

**THE VILLAGE LEARNING
CENTER, INC.
dba The Village Learning & Achievement Center**

AUDITED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2021 and 2020**

**THE VILLAGE LEARNING CENTER, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Village Learning Center, Inc.

Opinion

We have audited the accompanying financial statements of The Village Learning Center, Inc. dba Village Learning & Achievement Center (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 The Village Learning Center, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Village 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 The Village 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.

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 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 The Village 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 The Village 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.

Remin Mc Guiness Hess PC

Houston, Texas
July 21, 2023

FINANCIAL STATEMENTS

THE VILLAGE LEARNING CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
For the Years Ending December 31, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Unrestricted cash and cash equivalents	\$ 554,170	\$ 397,803
Pledges receivable	24,090	527,516
Accounts receivable	489,091	130,597
Less: Allowance for doubtful accounts	<u>(29,737)</u>	<u>(1,920)</u>
Net accounts receivable	459,354	128,677
Prepaid expenses	<u>8,163</u>	<u>21,292</u>
Total Current Assets	1,045,777	1,075,288
FIXED ASSETS		
Land	626,935	626,935
Computers and equipment	287,108	276,257
Vehicles	384,588	340,264
Software	9,745	9,745
Building improvements	606,346	593,023
Buildings	5,411,198	5,411,198
Construction in progress	<u>-</u>	<u>-</u>
Total Fixed Assets	7,325,920	7,257,422
Less: Accumulated depreciation	<u>(2,910,147)</u>	<u>(2,640,809)</u>
Fixed Assets, Net	4,415,773	4,616,613
OTHER ASSETS		
Long-term receivable	<u>5,000</u>	<u>160,000</u>
Total Other Assets	5,000	160,000
TOTAL ASSETS	<u>\$ 5,466,550</u>	<u>\$ 5,851,901</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 115,093	\$ 169,916
Tenant deposits	-	-
Accrued payroll	8,373	6,912
Other current liabilities	24,742	23,669
Short term bank loans	-	175,762
Current portion of long-term debt	<u>8,652</u>	<u>8,652</u>
Total Current Liabilities	156,860	384,911
NON CURRENT LIABILITIES		
Long-term debt	<u>15,141</u>	<u>23,793</u>
Total Non Current Liabilities	15,141	23,793
TOTAL LIABILITIES	172,001	408,704
NET ASSETS		
Without Donor Restrictions	5,170,477	4,993,037
With Donor Restrictions	<u>124,072</u>	<u>450,160</u>
Total Net Assets	5,294,549	5,443,197
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,466,550</u>	<u>\$ 5,851,901</u>

See independent auditors' report and notes to financial statements

THE VILLAGE LEARNING CENTER, INC.
STATEMENTS OF ACTIVITIES
For the Years Ending December 31, 2021 and 2020

	2021	2020
Net Assets Without Donor Restrictions		
Revenue and Gains		
Center income	\$ 416,618	\$ 230,693
Stoney Glen income	295,232	316,270
HCS income	1,336,938	878,377
Thrift Store income	218,605	114,435
Development Program - Grants and Donations	1,211,950	540,393
Fundraising income	552,441	445,487
Less: direct donor benefits	(80,726)	(12,639)
Gain on extinguishment of debt	301,108	320,155
Total Revenues and Gains Without Donor Restrictions	<u>4,252,166</u>	<u>2,833,171</u>
Net assets released from restrictions		
Restrictions satisfied by payments	326,088	434,840
Total Revenues and Gains and Other Support Without Donor Restrictions	<u>4,578,254</u>	<u>3,268,011</u>
 EXPENSES		
General and administrative	439,797	368,077
Program expenses		
Stoney Glen	829,012	673,935
HCS	1,094,867	839,722
Thrift Store	223,975	118,553
Center	1,545,656	1,314,114
Fundraising and special events expenses	267,507	224,950
Total Expenses	<u>4,400,814</u>	<u>3,539,351</u>
 INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	177,440	(271,340)
 Net Assets With Donor Restrictions		
Revenue and Gains		
Restricted grants for specific purpose	-	810,000
Net Assets Released from Restriction		
Restriction satisfied by payments	(326,088)	(434,840)
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(326,088)</u>	<u>375,160</u>
 INCREASE (DECREASE) IN NET ASSETS	(148,648)	103,820
 NET ASSETS, BEGINNING OF YEAR	<u>5,443,197</u>	<u>5,339,377</u>
 NET ASSETS AT END OF YEAR	<u><u>\$ 5,294,549</u></u>	<u><u>\$ 5,443,197</u></u>

See independent auditors' report and notes to financial statements

THE VILLAGE LEARNING CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR YEAR ENDING DECEMBER 31, 2021

	PROGRAM SERVICES				SUPPORTING SERVICES		TOTAL
	STONEY		THRIFT			MANAGEMENT	
	GLEN	HCS	STORE	CENTER	FUNDRAISING	AND GENERAL	
Advertising	\$ -	\$ -	\$ 1,732	\$ -	\$ 1,876	\$ -	\$ 3,608
Association Fees	-	-	-	-	-	-	-
Auto Expenses	385	-	-	12,445	-	-	12,830
Bad Debt Expense	20,689	-	-	10,689	3,103	-	34,482
Bank Service Charges	-	-	3,339	539	3,016	3,878	10,772
Cleaning	-	-	-	-	-	-	-
Computer Software	1,951	1,394	558	11,150	7,526	5,296	27,875
Contract Labor & Services	21,016	872,162	31,524	73,556	31,524	21,016	1,050,797
Dues & Filing Fees	2,617	-	-	1,495	997	1,122	6,231
Employee Benefits & Morale	1,105	48	-	576	96	2,978	4,804
Employee Recruitment	-	-	-	-	-	-	-
Equipment Rental	3,040	912	-	6,840	304	4,104	15,200
Field Trips/Outings	-	-	-	-	-	-	-
Groceries & Food	42,672	-	-	13,475	-	-	56,147
Insurance	10,901	-	-	91,571	-	115,553	218,025
Interest Expense	606	-	-	485	-	4,972	6,064
Legal & Professional	-	625	-	14,377	-	47,506	62,508
Maintenance & Repairs	19,183	-	-	28,775	-	15,986	63,944
Meetings/Seminars	-	-	82	82	-	-	164
Payroll	590,047	171,522	93,272	920,176	184,204	99,787	2,059,008
Permits & Fees	-	-	-	-	-	149	149
Postage & Delivery	79	-	-	-	2,218	-	2,297
Printing	-	-	-	-	4,757	839	5,596
Professional Training/Networking	-	-	-	-	1,361	-	1,361
Rent	-	-	73,467	8,035	-	33,290	114,792
Security	-	-	-	-	-	-	-
Staff Training	278	191	-	1,025	-	243	1,738
Storage Rental	-	-	-	-	-	-	-
Supplies	9,909	2,702	9,909	37,833	9,909	19,817	90,079
Taxes	-	-	-	4,834	-	25,380	30,214
Utilities	38,446	10,029	10,029	75,220	10,029	23,402	167,156
Depreciation Expense	59,254	-	-	204,696	-	5,386	269,337
Other	6,833	35,281	64	27,780	6,587	9,091	85,637
	<u>\$ 829,012</u>	<u>\$ 1,094,867</u>	<u>\$ 223,975</u>	<u>\$ 1,545,656</u>	<u>\$ 267,507</u>	<u>\$ 439,797</u>	<u>\$ 4,400,814</u>

See independent auditors' report and notes to financial statements

THE VILLAGE LEARNING CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR YEAR ENDING DECEMBER 31, 2020

	PROGRAM SERVICES				SUPPORTING SERVICES		TOTAL
	STONEY GLEN	HCS	THRIFT STORE	CENTER	FUNDRAISING	MANAGEMENT AND GENERAL	
Advertising	\$ -	\$ -	\$ 2,928	\$ -	\$ 3,173	\$ -	\$ 6,101
Association Fees	-	-	-	-	-	-	-
Auto Expenses	995	-	-	32,185	-	-	33,180
Bad Debt Expense	35,534	-	-	18,359	5,330	-	59,223
Bank Service Charges	-	-	1,941	313	1,753	2,254	6,262
Cleaning	-	-	-	-	-	-	-
Computer Software	1,848	1,320	528	10,561	7,129	5,017	26,403
Contract Labor & Services	14,605	606,121	21,908	51,119	21,908	14,605	730,267
Dues & Filing Fees	2,624	-	-	1,499	1,000	1,124	6,247
Employee Benefits & Morale	1,645	72	-	858	143	4,435	7,154
Employee Recruitment	337	29	-	425	15	659	1,464
Equipment Rental	913	274	-	2,054	91	1,233	4,565
Field Trips/Outings	-	-	-	-	-	-	-
Groceries & Food	26,085	-	-	8,238	-	-	34,323
Insurance	8,103	-	-	68,065	-	85,892	162,059
Interest Expense	454	-	-	364	-	3,726	4,544
Legal & Professional	-	682	-	15,681	-	51,817	68,180
Maintenance & Repairs	6,143	-	-	9,214	-	5,119	20,476
Meetings/Seminars	-	-	53	53	-	-	105
Payroll	460,880	133,974	72,854	718,741	143,880	77,943	1,608,272
Permits & Fees	-	-	-	-	-	-	-
Postage & Delivery	23	-	-	-	655	-	678
Printing	-	-	-	-	3,825	675	4,500
Professional Training/Networking	-	-	-	-	5,418	-	5,418
Rent	-	-	3,840	420	-	1,740	6,000
Security	1,813	-	-	7,250	-	-	9,063
Staff Training	1,374	945	-	5,067	-	1,202	8,588
Storage Rental	-	-	-	-	-	2,200	2,200
Supplies	7,261	1,980	7,261	27,723	7,261	14,521	66,006
Taxes	-	-	-	9,433	-	49,521	58,954
Utilities	27,148	7,082	7,082	53,116	7,082	16,525	118,036
Depreciation Expense	59,251	-	-	204,684	-	5,386	269,321
Other	16,898	87,243	158	68,693	16,289	22,481	211,762
	<u>\$ 673,935</u>	<u>\$ 839,722</u>	<u>\$ 118,553</u>	<u>\$ 1,314,114</u>	<u>\$ 224,950</u>	<u>\$ 368,077</u>	<u>\$ 3,539,351</u>

See independent auditors' report and notes to financial statements

THE VILLAGE LEARNING CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR YEARS ENDING DECEMBER 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (148,648)	\$ 103,820
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	269,337	269,321
Noncash donations of fixed assets	-	(35,115)
(Increase) decrease in operating assets		
Accounts receivable, net	(330,677)	18,935
Pledges receivable	503,426	(417,074)
Long-term receivable	155,000	50,000
Prepays	13,129	(11,542)
Increase (decrease) in operating liabilities		
Tenant deposits	-	(550)
Accounts payable	(54,823)	84,189
Accrued payroll	1,461	(258)
Other current liabilities	1,073	(9,126)
NET CASH PROVIDED BY OPERATING ACTIVITIES	409,278	52,600
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for fixed asset purchases	(68,497)	(105,832.00)
NET CASH USED BY INVESTING ACTIVITIES	(68,497)	(105,832.00)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on short term notes payables	-	-
Payments on short term bank loans	(175,762)	(35,000)
Proceeds on short term bank loans	-	175,652
Proceeds on long term debt	-	32,445
Payments on long term debt	(8,652)	(5,211)
NET CASH PROVIDED BY FINANCING ACTIVITIES	(184,414)	167,885
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	156,367	114,653
BEGINNING CASH AND CASH EQUIVALENTS	397,803	283,150
ENDING CASH AND CASH EQUIVALENTS	\$ 554,170	\$ 397,803
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	\$ 6,064	\$ 4,544
Noncash donations of fixed assets	\$ -	\$ 35,115

See independent auditors' report and notes to financial statements

NOTES TO FINANCIAL STATEMENTS

THE VILLAGE LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 1-NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Village Learning Center, Inc. (the Organization), dba The Village Learning & Achievement Center, is a non-profit organization dedicated to creating environments that enable individuals with learning and developmental disabilities to reach their maximum potential and to celebrate and promote the spirit of inclusion in all aspects of human endeavor within our community.

The Village Centers provides services to adults with intellectual and developmental disabilities. We offer a board spectrum of services to meet the needs of families and the loved ones they care for.

The day program provides activities and community opportunities to these individuals to give them a fulfilling life within safe environment. Our structured program consists of social skills, vocational opportunities, skills for daily living and recreational activities. We offer transportation to our clients to and from the day center which is a much-needed service for some of our families.

The Village at Stoney Glen (VASG) is a licensed assisted living home. VASG is a 16-bed facility in which residents are cared for 24 hours a day. These are individuals whose families want them to be able to have independence while at the same time receiving the care and safety that our staff provides for them.

Home and Community Services (HCS) is a state funding source that some of our clients receive. Once this funding is awarded to an individual with disabilities the families chose a provider to facilitate the services that is granted within this program. The Village Centers HCS Village Community Services provides case management, nursing and family support to the individuals that are part of our in house HCS program.

The Village Thrift store is a retail shop within the community of Kingwood that customers can donate and shop at to support our programs. The thrift store also provides volunteer and job opportunities to our clients. They participate in a variety of real-life skills in helping sort/price items, greet customers and running the cash register.

Support and Expenses

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor 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 statement of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as revenues and gains without donor restrictions.

THE VILLAGE LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 1-NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Donated Services, Goods, and Facilities

A substantial number of volunteers have donated numerous hours to the Organization's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated professional services and or property and equipment, if any, are reflected in the statement of activities at their fair value. For the years ended December 31, 2021 and 2020, the Organization recorded approximately \$0 and \$1,000 respectively, in contributed legal and consulting professional services. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt. The Organization recorded donated fixed assets of \$0 and \$35,115 respectively, on the statement of financial position and corresponding revenues on the statement of activities during the year-ended December 31, 2021 and 2020.

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 reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts and other short-term investments of a liquid nature with maturities of less than 90 days. At year end and throughout the year, the Organization's cash balances were deposited in several bank accounts at two banks. Management believes that the Organization is not exposed to any significant credit risk on cash and cash equivalents.

THE VILLAGE LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

**NOTE 1-NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Accounts Receivable

Trade accounts receivable are stated at the amount the Organization expects to collect. The Organization maintains allowances for doubtful accounts for estimated losses resulting from the inability of clients to make required payments. Management considers past transaction history with the client and current economic industry trends when evaluating accounts for collectability. Past due balances and other higher risk amounts are reviewed individually for collectability. Based on management's assessment, the Organization provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance account for the years ended December 31, 2021 & 2020 was \$29,737 and \$1,920, respectively. For the years ended December 31, 2021 & 2020, accounts receivable worth \$34,482 and \$59,223, respectively, were written off as uncollectible.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2021 and 2020 were \$3,608, and \$6,101, respectively.

Expense Allocation

Expenses for the Organization have been disaggregated in the Statement of Functional Expenses by both, natural and functional expense classifications. Expenses that directly relate to a particular program or supporting service, have been allocated to that said category on the Statement of Functional Expense. Other expenses have been allocated based on management's estimate, time devoted by the Organization's staff, or square footage allocated to a specific program or supporting service.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization files an annual Form 990 information report with the Internal Revenue Service. In general, IRS filings are subject to examination by the IRS for a period of three years. The Organization is current on all IRS filings.

THE VILLAGE LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

**NOTE 1-NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Financial Statement Presentation

The Organization follows the recommendation of the Financial Accounting Standards Board in *Accounting Standards Codification 958: Not-for-Profit Entities*. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. The Organization has both, net assets with donor restrictions and without donor restrictions.

NOTE 2-FIXED ASSETS

It is the Organization’s policy to capitalize property and equipment over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method. The following estimated useful lives are used:

Buildings	25 years
Building Improvements	20 years
Furniture and equipment	5-15 years
Vehicles	5 years
Software	3 years
Computer equipment	3 years

For the years ended December 31, 2021 and 2020, depreciation expense amounted to \$269,337 and \$269,321, respectively.

THE VILLAGE LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 3-LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of December 31, 2021, and 2020, reduced by amounts not available for general use because of donor-imposed restrictions for specific purposes:

	<u>2021</u>	<u>2020</u>
Financial assets, at year-end:		
Unrestricted cash and cash equivalents	\$ 554,170	\$ 397,803
Pledges receivable	24,090	527,516
Net accounts receivable	459,354	128,677
Less: Board-designated funds:		
Emergency (rainy day) funds	-	-
Less: Donor-restricted funds:		
Restricted funds for a specific purpose	<u>(124,072)</u>	<u>(450,160)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 913,542</u>	<u>\$ 603,836</u>

Additionally, the Organization has a line of credit of \$250,000, with available (unborrowed) funds of \$250,000 as of December 31, 2021, which it could draw upon in the event of an anticipated liquidity need.

NOTE 4-LONG-TERM DEBT

Long-term debt at December 31, 2021 consists of the following:

Installment loan payable to Advanced Vending Consultants, Inc., in monthly payments of \$991 including monthly interest \$270 and principal payments of \$721 through September 2024.

	<u>\$ 23,793</u>
Total long-term debt	23,793
Less current portion	<u>(8,652)</u>
Long-term liabilities	<u>\$ 15,141</u>

Minimum required principal payments for the next five years and thereafter are as follows:

<u>Year</u>	<u>Balance Due</u>
2022	\$ 8,652
2023	8,652
2024	6,489
2025	-
2026 and thereafter	-
Total	<u>\$ 23,793</u>

Interest expense for the years ended December 31, 2021 and 2020 were \$6,064 and \$4,544, respectively.

THE VILLAGE LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 5-RELATED PARTY TRANSACTIONS

From time to time, board members make short-term loans to the Organization, in order to maintain working capital. These are repaid from operating funds and are not material to the financial statements.

NOTE 6-NET ASSETS WITH DONOR RESTRICTIONS

The Organization did not receive donor restricted funds during the year-ended December 31, 2021. The Organization did not receive any donor restricted funds in 2021. The Organization received donor restricted funds in the amount of \$110,000 during the year-ended December 31, 2020 and carry a purpose restriction. These restricted funds are to be used towards providing medical services. The Organization also received two pledges in the amount of \$500,000 and \$200,000 during the year-ended December 31, 2020 and carry a purpose restriction. These restricted funds are to be used towards providing pre-vocational and vocational training/supporting employment services.

A summary of net assets with donor restrictions for the years ended December 31, 2021, and 2020 is as follows:

Net assets with donor restrictions:

	<u>2021</u>	<u>2020</u>
Stoney Glen facilities upgrade	\$ 14,072	\$ 14,072
Medical services	110,000	110,000
Vocational training & supportive employment services	-	300,869
Pre-vocational training	-	25,219
Net assets with donor restrictions	<u>\$ 124,072</u>	<u>\$ 450,160</u>

NOTE 7-COVID-19 RISKS AND PAYCHECK PROTECTION PROGRAM

2020

The impact of COVID-19 has been an evolving situation since early 2020. The spread of COVID-19 has impacted the country's economy. Accordingly, the Organization had experienced some of these impacts during the year 2020, with events such as the Gala going virtual, and certain events getting cancelled. This has affected the Organization's revenues. However, to mitigate this effect, the Organization had obtained government support as provided under the CARES Act.

THE VILLAGE LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

**NOTE 7-COVID-19 RISKS AND PAYCHECK PROTECTION PROGRAM
(CONTINUED)**

The Organization received a loan in the amount of \$320,155 on April 17, 2020, pursuant to the Paycheck Protection Program (“the PPP”) under Division A, Title I, of the CARES Act, which was enacted March 27, 2020. Under the terms of the PPP, certain amounts may be forgiven if they are used for qualifying expenses as described in the CARES Act.

As of January 29, 2021, the Organization was granted forgiveness of the entire loan amount and related interest payments. Accordingly, as of December 31, 2020, this loan has been recorded as a gain on extinguishment of debt. This gain on extinguishment is included in revenues from net assets without donor restrictions on the statement of activities. The proceeds of this loan have been presented as cash flows from operating activities on the statement of cash flows.

2021

The Organization received a loan in the amount of \$301,108 on May 17, 2021, pursuant to the Paycheck Protection Program (“the PPP”) under Division A, Title I, of the CARES Act, which was enacted March 27, 2020.

As of November 12, 2021, the Organization was granted forgiveness of the entire loan amount and related interest payments. Accordingly, as of December 31, 2021, this loan has been recorded as a gain on extinguishment of debt. This gain on extinguishment is included in revenues from net assets without donor restrictions on the statement of activities. The proceeds of this loan have been presented as cash flows from operating activities on the statement of cash flows.

NOTE 8-SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 21, 2023, which is the date the financial statements were issued.

Subsequent to year-end and prior to the issuance of the financial statements, the Organization entered into a loan agreement with the U.S. Small Business Administration dated April 15, 2022. The Organization obtained a loan in the amount of \$300,000 with an interest rate of 2.75% per annum. Monthly payments of \$1,347 will begin 24 months from the date of the note, with the loan maturing on April 15, 2052. This loan is collateralized by all tangible and intangible personal property of the Organization, including, but not limited to the Organizations cash accounts, receivables, among other items.