

NASHUA ADULT LEARNING CENTER, INC.

**FOR THE YEARS ENDED
JUNE 30, 2022 AND 2021
AND
INDEPENDENT AUDITORS' REPORTS**

NASHUA ADULT LEARNING CENTER, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Nashua Adult Learning Center, Inc.

Opinion

We have audited the accompanying financial statements of Nashua Adult Learning Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nashua Adult Learning Center, Inc. as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nashua Adult Learning Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the 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 Nashua Adult Learning Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 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 generally accepted auditing standards, 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 Nashua Adult Learning Center, Inc.'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 Nashua Adult Learning Center, Inc.'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.

Wolfeboro, New Hampshire
September 23, 2022

NASHUA ADULT LEARNING CENTER, INC.

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,008,079	\$ 2,175,092
Accounts receivable	185,879	106,386
Promises to give	143,712	87,252
Prepaid expenses	<u>27,882</u>	<u>17,523</u>
Total current assets	<u>2,365,552</u>	<u>2,386,253</u>
PROPERTY AND EQUIPMENT		
Land, building, and improvements	3,173,257	3,173,257
Furniture and equipment	<u>769,854</u>	<u>723,765</u>
	3,943,111	3,897,022
Less: accumulated depreciation	<u>(2,656,744)</u>	<u>(2,521,486)</u>
Total property and equipment	<u>1,286,367</u>	<u>1,375,536</u>
OTHER ASSETS		
Promises to give, net of current portion above	20,606	58,313
Investments	1,080,882	1,247,738
Beneficial interest	<u>249,443</u>	<u>281,154</u>
Total other assets	<u>1,350,931</u>	<u>1,587,205</u>
Total assets	<u>\$ 5,002,850</u>	<u>\$ 5,348,994</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 46,155	\$ 32,740
Accrued payroll and payroll liabilities	227,748	222,838
Deferred revenue	52,242	26,656
Paycheck Protection Program loans	<u>-</u>	<u>1,081,200</u>
Total current liabilities	<u>326,145</u>	<u>1,363,434</u>
NET ASSETS		
Without donor restrictions	4,432,194	3,778,304
With donor restrictions	<u>244,511</u>	<u>207,256</u>
Total net assets	<u>4,676,705</u>	<u>3,985,560</u>
Total liabilities and net assets	<u>\$ 5,002,850</u>	<u>\$ 5,348,994</u>

See Notes to Financial Statements

NASHUA ADULT LEARNING CENTER, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
CHANGES IN NET ASSETS			
Revenue and support			
State of New Hampshire - Education	\$ 1,276,222	\$ -	\$ 1,276,222
State of New Hampshire	275,663	-	275,663
City of Nashua - Public School	624,000	-	624,000
Other government grants	100,000	-	100,000
Paycheck Protection Program loan forgiveness income	1,071,418	-	1,071,418
Program service fees	2,049,007	-	2,049,007
Contributions	47,503	106,009	153,512
Investment loss	(203,422)	-	(203,422)
Decrease in beneficial interest	(31,711)	-	(31,711)
Other revenue	4,050	-	4,050
Net assets released from restrictions	68,754	(68,754)	-
Total revenue and support	5,281,484	37,255	5,318,739
EXPENSES			
Program services			
Adult basic education	845,692	-	845,692
Clearway	832,047	-	832,047
Community education & computer technology	37,471	-	37,471
Childcare	674,136	-	674,136
School age childcare	1,555,504	-	1,555,504
Supporting activities			
Management and general	652,017	-	652,017
Fundraising	30,727	-	30,727
Total expenses	4,627,594	-	4,627,594
CHANGE IN NET ASSETS	653,890	37,255	691,145
NET ASSETS, BEGINNING OF YEAR	3,778,304	207,256	3,985,560
NET ASSETS, END OF YEAR	\$ 4,432,194	\$ 244,511	\$ 4,676,705

See Notes to Financial Statements

NASHUA ADULT LEARNING CENTER, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
CHANGES IN NET ASSETS			
Revenue and support			
State of New Hampshire - Education	\$ 761,688	\$ -	\$ 761,688
State of New Hampshire	1,246,659	-	1,246,659
City of Nashua - Public School	619,410	-	619,410
Other government grants	50,000	-	50,000
Program service fees	467,173	-	467,173
Contributions	161,329	19,273	180,602
In-kind contributions	-	63,357	63,357
Investment income	289,803	-	289,803
Other revenue	13,485	-	13,485
Increase in beneficial interest	63,371	-	63,371
Net assets released from restrictions	50,830	(50,830)	-
Total revenue and support	3,723,748	31,800	3,755,548
EXPENSES			
Program services			
Adult basic education	750,442	-	750,442
Clearway	790,093	-	790,093
Community education & computer technology	94,936	-	94,936
Childcare	484,834	-	484,834
School age childcare	820,135	-	820,135
Supporting activities			
Management and general	577,986	-	577,986
Fundraising	33,022	-	33,022
Total expenses	3,551,448	-	3,551,448
CHANGE IN NET ASSETS	172,300	31,800	204,100
NET ASSETS, BEGINNING OF YEAR	3,606,004	175,456	3,781,460
NET ASSETS, END OF YEAR	\$ 3,778,304	\$ 207,256	\$ 3,985,560

See Notes to Financial Statements

NASHUA ADULT LEARNING CENTER, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	Adult Basic Education	Clearway	Community Education & Computer Technology	Childcare	School Age Childcare	Program Total	Management and General	Fundraising	Total
Personnel	\$ 595,021	\$ 603,882	\$ 17,229	\$ 474,141	\$ 1,029,899	\$ 2,720,172	\$ 217,573	\$ 17,081	\$ 2,954,826
Occupancy	88,908	66,027	2,959	37,149	163,006	358,049	103,365	886	462,300
Employee benefits	33,716	59,973	1,939	48,355	60,377	204,360	52,516	116	256,992
Payroll taxes	45,431	45,568	1,341	36,387	78,216	206,943	11,503	1,277	219,723
Contract services	7,883	2,632	-	9,159	8,796	28,470	154,805	-	183,275
Supplies	13,862	21,656	958	24,670	55,244	116,390	16,565	701	133,656
Food	385	3,044	-	30,830	47,730	81,989	2,117	-	84,106
Equipment and maintenance	21,433	8,428	1,171	835	5,737	37,604	15,045	-	52,649
Bank service charges	-	-	11	-	50,116	50,127	341	-	50,468
Rent	19,200	-	-	-	19,445	38,645	-	-	38,645
Insurance	3,000	-	-	-	-	3,000	28,034	-	31,034
Dues, membership and licenses	-	1,173	1,950	2,891	6,749	12,763	10,170	-	22,933
Advertising	5,450	1,583	257	5,824	3,230	16,344	2,988	-	19,332
Telephone	3,412	4,105	-	-	140	7,657	9,422	-	17,079
Refunds	-	-	9,656	179	6,181	16,016	-	-	16,016
Printing	2,122	1,035	-	-	1,927	5,084	5,976	553	11,613
Transportation	1,167	2,015	-	-	5,914	9,096	-	-	9,096
Fundraising expense	-	-	-	-	-	-	-	7,019	7,019
Postage	1,102	322	-	-	116	1,540	3,441	-	4,981
Staff training	-	2,750	-	804	1,150	4,704	150	-	4,854
Meetings and conferences	-	473	-	368	1,119	1,960	2,486	-	4,446
Tuition reimbursement	3,600	-	-	-	-	3,600	-	-	3,600
Scholarship awards	-	-	-	-	-	-	-	3,094	3,094
Field trips	-	2,086	-	-	-	2,086	-	-	2,086
Donations	-	-	-	-	-	-	1,315	-	1,315
Interest Expense	-	-	-	-	-	-	147	-	147
Bad debt expense	-	-	-	616	(518)	98	-	-	98
Total expenses before direct depreciation	845,692	826,752	37,471	672,208	1,544,574	3,926,697	637,959	30,727	4,595,383
Direct depreciation expense	-	5,295	-	1,928	10,930	18,153	14,058	-	32,211
Total expenses	\$ 845,692	\$ 832,047	\$ 37,471	\$ 674,136	\$ 1,555,504	\$ 3,944,850	\$ 652,017	\$ 30,727	\$ 4,627,594

See Notes to Financial Statements

NASHUA ADULT LEARNING CENTER, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	Adult Basic Education	Clearway	Community Education & Computer Technology	Childcare	School Age Childcare	Program Total	Management and General	Fundraising	Total
Personnel	\$ 489,297	\$ 570,129	\$ 56,574	\$ 336,620	\$ 527,473	\$ 1,980,093	\$ 191,367	\$ 15,527	\$ 2,186,987
Occupancy	92,694	51,514	8,755	19,666	130,864	303,493	107,559	734	411,786
Employee benefits	36,434	63,566	8,205	43,848	69,405	221,458	63,568	165	285,191
Payroll taxes	37,172	45,097	4,328	12,413	39,323	138,333	8,950	1,228	148,511
Contract services	-	1,075	-	22,927	300	24,302	111,226	-	135,528
Supplies	47,420	29,653	3,093	20,549	17,752	118,467	13,108	-	131,575
Insurance	6,013	-	-	-	-	6,013	41,341	-	47,354
Equipment and maintenance	13,606	13,521	2,632	2,463	3,665	35,887	6,931	-	42,818
Food	-	2,838	924	15,353	7,360	26,475	36	-	26,511
Rent	21,600	-	-	-	2,085	23,685	-	-	23,685
Telephone	3,992	3,697	10	298	1,857	9,854	7,872	11	17,737
Dues, membership and licenses	-	940	2,180	1,758	423	5,301	7,352	-	12,653
Fundraising expense	-	-	-	-	-	-	-	9,146	9,146
Bad debt expense	-	-	-	4,639	4,278	8,917	-	-	8,917
Bank service charges	30	-	11	-	7,231	7,272	88	-	7,360
Advertising	40	-	5,722	-	-	5,762	1,112	-	6,874
Scholarship awards	-	-	-	-	-	-	-	5,971	5,971
Postage	190	955	-	-	376	1,521	3,556	240	5,317
Printing	94	242	-	-	768	1,104	2,016	-	3,120
State of NH fees	-	-	2,452	-	-	2,452	-	-	2,452
Tuition reimbursement	1,800	-	-	-	-	1,800	-	-	1,800
Staff training	-	-	-	544	475	1,019	(34)	-	985
Field trips	-	691	-	-	-	691	-	-	691
Repairs and maintenance	-	575	-	-	-	575	-	-	575
Meetings and conferences	-	-	-	-	-	-	290	-	290
Transportation	60	-	-	-	166	226	-	-	226
Refunds	-	-	50	(46)	186	190	-	-	190
Total expenses before direct depreciation	750,442	784,493	94,936	481,032	813,987	2,924,890	566,338	33,022	3,524,250
Direct depreciation expense	-	5,600	-	3,802	6,148	15,550	11,648	-	27,198
Total expenses	\$ 750,442	\$ 790,093	\$ 94,936	\$ 484,834	\$ 820,135	\$ 2,940,440	\$ 577,986	\$ 33,022	\$ 3,551,448

See Notes to Financial Statements

NASHUA ADULT LEARNING CENTER, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 691,145	\$ 204,100
Adjustment to reconcile change in net assets net cash from operating activities:		
Depreciation	135,257	134,879
Unrealized (gains) losses on investments	316,020	(189,389)
Realized gains on investments	(45,151)	(64,212)
(Increase) decrease in beneficial interest	31,711	(63,371)
Noncash contributions and promises to give	(41,818)	(63,357)
In-kind rent	21,857	18,998
Paycheck Protection Program loan	(1,081,200)	-
(Increase) decrease in assets:		
Accounts receivable	(79,493)	(40,703)
Promises to give, exclusive of in-kind	1,208	1,318
Prepaid expenses	(10,359)	10,284
Increase (decrease) in liabilities:		
Accounts payable	13,415	10,208
Accrued payroll and payroll liabilities	4,910	39,372
Deferred revenue	25,586	(27,881)
NET CASH USED IN OPERATING ACTIVITIES	<u>(16,912)</u>	<u>(29,754)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(46,088)	(63,218)
Receipts of interest and dividends reinvested	(71,715)	(47,083)
Purchase of investments	(361,396)	(292,371)
Proceeds from the sale of investments	329,098	369,232
NET CASH USED IN INVESTING ACTIVITIES	<u>(150,101)</u>	<u>(33,440)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on Paycheck Protection Program loan	-	444,400
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>-</u>	<u>444,400</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(167,013)	381,206
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,175,092</u>	<u>1,793,886</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,008,079</u>	<u>\$ 2,175,092</u>

See Notes to Financial Statements

NASHUA ADULT LEARNING CENTER, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 1. ORGANIZATION

Nashua Adult Learning Center, Inc. (the Organization) is an educational agency designed to provide academic skills, job training, and the support services needed for adults and young adults to achieve more productive lives for themselves and their families. The goals of the Organization have been formulated to respond to identified community needs: to assist adults to increase their basic educational and life coping skills; to prepare individuals for the local workplace by providing pathways from school to work, job training, or higher education; to assist individuals to cope with social, family, and work issues by providing community education programs; and to assist adults to participate in education, job training, and the workforce by providing needed support services of family literacy, childcare, school age care and parenting classes. The Organization runs an Adult Basic Education program, which includes students studying to take the HiSET exam (formerly the GED) and immigrants and refugees learning English. The Organization also runs an alternative high school for at-risk teens, a high quality, low-cost childcare center, on site before and after school care at neighborhood elementary schools, and several computer technology programs. The Organization collaborates regularly with other organizations to bring services to mutual clients.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Support is recorded when received or pledged. Revenue is recorded when services are rendered. Expenses are recorded when the obligation has been incurred.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and board of directors.

NASHUA ADULT LEARNING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

The Organization utilizes the allowance method of accounting for bad debts. No allowance was determined to be necessary as of June 30, 2022 and 2021. The allowance is based on past historical experience and management review of specific accounts. The Organization has no policy for charging interest on overdue accounts nor are its accounts receivable pledged as collateral.

Contributions Receivable

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Property, Equipment and Depreciation

Property and equipment are recorded at cost (or fair value if donated) and are depreciated using the straight-line method over estimated useful lives as follows:

<u>Description</u>	<u>Life</u>
Buildings and improvements	5 - 50 years
Furniture and equipment	5 - 10 years

Depreciation expense for the years ended June 30, 2022 and 2021 amounted to \$135,257 and \$134,879, respectively.

NASHUA ADULT LEARNING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Accrued Earned Time

The Organization has accrued a liability for future compensated leave time that its employees have earned and which is vested with the employee. Accrued earned time amounted to \$64,158 and \$74,425 as of June 30, 2022 and 2021, respectively.

Deferred Revenue

Deferred revenue represents fees for various programs collected in advance of services to be rendered.

Revenue Recognition

In May of 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU is a comprehensive revenue recognition model that requires an organization to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. The Organization adopted this ASU on July 1, 2020, using the modified retrospective approach and applied this ASU only to contracts not completed as of July 1, 2020. Contracts and transactions with customers predominantly contain a single performance obligation. The impact of adopting this ASU was not material to the financial statements.

The Organization records the following exchange transaction revenue in its statements of activities for the years ended June 30, 2022 and 2021:

Program Service Fees – Revenue from educational programs and workforce training is generally recognized over time as classes or related sessions are offered.

Revenue from providing childcare services is recognized upon completion of providing such services.

NASHUA ADULT LEARNING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract Balances

Contract balances as a result of contracts and transactions with customers primarily consist of deferred registration fees and deferred tuition for educational classes and childcare services included in deferred revenue in the Organization's statements of financial position. The Organization's deferred revenue amounted to \$52,242 and \$26,656 at June 30, 2022 and 2021, respectively.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. 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.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, which are provided by the individuals possessing those skills, and would typically need to be purchased if not provided by donations, are recorded at their fair values in the period received.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, costs have been allocated among the program services and supporting activities benefited. Occupancy costs have been grouped and allocated to the programs as a line item. Such allocations have been determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of allocation</u>
Salaries and benefits	Time and effort
Occupancy	Square footage/revenues
Depreciation	Square footage
All other expenses	Direct assignment

NASHUA ADULT LEARNING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Income Taxes

The Organization is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

The Organization's income tax filings are subject to audit by various taxing authorities. The Organization believes it has met all the requirements to maintain its not-for-profit status and has taken no uncertain tax positions that would require adjustment to the financial statements. It is the Organization's policy to expense taxes when paid and any interest and penalties associated with its income tax obligations.

New Accounting Pronouncements

As of July 1, 2021, the Organization adopted the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), as amended. ASU 2020-07 applied to the presentation and disclosure of nonfinancial assets received by not-for-profit organizations and increases transparency of such contributions. Results for reporting the years June 30, 2022 and 2021 are presented under FASB ASC Topic 958. The ASU has been applied retrospectively to all periods presented, with no material effect on previously issued financial statements.

NASHUA ADULT LEARNING CENTER, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 3. LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,008,079	\$ 2,175,092
Accounts receivable	185,879	106,386
Promises to give	164,318	145,565
Investments	1,080,882	1,247,738
Beneficial interest	<u>249,443</u>	<u>281,154</u>
Total financial assets	<u>\$ 3,688,601</u>	<u>\$ 3,955,935</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	\$ 244,511	\$ 207,256
Less net assets with purpose and time restrictions to be met in less than a year	(115,000)	(68,754)
Quasi endowment established by the board	1,090,574	1,305,735
Long-term promises to give	20,606	58,313
Beneficial Interest	<u>249,443</u>	<u>281,154</u>
Amounts not available within one year	<u>1,490,134</u>	<u>1,783,704</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,198,467</u>	<u>\$ 2,172,231</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$1,100,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts.

NOTE 4. PROMISES TO GIVE

Unconditional promises to give as of June 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
United Way	\$ 16,250	\$ 47,646
City of Nashua- CDBG	106,250	25,000
Various	-	9,638
Present value of donated use of facilities	<u>43,069</u>	<u>63,654</u>
Promises to give	<u>\$ 165,569</u>	<u>\$ 145,938</u>

NASHUA ADULT LEARNING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 4. PROMISES TO GIVE (continued)

	<u>2022</u>	<u>2021</u>
Promises to give are due as follows:		
In less than one year	\$ 143,712	\$ 87,252
Over one year	<u>21,857</u>	<u>58,686</u>
Gross Contributions receivable	165,569	145,938
Less: Discount to present value	<u>(1,251)</u>	<u>(373)</u>
Contributions receivable, net	<u>\$ 164,318</u>	<u>\$ 145,565</u>

Contributions receivable expected to be collected in longer than one year are discounted using the rate of return on the three year U.S. Treasury Note of 2.99% and 0.44% as of June 30, 2022 and 2021, respectively.

NOTE 5. INVESTMENTS

The Organization's investments are presented in the financial statements in the aggregate at fair value and consisted of the following as of June 30, 2022 and 2021:

	<u>2022</u>		<u>2021</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
Mutual Funds, Exchange Traded Funds and Closed - Ended Funds	<u>\$ 1,080,882</u>	<u>\$ 1,213,094</u>	<u>\$ 1,247,738</u>	<u>\$ 1,057,770</u>

Components of Investment Return:

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 77,940	\$ 47,125
Unrealized gain (loss) on investments	(316,020)	189,389
Realized gain on investments	45,151	64,212
Investment fees	<u>(10,493)</u>	<u>(10,923)</u>
	<u>\$ (203,422)</u>	<u>\$ 289,803</u>

NASHUA ADULT LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 6. BENEFICIAL INTEREST

The Organization is a beneficiary of an agency endowment fund at the New Hampshire Charitable Foundation. Pursuant to the terms of the resolution establishing this fund, property contributed to The New Hampshire Charitable Foundation is held as a separate fund designated for the benefit of Nashua Adult Learning Center, Inc.

In accordance with its spending policy, the Foundation can make distributions from the fund to the Organization of approximately 4.03% of the market value of the fund per year. The estimated value of the future distributions from the fund is included in these financial statements as required; however, all property in the fund was contributed to The New Hampshire Charitable Foundation to be held and administered for the benefit of Nashua Adult Learning Center, Inc.

The Organization did not contribute to the fund during the years ended June 30, 2022 and 2021. The Organization received a distribution of \$10,751 and \$11,252 from the Foundation during the years ended June 30, 2022 and 2021, respectively. The fair value of the fund assets were \$249,443 and \$281,154, on June 30, 2022 and 2021, respectively.

NOTE 7. PAYCHECK PROTECTION PROGRAM LOANS

During the year ended June 30, 2020, the Organization applied for and was awarded a first draw Paycheck Protection Program loan through the Small Business Administration (SBA). Loan forgiveness was possible if certain criteria were met. Any amounts not forgiven were to be repaid over a five-year period, with payments deferred for the first six months. Interest would be stated at 1%. The loan amounted to \$636,800 at June 30, 2021 and was recorded as a liability on the accompanying statement of financial position. During the year ended June 30, 2022, the Organization received loan forgiveness in the amount \$627,018, which is recorded as Paycheck Protection Program loan forgiveness income on the accompanying statement of activities. The remaining loan balance of \$9,782 was repaid in full during the year ended June 30, 2022, in eight payments beginning September 1, 2021.

During the year ended June 30, 2021, the Organization applied for and was awarded a second draw Paycheck Protection Program loan through the SBA. Loan forgiveness was possible if certain criteria were met. Any amounts not forgiven were to be repaid over a five-year period, with payments deferred for the first six months. Interest would be stated at 1%. The loan amounted to \$444,400 at June 30, 2021 and was recorded as a liability on the accompanying statement of financial position. During the year ended June 30, 2022, the loan was forgiven in full and is recognized as Paycheck Protection Program loan forgiveness income on the accompanying statement of activities.

NASHUA ADULT LEARNING CENTER, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 8. OCCUPANCY COSTS

Occupancy costs related to the two buildings used by the Organization have been allocated to the various programs as a line item on the statements of functional expenses.

The following details the expenses that make up the occupancy cost:

	<u>2022</u>	<u>2021</u>
Personnel	\$ 157,654	\$ 137,075
Payroll taxes	12,245	10,050
Employee benefits	24,669	24,741
Contract services	18,834	17,326
Supplies	17,096	6,459
Utilities	83,940	64,065
Rent	21,920	20,722
Repairs and maintenance	22,896	23,667
Depreciation	<u>103,046</u>	<u>107,681</u>
Total occupancy costs	<u>\$ 462,300</u>	<u>\$ 411,786</u>

NOTE 9. IN-KIND CONTRIBUTIONS

The Organization received the following in-kind contributions during the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Donated facilities	<u>\$ -</u>	<u>\$ 63,657</u>

The Organization's policy related to in-kind contributions is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair value as determined by appraisal or specialist depending on the type of asset. Donated facilities for the year ended June 30, 2021 were considered contributions with donor restrictions. The use of the facilities is restricted to the administration of an alternative high school and other incidental educational purposes.

NASHUA ADULT LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 9. IN-KIND CONTRIBUTIONS (continued)

Donated Facilities

During the year ended June 30, 2021, the Organization entered into a lease agreement, whereby the Organization would lease a building. The initial term of the lease was for a three-year period ending June 30, 2024, with an annual base rent of \$12. An independent appraisal determined that the fair value of the lease was \$21,539 annually. In connection with this lease agreement, the Organization discounted the value of the three-year initial term of the lease and recorded a contribution with donor restrictions during the year ended June 30, 2021. Net assets released from restriction was \$21,539 and rent expense of \$21,920 were recorded in connection with this lease agreement for the year ended June 30, 2022. For the year ended June 30, 2021, net assets released from restrictions was \$20,651 and rent expense of \$20,722 were recorded.

NOTE 10. CONCENTRATION OF RISK

The Organization maintains its cash balances at a local bank which, from time to time, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk with respect to these accounts.

NOTE 11. NET ASSETS

Net assets with donor restrictions were as follows for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Special Purpose Restrictions:		
Scholarships	\$ 79,008	\$ 82,179
NH Charitable Foundation	-	9,638
Translation materials	1,426	2,419
United Way ECAP Training	-	2,093
Tuitioning Program	500	-
CAC City of Nashua ECAP	25,000	-
CDBG City of Nashua Roof	75,000	-
50 th Gala Roof & Van	5,509	-
Time Restrictions:		
Donated use of facilities	41,818	63,357
United Way	<u>16,250</u>	<u>47,570</u>
Total net assets with donor restrictions	<u>\$ 244,511</u>	<u>\$ 207,256</u>

NASHUA ADULT LEARNING CENTER, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 11. NET ASSETS (continued)

Net assets without donor restrictions for the years ended June 30, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 3,341,620	\$ 2,472,569
Board designated	<u>1,090,574</u>	<u>1,305,735</u>
Total net assets without donor restrictions	<u>\$ 4,432,194</u>	<u>\$ 3,778,304</u>

Net assets released from net assets with donor restrictions are as follows:

	<u>2022</u>	<u>2021</u>
Satisfaction of Purpose Restrictions:		
Scholarships	\$ 3,171	\$ 5,894
NH Charitable Foundation	9,638	-
ECAP bikes	-	920
Translation materials	993	50
United Way ECAP training	2,093	-
Satisfaction of Time Restrictions:		
Donated use of facilities	21,539	20,651
Barker Foundation	-	7,135
United Way	<u>31,320</u>	<u>16,180</u>
Total net assets released	<u>\$ 68,754</u>	<u>\$ 50,830</u>

NOTE 12. BOARD DESIGNATED ENDOWMENT

During the year ended June 30, 2018, the board of directors established a general endowment fund (see Note 5) to support the mission of the Organization. Since that amount resulted from internal designation and is not donor restricted, it is classified and reported as net assets without donor restrictions. The balance in the board designated endowment amounted to \$1,090,574 and \$1,305,735 at June 30, 2022 and 2021, respectively.

The Organization's spending policy requires the fair value of the endowment portfolio to be one million dollars before a distribution of spendable income is to be approved. Once the fair value of the endowment portfolio has reached an amount in excess of one million dollars, or in case of emergency, the Organization will be authorized to withdraw a percentage of the principal and income for operating and capital improvements. Spendable income will be calculated as four percent of the rolling three-year average of the endowment portfolio value. The Organization did not receive any distributions from the endowment portfolio during the years ended June 30, 2022 and 2021.

NASHUA ADULT LEARNING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 13. LEASES

The Organization leases a building on Arlington Street in Nashua, NH, pursuant to the terms of a lease agreement. The lease was renewed in June 2021 for a three-year term beginning July 1, 2021 to June 30, 2024. The lease agreement requires rent of \$1 to be paid monthly.

The value of the lease has been recorded as contribution revenue and rent expense at fair value. The Organization is responsible for all utilities, repairs and maintenance. The remaining fair value of the lease term is \$41,818.

After-school programs are conducted at various schools in the greater Nashua area. Rent is paid to the school district as a tenant at will.

During March of 2019, the Organization entered into a written lease agreement to lease two copiers. The terms of the lease call for monthly payments of \$353 through March of 2024.

During November of 2019, the Organization entered into a written lease agreement to lease two copiers. The terms of the lease call for monthly payments of \$372 through November of 2024.

During March of 2020, the Organization entered into a written lease agreement to lease a postage machine. The terms of the lease call for quarterly payments of \$398 through June of 2025.

During December of 2020, the Organization entered into a written lease agreement to lease two copiers. The terms of the lease call for monthly payments of \$325 through December of 2025.

Total rent expense under all lease agreements for the years ended June 30, 2022 and 2021 was \$38,670 and \$30,681, respectively.

Future minimum lease payments at June 30, 2022 were as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Amount Due</u>
2023	\$ 19,025
2024	10,249
2025	5,760
2026	<u>1,625</u>
	<u>\$ 36,659</u>

NASHUA ADULT LEARNING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 14. RETIREMENT PLAN

The Organization adopted a qualified 403(b) retirement plan. All employees are eligible to participate in the Plan. The Organization may make discretionary matching contributions after six months of service. The Organization made matching contributions to the 403(b) retirement plan of \$56,041 and \$51,141 for the years ended June 30, 2022 and 2021, respectively.

NOTE 15. FAIR VALUE INVESTMENTS

The Fair Value Measurements and Disclosures Topic of the codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the Topic as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under the Topic are described below:

- Level 1: Quoted market prices in active markets, such as the New York Stock Exchange, for identical assets or liabilities.
- Level 2: Observable market prices based on inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

The Organization assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer. For the years ended June 30, 2022 and 2021, there were no such transfers.

For the years ended June 30, 2022 and 2021, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis.

Beneficial Interest in Assets Held by Others

The fair value of beneficial interest in assets held by others is based upon the fair value of the assets held by the New Hampshire Charitable Foundation.

NASHUA ADULT LEARNING CENTER, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 15. FAIR VALUE INVESTMENTS (continued)

Mutual funds, exchange traded funds, closed-ended funds

Valued at the daily closing price as reported by the fund. The mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price.

The following tables present the Organization's fair value hierarchy for the investments as of June 30, 2022 and 2021:

	<u>Total</u>	Quoted Prices Active Markets for Identical Assets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3
	<u>6/30/2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial interest in assets held by others	\$ 249,443	\$ -	\$ 249,443	\$ -
Mutual funds, exchange traded funds, closed- end funds	<u>1,080,882</u>	<u>1,080,882</u>	-	-
Total fair value	<u>\$ 1,330,325</u>	<u>\$ 1,080,882</u>	<u>\$ 249,443</u>	<u>\$ -</u>

	<u>Total</u>	Quoted Prices Active Markets for Identical Assets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3
	<u>6/30/2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial interest in assets held by others	\$ 281,154	\$ -	\$ 281,154	\$ -
Mutual funds, exchange traded funds, closed- end funds	<u>1,247,738</u>	<u>1,247,738</u>	-	-
Total fair value	<u>\$ 1,528,892</u>	<u>\$ 1,247,738</u>	<u>\$ 281,154</u>	<u>\$ -</u>

NASHUA ADULT LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 16. EMERGENCY RELIEF FUNDING

During the year ended June 30, 2021, the Organization applied for and received a Child Care Recovery and Stabilization Program grant in the amount of \$999,724 through the New Hampshire Governor's Office of Emergency Relief and Recovery. The funds were awarded to reimburse for necessary business expenses and losses in the Organization's child care programs as a result of the COVID-19 pandemic. The amount has been reported as State of New Hampshire grant revenue on the accompanying statement of activities.

During the year ended June 30, 2021, the Organization applied for and received a Coronavirus Response and Relief Supplemental Appropriations grant in the amount of \$171,123 administered by the New Hampshire Department of Health and Human Services. The funds were awarded to reimburse for necessary business expenses and losses in the Organization's child care programs as a result of the COVID-19 pandemic. The amount has been reported as State of New Hampshire grant revenue on the accompanying statement of activities.

During the year ended June 30, 2022, the Organization applied for and received a Child Care Achieving Stabilization Program grant in the amount of \$171,123 administered by the New Hampshire Department of Health and Human Services. The funds were awarded to reimburse for key operating expenses, including wages and benefits, rent and utilities, cleaning and sanitation supplies and services, and many other things necessary to maintain or resume child care services during and after the COVID-19 pandemic. The amount has been reported as State of New Hampshire – Education revenue on the accompanying statement of activities.

NOTE 17. COVID-19

The impact of the novel coronavirus (COVID-19) and measures to prevent its spread continue to affect the Organization's operations. The significance of the impact of these disruptions, including the extent of their adverse impact on the Organization's financial and operational results, will be dictated by the length of time that such disruptions continue and, in turn, will depend on the currently unknowable duration of the COVID-19 pandemic and the impact of governmental regulations that might be imposed in response to the pandemic. The Organization's operations could also be impacted should the disruptions from COVID-19 lead to changes in consumer and donor behavior. The COVID-19 impact on the capital markets could also impact the Organization's cost of borrowing. There are certain limitations on the Organization's ability to mitigate the adverse financial impact of these items. COVID-19 also makes it more challenging for management to estimate future performance of the operations, particularly over the near to medium term.

NASHUA ADULT LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 18. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date, but before financial statements are available to be issued. Recognized subsequent events are events or transactions that provide additional evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. Non-recognized subsequent events are events that provide evidence about conditions that did not exist at the statement of financial position date, but arose after that date.

Management has evaluated subsequent events through September 23, 2022, the date the June 30, 2022 financial statements were available for issuance.