Simple, Inc. considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

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CHANGE IS SIMPLE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

f. Receivables and Revenue Recognition

Change is Simple, Inc. contracts with area elementary and middle schools for their STEM-based education programs. Each contract stipulates a defined number of units of service to be provided. Program service revenues are recognized as revenue when control of the goods and services provided is transferred to Change is Simple's customers and in an amount that reflects the consideration Change is Simple expects to be entitled to in exchange for those goods and services using the following steps: (1) identification of the contract, or contracts with a customer, (2) identification of performance obligations in the contract, (3) determination of the transaction price, (4) allocation of the transaction price to the performance obligations in the contract and (5) recognition of revenue when or as Change is Simple satisfies the performance obligations.

Receivables from contracts with customers are reported as program service fees receivable in the accompanying Statement of Financial Position. Contract liabilities are reported as unearned revenue in the accompanying statement of Statement of Financial Position.

Grants and contributions, including unconditional promises to give, are recognized as revenue in the period received and are reported as increases in the appropriate category of net assets. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return - are not recognized until the condition(s) on which they depend have been met. Grants and contributions are written off when deemed uncollectible.

Change is Simple, Inc. may receive in-kind contributions of investment securities throughout the year. Contributed securities and other goods are recognized at fair market value when received.

Change is Simple, Inc. receives volunteer services and the services of student interns in program and administrative functions. Because the nature of these services received neither creates or enhances non-financial assets nor requires specialized skills, their value has not been recorded in the accompanying financial statements.

g. Fixed and Other Assets

Property and equipment are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. Purchases of property and equipment in excess of \$1,000 are capitalized. Expenditures for major renewals and improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Upon retirement or disposal of assets, the cost and related accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in income. Depreciation of vehicles and equipment is provided on a straight-line basis over five (5) years.

Trademark costs and the related legal expenses associated with Change is Simple, Inc's educational material and lessons are recorded at cost and are amortized using the straight-line method over 15 years.

h. Income Taxes

Change is Simple, Inc. is organized as a Massachusetts nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3); qualifying for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi), and has been determined not to be a private foundation under IRC Sections 509(a)(1) and (3), respectively. Accordingly, no provision for income taxes is included in the financial statements.

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CHANGE IS SIMPLE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

i. Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

j. Advertising Costs

Change is Simple, Inc. expenses advertising costs as incurred.

k. Financial Instruments and Credit Risk

Change is Simple, Inc. manages deposit concentration risk by placing cash, money markets and certificates of deposit with financial institutions believed by management to have high credit quality and where the funds are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per account holder. At June 30, 2023, amounts on deposit exceeded insured limits by approximately \$192,000. To date, Change is Simple, Inc. has not experienced losses in any of these accounts. Credit risk associated with program service fees receivable and contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from foundations, governmental agencies and donors supportive of Change is Simple, Inc.'s mission.

l. Management's Review

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 8, 2023 the date the financial statements were available to be issued

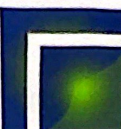
3. LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the Statement of Financial Position, comprise the following:

Cash	\$ 692,206
Grants and contributions receivable	284,999
Program service fees receivable	49,037
	<u>1,026,242</u>
Less net assets with donor restrictions	345,000
	<u>\$ 681,242</u>

Change is Simple maintains a policy of structuring its financial assets to be available as general expenditures, liabilities and other obligations become due. As part of its liquidity management plan, Change is Simple plans to invest cash in excess of daily requirements in a savings account.

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CHANGE IS SIMPLE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

4. FIXED AND OTHER ASSETS:

Fixed assets consist of the following:

Vehicles	\$ 96,307
Equipment	4,014
Total vehicles and equipment	<u>100,321</u>
Less accumulated depreciation	<u>21,920</u>
Net vehicles and equipment	<u><u>\$ 78,401</u></u>

Other (intangible) assets consist of the following:

Trademark costs	\$ 2,125
Less accumulated amortization	<u>142</u>
Net other intangible assets	<u><u>\$ 1,983</u></u>

Depreciation expense was \$13,076 for the six months ended June 30, 2023. Amortization expense was \$71 for the six months ended June 30, 2023.

5. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are restricted for the following periods or purposes:

Subject to the passage of time:

Grants that are not restricted by the grantor, but which are unavailable for expenditure until due	<u>\$ 345,000</u>
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6. REVENUE FROM CONTRACTS WITH CUSTOMERS:

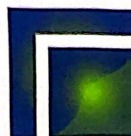
Performance Obligations

Change is Simple enters into contracts to provide instruction for students. There is no discounted pricing offered for early payment. The payment terms and conditions in the school contracts vary based on the instruction program(s) selected.

At contract inception Change is Simple assesses the services promised in its contracts with the schools and identifies a performance obligation for each promise to transfer to the school a service (or bundle of services) that is distinct. To identify the performance obligations, Change is Simple considers all the services promised in the contract regardless of whether they are explicitly stated or implied by customary business practices.

Change is Simple satisfies its performance obligations for contract fees evenly over the contract school term, which is the academic session, as instruction is provided. The stated rates do not vary over the contracts; therefore, the contracts do not contain variable consideration. Contract income can be paid in advance. Change is Simple does not generally provide schools with a right to a refund.

(Continued)



CHANGE IS SIMPLE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

6. REVENUE FROM CONTRACTS WITH CUSTOMERS: (continued)

Transaction Price

For all contracts, the transaction price is determined upon establishment of the contract that contains the final terms of the agreement, including the description and price of the instructional service, number of students, delivery term and payment terms. Contracts contain no financing component.

Contract Balances

In some cases, schools prepay their fees. When timing of the delivery of instruction differs from the timing of the payments made, Change is Simple recognizes a contract liability. All contract liabilities recognized at December 31, 2022 and June 30, 2023 are recognized as program service fees revenue in the following fiscal year. Contracts with payments in arrears are recognized as program service fees receivable. The following table provides information about significant changes in contract liabilities for the year ended June 30, 2023:

Contract liabilities, beginning of period	\$ 39,047
Revenue recognized that was included in contract liabilities at the beginning of period	(39,047)
Increase in contract liabilities due to cash received during the period	-
Contract liabilities, end of period	<u>\$ -</u>

7. LEASE COMMITMENTS:

On September 1, 2020, Change is Simple entered into a five-year lease, terminating on August 30, 2025. Base rent for year 1 of the term, September 1, 2020 through December 31, 2020, is payable in fixed monthly installments of \$1,635. Base rent will be adjusted for a cost-of-living increase commencing each January 1. Under the terms of the lease, Change is Simple paid a \$4,900 security deposit.

While the agreement provides for minimum lease payments, variable payments (if any) are not determinable at the lease commencement and are not included in the measurement of the right-of-use asset and operating lease liability. The lease agreement does not include any material residual value guarantees or restrictive covenants.

The following summarizes the line items in the Statement of Financial Position which include amounts for operating leases as of June 30, 2023:

Operating lease right-of-use asset	<u>\$ 175,806</u>
Current portion of operating lease liability	\$ 20,501
Operating lease liability	<u>155,408</u>
Total operating lease liability	<u>\$ 175,909</u>

The component of operating lease expense that is included in occupancy costs in the Statement of Functional Expenses for the period ended June 30, 2023 was \$12,267.

(Continued)



CHANGE IS SIMPLE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

8. LEASE COMMITMENTS:

The remaining lease term at June 30, 2023 is three (3) years.

The maturities of operating lease liabilities at June 30, 2023, are as follows:

2024	\$	20,654
2025		22,219
2026		1,902

9. VEHICLE LEASES:

Change is Simple leases two (2) vehicles under open-end leases expiring October 29, 2025. Future minimum lease payments are \$10,221.

10. FUNCTIONAL EXPENSES:

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits and payroll taxes which are allocated on the basis of time and effort. Occupancy and office operation expenses are allocated on the basis of the salaries' allocation.