

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

AUDITED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2020 and 2019**

**THE VILLAGE LEARNING CENTER, INC.
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Reimer, McGuinness & Associates, PC

CPAs & Advisors

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of The Village Learning Center, Inc. (a non-profit organization) dba Village Learning & Achievement Center, for the years ended December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Village Learning Center, Inc. for the years ended December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Reimer, McGuinness & Associates, P.C.

Houston, Texas
July 21, 2021

FINANCIAL STATEMENTS

THE VILLAGE LEARNING CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Unrestricted cash and cash equivalents	\$ 397,803	\$ 283,150
Pledges receivable	527,516	110,442
Accounts receivable	130,597	189,852
Less: Allowance for doubtful accounts	(1,920)	(42,240)
Net accounts receivable	<u>128,677</u>	<u>147,612</u>
Prepaid expenses	21,292	9,750
Total Current Assets	<u>1,075,288</u>	<u>550,954</u>
FIXED ASSETS		
Land	626,935	626,935
Computers and equipment	276,257	360,627
Vehicles	340,264	343,385
Software	9,745	9,745
Building improvements	593,023	586,302
Buildings	5,411,198	5,293,762
Construction in progress	-	56,428
Total Fixed Assets	<u>7,257,422</u>	<u>7,277,184</u>
Less: Accumulated depreciation	<u>(2,640,809)</u>	<u>(2,532,502)</u>
Fixed Assets, Net	4,616,613	4,744,682
OTHER ASSETS		
Long-term receivable	<u>160,000</u>	<u>210,000</u>
Total Other Assets	<u>160,000</u>	<u>210,000</u>
TOTAL ASSETS	<u><u>\$ 5,851,901</u></u>	<u><u>\$ 5,505,636</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 169,916	\$ 85,727
Tenant deposits	-	550
Accrued payroll	6,912	7,170
Other current liabilities	23,669	32,595
Short term bank loans	175,762	35,000
Current portion of long-term debt	8,652	5,217
Total Current Liabilities	<u>384,911</u>	<u>166,259</u>
NON CURRENT LIABILITIES		
Long-term debt	<u>23,793</u>	<u>-</u>
Total Non Current Liabilities	<u>23,793</u>	<u>-</u>
TOTAL LIABILITIES	408,704	166,259
NET ASSETS		
Without Donor Restrictions	4,993,037	5,264,377
With Donor Restrictions	450,160	75,000
Total Net Assets	<u>5,443,197</u>	<u>5,339,377</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,851,901</u></u>	<u><u>\$ 5,505,636</u></u>

See independent auditors' report and notes to financial statements

THE VILLAGE LEARNING CENTER, INC.
STATEMENTS OF ACTIVITIES
For the Years Ending December 31, 2020 and 2019

	2020	2019
Net Assets Without Donor Restrictions		
Revenue and Gains		
Center income	\$ 230,693	\$ 874,222
Stoney Glen income	316,270	381,808
HCS income	878,377	426,030
Thrift Store income	114,435	64,025
Development Program - Grants and Donations	540,393	553,294
Fundraising income	445,487	431,833
Less: direct donor benefits	(12,639)	(109,379)
Gain on extinguishment of debt	320,155	-
Total Revenues and Gains Without Donor Restrictions	2,833,171	2,621,833
Net assets released from restrictions		
Restrictions satisfied by payments	434,840	-
Total Revenues and Gains and Other Support Without Donor Restrictions	3,268,011	2,621,833
EXPENSES		
General and administrative	368,077	724,903
Program expenses		
Stoney Glen	673,935	458,492
HCS	839,722	348,287
Thrift Store	118,553	122,528
Center	1,314,114	1,173,967
Fundraising and special events expenses	224,950	193,342
Total Expenses	3,539,351	3,021,519
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(271,340)	(399,686)
Net Assets With Donor Restrictions		
Revenue and Gains		
Restricted grants for specific purpose	810,000	75,000
Net Assets Released from Restriction		
Restriction satisfied by payments	(434,840)	-
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	375,160	75,000
INCREASE (DECREASE) IN NET ASSETS	103,820	(324,686)
NET ASSETS, BEGINNING OF YEAR	5,339,377	5,664,063
NET ASSETS AT END OF YEAR	\$ 5,443,197	\$ 5,339,377

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.
STATEMENT OF FUNCTIONAL EXPENSES
FOR YEAR ENDING DECEMBER 31, 2019

	PROGRAM SERVICES				SUPPORTING SERVICES		TOTAL
	STONEY		THRIFT	CENTER	FUNDRAISING	MANAGEMENT	
	GLEN	HCS	STORE			AND GENERAL	
Advertising	\$ 158	\$ -	\$ 1,171	\$ 908	\$ 3,462	\$ 1,916	\$ 7,616
Association Fees	-	-	-	-	200	-	200
Auto Expenses	-	-	-	27,451	-	-	27,451
Bad Debt Expense	19,038	1,957	-	19,664	-	105	40,764
Bank Service Charges	-	-	1,831	-	99	6,795	8,725
Cleaning	-	-	-	10,800	-	3,600	14,400
Computer Software	1,432	138	-	2,864	9,475	3,570	17,479
Contract Labor & Services	20,440	228,496	654	24,603	12,363	2,400	288,957
Dues & Filing Fees	796	1,139	-	2,669	-	5,445	10,048
Employee Benefits & Morale	1,621	-	35	3,843	1,464	3,127	10,089
Employee Recruitment	75	64	-	1,468	-	-	1,607
Equipment Rental	-	-	-	-	-	1,169	1,169
Field Trips/Outings	490	-	-	6,763	-	-	7,253
Groceries & Food	29,443	-	-	2,998	-	-	32,441
Insurance	14,317	4,216	912	68,722	10,608	66,427	165,203
Interest Expense	157	-	-	-	-	5,677	5,834
Legal & Professional	-	219	-	50,192	-	78,808	129,219
Maintenance & Repairs	8,810	-	733	5,668	-	10,445	25,655
Meetings/Seminars	-	-	-	84	1,783	1,523	3,390
Payroll	250,625	50,091	42,358	573,002	134,994	457,567	1,508,637
Permits & Fees	-	-	-	146	-	146	292
Postage & Delivery	11	-	-	-	307	-	318
Printing	-	-	-	-	1,450	-	1,450
Professional Training/Networking	-	200	-	-	1,972	14,309	16,481
Rent	-	-	63,100	-	-	-	63,100
Security	190	-	-	995	-	1,854	3,039
Staff Training	208	200	-	5,059	-	-	5,467
Storage Rental	-	-	-	-	-	4,465	4,465
Supplies	12,229	491	3,216	47,427	2,484	-	65,847
Taxes	-	-	-	-	-	12,701	12,701
Utilities	26,486	347	8,408	62,840	1,341	21,734	121,154
Depreciation Expense	60,206	-	-	207,984	-	5,473	273,663
Other	11,762	60,729	110	47,817	11,339	15,649	147,406
	<u>\$ 458,492</u>	<u>\$ 348,287</u>	<u>\$ 122,528</u>	<u>\$ 1,173,967</u>	<u>\$ 193,342</u>	<u>\$ 724,903</u>	<u>\$ 3,021,519</u>

See independent auditors' report and notes to financial statements

THE VILLAGE LEARNING CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR YEARS ENDING DECEMBER 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 103,820	\$ (324,686)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	269,321	273,663
Noncash donations of fixed assets	(35,115)	-
(Increase) decrease in operating assets		
Accounts receivable, net	18,935	4,292
Pledges receivable	(417,074)	(104,457)
Long-term receivable	50,000	271,000
Prepays	(11,542)	10,167
Increase (decrease) in operating liabilities		
Tenant deposits	(550)	550
Accounts payable	84,189	47,322
Accrued payroll	(258)	7,170
Other current liabilities	(9,126)	(47,777)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>52,600</u>	<u>137,244</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for fixed asset purchases	(105,832)	-
NET CASH USED BY INVESTING ACTIVITIES	<u>(105,832)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on short term notes payables	-	(1,667)
Payments on short term bank loans	(35,000)	(8,227)
Proceeds on short term bank loans	175,652	-
Proceeds on long term debt	32,445	-
Payments on long term debt	(5,211)	(62,665)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>167,885</u>	<u>(72,559)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	114,653	64,685
BEGINNING CASH AND CASH EQUIVALENTS	<u>283,150</u>	<u>218,465</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 397,803</u>	<u>\$ 283,150</u>
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	<u>\$ 4,544</u>	<u>\$ 5,834</u>
Noncash donations of fixed assets	<u>\$ 35,115</u>	<u>\$ -</u>

See independent auditors' report and notes to financial statements

NOTES TO FINANCIAL STATEMENTS

THE VILLAGE LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

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, 2020 and 2019

**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, 2020 and 2019, the Organization recorded approximately \$1,000 and \$0 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 \$35,115 and \$0 respectively, on the statement of financial position and corresponding revenues on the statement of activities during the year-ended December 31, 2020 and 2019.

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, 2020 and 2019

**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, 2020 & 2019 was \$1,920 and \$42,240, respectively. For the years ended December 31, 2020 & 2019, accounts receivable worth \$59,223 and \$40,764 , respectively, were written off as uncollectible.

Advertising Costs

Advertising costs are expensed as incurred.

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, 2020 and 2019

**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.

Subsequent Events

Subsequent events have been evaluated through July 21, 2021, which is the date the financial statements were issued.

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, 2020 and 2019, depreciation expense amounted to \$269,321 and \$273,663, respectively.

THE VILLAGE LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 3-LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of December 31, 2020, and 2019, reduced by amounts not available for general use because of donor-imposed restrictions for specific purposes:

	<u>2020</u>	<u>2019</u>
Financial assets, at year-end:		
Unrestricted cash and cash equivalents	\$ 397,803	\$ 283,150
Pledges receivable	527,516	110,442
Net accounts receivable	128,677	147,612
Less: Board-designated funds:		
Emergency (rainy day) funds	-	-
Less: Donor-restricted funds:		
Restricted funds for a specific purpose	<u>(450,160)</u>	<u>(75,000)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 603,836</u>	<u>\$ 466,204</u>

Additionally, the Organization has a line of credit of \$250,000, with available (unused) funds of approximately \$74,902 as of December 31, 2020, which it could draw upon in the event of an anticipated liquidity need.

NOTE 4-LONG-TERM DEBT

Long-term debt at December 31, 2020 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.

	\$ 32,445
Total long-term debt	32,445
Less current portion	(8,652)
Long-term liabilities	<u>\$ 23,793</u>

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

<u>Year</u>	<u>Balance Due</u>
2021	\$ 8,652
2022	8,652
2023	8,652
2024	6,489
2025 and thereafter	-
Total	<u>\$ 32,445</u>

THE VILLAGE LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

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 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.

The Organization received donor restricted funds in the amount of \$75,000 during the year-ended December 31, 2019 and carry a purpose restriction. These restricted funds are to be used for upgrades to the Organization’s Stoney Glen assisted living facility. Restrictions on these funds are only satisfied when the Organization uses these funds towards its intended purpose.

A summary of net assets with donor restrictions for the years ended December 31, 2020, and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Stoney Glen facilities upgrade	\$ 14,072	\$ 75,000
Medical services	110,000	-
Vocational training & supportive employment services	300,869	-
Pre-vocational training	25,219	-
Net assets with donor restrictions	<u>\$ 450,160</u>	<u>\$ 75,000</u>

NOTE 7-COVID-19 RISKS AND PAYCHECK PROTECTION PROGRAM

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 has 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 has obtained government support as provided under the CARES Act. The Organization also has a line of credit that it could borrow from if such need arises. Subsequent to December 31, 2020, the Organization is looking to hold events such as the Gala in-person as the COVID-19 regulations start to ease in the country.

THE VILLAGE LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

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

The Organization received a loan in the amount of approximately \$320,000 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.

Subsequent to year-end, the Organization applied for and received the second round of PPP loans in the amount of \$301,108 on May 17, 2021. The Organization intends to use the entire loan towards qualifying expenses. The Organization has determined that this event is a non-adjusting subsequent event. Accordingly, as of December 31, 2020, the financial statements have not been adjusted to include this loan amount.