



**THE VILLAGE LEARNING  
CENTER, INC.  
DBA THE VILLAGE LEARNING  
& ACHIEVEMENT CENTER**

**FINANCIAL STATEMENTS**

DECEMBER 31, 2024 AND 2023  
*(With Independent Auditor's Report Thereon)*

**THE VILLAGE LEARNING CENTER, INC.  
DBA THE VILLAGE LEARNING & ACHIEVEMENT CENTER**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
**The Village Learning Center, Inc.**  
**DBA Village Learning & Achievement Center**

### 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, 2024 and 2023, and the related statements of activities and changes in net assets, 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, 2024 and 2023, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits 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 Audits 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 GAAS 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 audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

*Doeren Mayhew Assurance*

Houston, Texas  
February 10, 2026

**THE VILLAGE LEARNING CENTER, INC.  
DBA THE VILLAGE LEARNING & ACHIEVEMENT CENTER**

**STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2024 AND 2023**

<b><u>Assets</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Current assets		
Cash and cash equivalents	\$ 1,101,004	\$ 542,292
Pledges receivable	25,000	-
Accounts receivable, net of allowance (Note 2)	337,152	575,814
Prepaid expenses	23,724	14,542
Asset held-for-sale (Note 5)	382,228	730,531
Total current assets	1,869,108	1,863,179
Property and equipment, net (Note 3)	2,844,876	3,247,556
Other assets		
Other receivable	-	17,239
Right of use operating lease assets (Note 12)	332,599	-
Total other assets	332,599	17,239
Total assets	<u>\$ 5,046,583</u>	<u>\$ 5,127,974</u>
<b><u>Liabilities and Net Assets</u></b>		
Current liabilities		
Accounts payable	\$ 170,325	\$ 177,124
Accrued payroll	24,198	25,994
Accrued Interest	21,312	13,750
Other current liabilities	21,506	28,541
Line of credit (Note 11)	-	50,000
Current portion of long-term debt (Note 9)	-	50,398
Operating lease liability - current (Note 12)	69,732	-
Total current liabilities	307,073	345,807
Non current liabilities		
Long-term debt, net of current portion (Note 9)	300,000	300,000
Operating lease liability - non current (Note 12)	264,769	-
Total non current liabilities	564,769	300,000
Total liabilities	871,842	645,807
Net assets		
Without donor restrictions	4,087,669	4,318,095
With donor restrictions (Note 7)	87,072	164,072
Total net assets	4,174,741	4,482,167
Total liabilities and net assets	<u>\$ 5,046,583</u>	<u>\$ 5,127,974</u>

See accompany notes to financial statements

**THE VILLAGE LEARNING CENTER, INC.  
DBA THE VILLAGE LEARNING & ACHIEVEMENT CENTER**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Net assets without donor restrictions		
Revenue and gains		
Center income	\$ 488,426	\$ 437,875
Stoney Glen income	160,837	405,908
HCS income	2,294,275	2,981,070
Thrift Store income	215,330	247,407
Development program - grants and donatons	334,044	357,225
In-kind donation	-	31,186
Fundraising income	372,197	358,110
Less: direct donor benefits	(70,753)	(82,103)
Gain on sale of asset held for sale and fixed assets	336,655	-
Total revenues and gains without donor restrictions	4,131,011	4,736,678
Net assets released from restrictions		
Restrictions satisfied by payments	731,423	577,350
Total revenues and gains and other support without donor restrictions	4,862,434	5,314,028
Expenses		
Stoney Glen	431,318	1,116,446
HCS	1,558,339	1,762,295
Thrift Store	239,172	277,915
Center	2,016,753	1,891,487
Fundraising and special events expenses	241,933	363,821
General and administrative	605,345	581,108
Total expenses	5,092,860	5,993,072
Decrease in net assets without donor restrictions	(230,426)	(679,044)
Net assets with donor restrictions		
Restricted grants for specific purpose	654,423	627,350
Restriction satisfied by payments	(731,423)	(577,350)
Change in net assets with donor restrictions	(77,000)	50,000
Decrease in net assets	(307,426)	(629,044)
Net assets - beginning of year	4,482,167	5,111,211
Net assets - end of year	<u>\$ 4,174,741</u>	<u>\$ 4,482,167</u>

See accompany notes to financial statements

**THE VILLAGE LEARNING CENTER, INC.  
DBA THE VILLAGE LEARNING & ACHIEVEMENT CENTER**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2024**

	Program Services				Supporting Services		Total
	Stoney Glen	HCS	Thrift Store	Center	Fundraising	Management and General	
Advertising	\$ -	\$ -	\$ 2,640	\$ -	\$ 3,300	\$ 660	\$ 6,600
Auto expenses	-	-	-	40,786	-	-	40,786
Provision for credit losses	-	-	-	128,260	-	-	128,260
Bank service charges	-	3,836	6,138	5,627	3,325	6,650	25,576
Computer software	-	-	3,319	4,425	2,090	2,459	12,293
Contract labor and services	70,255	1,236,489	-	28,102	14,051	56,204	1,405,101
Dues and filing fees	1,715	2,695	-	10,045	2,695	7,350	24,500
Employee benefits and morale	12,183	8,702	5,221	48,732	7,832	4,351	87,021
Field trips and outings	-	-	-	4,467	-	-	4,467
Groceries and food	17,560	18,022	-	10,629	-	-	46,211
Insurance	-	-	-	108,638	-	8,177	116,815
Interest expense	-	-	-	-	-	19,414	19,414
Legal and professional	2,462	4,924	2,462	9,848	-	226,508	246,204
Maintenance and repairs	17,168	30,297	2,020	46,455	1,010	4,040	100,990
Payroll	291,957	208,541	125,124	1,167,828	187,687	104,270	2,085,407
Postage and delivery	-	-	-	-	1,635	182	1,817
Printing	-	345	-	181	576	543	1,645
Professional training and networking	714	3,391	1,071	3,748	2,856	6,069	17,849
Rent	-	-	71,968	46,265	-	53,119	171,352
Security	-	-	364	354	-	354	1,072
Storage rental	-	-	225	-	-	-	225
Supplies	1,144	4,290	1,716	14,013	1,716	5,720	28,599
Property taxes	-	-	-	1,738	-	41,723	43,461
Utilities	11,975	26,345	9,580	53,888	4,790	13,173	119,751
Depreciation expense	-	-	-	250,291	-	2,528	252,819
Other	4,185	10,462	7,324	32,433	8,370	41,851	104,625
	<u>\$ 431,318</u>	<u>\$ 1,558,339</u>	<u>\$ 239,172</u>	<u>\$ 2,016,753</u>	<u>\$ 241,933</u>	<u>\$ 605,345</u>	<u>\$ 5,092,860</u>

See accompany notes to financial statements

**THE VILLAGE LEARNING CENTER, INC.  
DBA THE VILLAGE LEARNING & ACHIEVEMENT CENTER**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2023**

	Program Services				Supporting Services		Total
	Stoney Glen	HCS	Thrift Store	Center	Fundraising	Management and General	
Auto expenses	\$ 1,346	\$ -	\$ -	\$ 43,509	\$ -	\$ -	\$ 44,855
Provision for credit losses	116,285	-	-	60,081	17,443	-	193,809
Bank service charges	-	-	7,298	1,177	6,592	8,475	23,542
Computer software	684	489	196	3,911	2,640	1,858	9,778
Contract labor and services	36,423	1,511,543	54,634	127,480	54,634	36,423	1,821,137
Dues and filing fees	4,999	-	-	2,857	1,904	2,143	11,903
Employee benefits and morale	26,088	1,134	-	13,611	2,269	70,325	113,427
Equipment rental	2,634	790	-	5,927	263	3,556	13,170
Field trips and outings	-	-	-	-	-	4,915	4,915
Groceries and food	54,851	-	-	17,322	-	-	72,173
Insurance	5,688	-	-	47,778	-	60,291	113,757
Interest expense	2,045	-	-	1,636	-	16,765	20,446
Legal and professional	-	1,106	-	25,445	-	84,080	110,631
Maintenance and repairs	55,039	-	-	82,558	-	45,866	183,463
Payroll	696,538	202,478	110,106	1,086,249	217,449	117,797	2,430,617
Postage and delivery	23	-	-	-	629	-	652
Printing	-	-	-	-	3,895	687	4,582
Professional training and networking	-	-	-	-	31,826	-	31,826
Storage rental	-	-	-	-	-	5,526	5,526
Supplies	10,188	2,779	10,188	38,900	10,188	20,376	92,619
Property taxes	-	-	-	5,592	-	29,356	34,948
Utilities	29,467	7,687	7,687	57,653	7,687	17,937	128,118
Depreciation expense	67,507	-	-	233,206	-	6,137	306,850
Other	6,641	34,289	62	26,998	6,402	8,836	83,228
	<u>\$ 1,116,446</u>	<u>\$ 1,762,295</u>	<u>\$ 277,915</u>	<u>\$ 1,891,487</u>	<u>\$ 363,821</u>	<u>\$ 581,108</u>	<u>\$ 5,993,072</u>

See accompany notes to financial statements

**THE VILLAGE LEARNING CENTER, INC.  
DBA THE VILLAGE LEARNING & ACHIEVEMENT CENTER**

**STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (307,426)	\$ (629,044)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	252,819	306,850
(Gain) loss on disposal of asset held for sale and fixed assets	(336,655)	21,705
(Increase) decrease in operating assets		
Accounts receivable, net	238,662	(85,878)
Pledges receivable	(25,000)	18,223
Other receivable	17,239	(8,857)
Prepaid expenses	(9,182)	10,373
Increase (decrease) in operating liabilities		
Accounts payable	(6,799)	4,624
Accrued payroll	(1,796)	9,760
Accrued interest	7,562	7,563
Other current liabilities	(7,035)	(12,477)
Right of use assets and liabilities - operating leases	1,902	-
Net cash used by operating activities	<u>(175,709)</u>	<u>(357,158)</u>
Cash flows from investing activities		
Payments for fixed asset purchases	(261,651)	(118,088)
Proceeds from sale of asset held for sale	1,096,470	-
Net cash provided by (used by) investing activities	<u>834,819</u>	<u>(118,088)</u>
Cash flows from financing activities		
Proceeds from line of credit	150,000	50,000
Payments on line of credit	(200,000)	-
Proceeds from borrowing long term debt	-	43,908
Payments on long term debt	(50,398)	(8,652)
Net cash (used by) provided by financing activities	<u>(100,398)</u>	<u>85,256</u>
Net increase (decrease) in cash and cash equivalents	558,712	(389,990)
Cash and cash equivalents - beginning of year	<u>542,292</u>	<u>932,282</u>
Cash and cash equivalents - end of year	<u>\$ 1,101,004</u>	<u>\$ 542,292</u>

See accompany notes to financial statements

**THE VILLAGE LEARNING CENTER, INC.  
DBA THE VILLAGE LEARNING & ACHIEVEMENT CENTER**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

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**Note 1 - Nature of Organization**

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 choose 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.

**Note 2 - Summary of Significant Accounting Policies**

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.

Revenue Recognition

Revenue from exchange transactions is recognized in accordance with ASC 606, *Revenue from Contracts with Customers*. Revenue is recognized when control of promised services is transferred to customers in an amount that reflects the consideration the Organization expects to receive. The Organization provides a variety of program services, and revenue is generally recognized over time as services are rendered because participants simultaneously receive and benefit from the services provided. This includes revenue from the Home and Community Services (HCS) program, center-based day programs, and residential services at The Village at Stoney Glen, all of which involve ongoing delivery of care, support, case management, and related services. Retail sales from the Organization's thrift store are recognized at the point in time when a customer purchases merchandise and control transfers at the time of sale.

**THE VILLAGE LEARNING CENTER, INC.  
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**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

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*Contributions, grants, and donations* - Accounted for in accordance with ASC 958-605. Unconditional contributions are recognized as revenue when received and are recorded as support with or without donor restrictions depending on the nature of donor stipulations. Conditional contributions are not recognized until the conditions on which they depend have been substantially met; amounts received in advance of meeting conditions are recorded as refundable advances or deferred revenue. Special event revenue is recognized in the period in which the event occurs, with the fair value of direct donor benefits reported separately in the statements of activities and changes in net assets.

*Contributed services and nonfinancial assets* - Contributed services are recognized if they create or enhance nonfinancial assets or require specialized skills that would typically need to be purchased if not provided by donation. Contributed services that do not meet the criteria for recognition are not included in the financial statements.

*Unconditional contributions 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 statements of activities and changes in net assets 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 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 donate 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 statements of activities and changes in net assets at their fair value. See Note 6 below for more information.

*Special events* - Special events revenue is generated through ticket sales, sponsorship agreements and contributions associated with the event. The exchange transaction portion of ticket sales is recognized when the special event occurs. The contribution portion is recognized immediately, unless there is a barrier to entitlement and right of return if the special event does not take place. Special events revenue of \$372,197 and \$358,110 net of direct of expense of \$70,753 and \$82,103 has been included in revenues and gains without donor restrictions on the statements of activities and changes in net assets for the years ended December 31, 2024 and 2023, respectively.

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.

**THE VILLAGE LEARNING CENTER, INC.  
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**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

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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. The Organization is subject to the concentration of credit risk relating to cash balances. The Organization's cash deposits can exceed Federal Deposit Insurance Corporation (FDIC) insured limits of \$250,000. The Organization's uninsured cash balances totaled \$764,354 and \$159,007 for the years ended December 31, 2024 and 2023, respectively.

Accounts Receivable

Trade accounts receivable are stated at the amount the Organization expects to collect. The Organization maintains allowances for credit losses 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 for credit loss at December 31, 2024 and 2023 was \$175,382 and \$59,668, respectively. Provision for credit losses totaled \$128,260 and \$193,809 for the year ended December 31, 2024 and 2023, respectively. These amounts consisted of \$128,260 and \$107,692 related to the provision for credit losses at December 31, 2024 and 2023, respectively. Changes in the allowance for credit losses related to accounts receivable and pledges receivable, including write-offs, are presented in the allowance for credit losses rollforward elsewhere in this note.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2024 and 2023 were \$6,600 and \$-0-, respectively.

Expense Allocation

Expenses for the Organization have been disaggregated in the statements 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 statements 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 (IRS) as other than a private foundation. The Organization files an annual Form 990 information report with the IRS. 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.  
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**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

Operating Leases

The Organization recognizes right-of-use assets and lease liabilities for leases with terms greater than 12 months. Leases are classified as either finance or operating leases. This classification dictates whether lease expense is recognized based on an effective interest method (finance leases) or on a straight-line basis over the term of the lease (operating leases). Lease and non-lease components of a contract are accounted for separately for all classes of underlying assets, with amounts allocated to the lease and non-lease components based on stand-alone price. The Organization's right-of-use assets and lease liabilities primarily relate to office facilities and equipment. Renewal periods are included in the expected lease term if they are reasonably certain of being exercised.

Right-of-use assets and lease liabilities are recorded at the net present value of future lease payments and include any initial direct costs incurred at lease commencement. The Organization uses a practical expedient that allows the Organization to use the risk-free rate to determine the present value of lease payments based on the information available at lease commencement. Right-of-use assets under operating leases are reduced as lease expense is incurred. Short-term leases (initial terms less than 12 months) are expensed on a straight-line basis over the lease term.

Adoption of Accounting Standard Update No. 2016-13, Financial Instruments - Credit Losses (Topic 326)

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing the entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that were primarily subject to guidance in FASB ASC 326 were accounts receivable. The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements.

	<b>2024</b>	<b>2023</b>	<b>2022</b>
Accounts receivable	\$ 512,534	\$ 635,482	\$ 533,123
Less: allowance for credit losses	(175,382)	(59,668)	(43,187)
Total accounts receivable, net	\$ 337,152	\$ 575,814	\$ 489,936

The allowance for credit losses consists of the following:

	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 59,668	\$ 43,187
Provision for credit losses	128,260	107,690
Adjustments to existing allowances, including write-offs	(12,546)	(91,209)
Balance at December 31	\$ 175,382	\$ 59,668

Provision for credit losses for the years ended December 31, 2024 and 2023 totaled \$128,260 and \$193,809, of which \$128,260 and \$107,692, respectively, related to the provision for credit losses, including write-offs of accounts and pledges receivable, are presented in the allowance roll forward above.

**THE VILLAGE LEARNING CENTER, INC.  
DBA THE VILLAGE LEARNING & ACHIEVEMENT CENTER**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

Retirement Plan

The Organization sponsors a 403(b) defined contribution retirement plan for employees meeting eligibility criteria as defined in the plan. Participant contributions to the plan consist solely of employee salary and wage deferrals. The Organization did not make any employer contributions to the plan during 2024 and 2023.

**Note 3 - Property and Equipment**

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

Property and equipment consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Computers and equipment	\$ 259,469	\$ 259,469
Vehicles	549,204	450,456
Software	9,745	9,745
Building improvements	212,643	570,066
Buildings	<u>3,806,720</u>	<u>4,163,899</u>
Total depreciable items at cost	4,837,781	5,453,635
Less: accumulated depreciation	<u>(2,469,840)</u>	<u>(2,683,014)</u>
Total depreciable items, net	2,367,941	2,770,621
Land	<u>476,935</u>	<u>476,935</u>
Total property and equipment, net	<u>\$ 2,844,876</u>	<u>\$ 3,247,556</u>

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Properties classified as held for sale as of December 31, 2024 and 2023, were subsequently sold after year end. Accordingly, the 2024 assets remain classified as held for sale as of year-end. See Note 5 for further information.

For the years ended December 31, 2024 and 2023, depreciation expense amounted to \$252,819 and \$306,850, respectively.

**Note 4 - Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets as of December 31, 2024 and 2023, reduced by amounts not available for general use because of donor-imposed restrictions for specific purposes:

	<b>2024</b>	<b>2023</b>
Financial assets		
Cash and cash equivalents	\$ 1,101,004	\$ 542,292
Accounts receivable, net	337,152	575,814
Less: donor-restricted funds		
Restricted funds for a specific purpose	(87,072)	(164,072)
Financial assets available to meet cash needs for general expenditure within one year	\$ 1,351,084	\$ 954,034

Additionally, the Organization has a line of credit that allows them to borrow up to \$250,000, with available (unborrowed) funds of \$250,000 as of December 31, 2024, which it could draw upon in the event of an anticipated liquidity need. See Note 11 below for more information.

**Note 5 - Asset Held For Sale**

In November 2023, the Board of Directors approved a plan to sell the property located at 2225 Stoney Glen Drive, Kingwood, Texas, and authorized management to begin marketing the property. An appraisal obtained in December 2023 valued the property at approximately \$1.70 million, and multiple purchase proposals were received before year-end. Based on the actions, the property met the held-for-sale criteria under ASC 360-10 as of December 31, 2023.

In November 2024, the Board of Directors approved a plan to sell the property located at 3930 Glade Valley Drive, Kingwood, Texas, to a related party. An appraisal obtained in May 2023 valued the property at approximately \$850,000. Based on the actions, the property met the held-for-sale criteria under ASC 360-10 as of December 31, 2024.

Held-for-sale assets are reported at the lower of carrying amount or fair value less costs to sell. Management determined that the carrying amounts did not exceed fair value less costs to sell; therefore, no impairment loss was recorded.

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Assets held for sale consisted of the following:

	<b>2024</b>	<b>2023</b>
Building	\$ 25,049	\$ 501,147
Leasehold improvement	-	73,037
Fixture	-	6,347
Land	357,179	150,000
Total assets held for sale	\$ 382,228	\$ 730,531

The sale of the Stoney Glen property was completed in June 2024 and a gain of approximately \$330,000 was recorded.

The sale of the Glade Valley property was completed in January 2025. No sale proceeds were received during 2024. See Note 13 for information regarding this subsequent event.

**Note 6 - In-kind Donation**

During the years ended December 31, 2024 and 2023, the Organization recognized approximately \$-0- and \$31,186, respectively, in contributed legal and consulting services. A portion of these services related to matters performed in a prior period; the related expenses were recorded when incurred, and the contributed service revenue was recognized in 2023 when the fair value became determinable.

The organization values contributed professional services using the service provider's standard billing rates, which represent the fair value of the services received.

The contributed legal services are included in contributed professional services revenue and professional fees expense, primarily within management and general activities, in the accompanying statements of activities and changes in net assets.

**Note 7 - Net Assets with Donor Restrictions**

During the years ended December 31, 2024 and 2023, the Organization received \$654,423 and \$627,350, respectively, in contributions subject to donor-imposed restrictions. These funds were designated for specific purposes, including Stoney Glen facility and kitchen improvements, medical services and operating expenses, vocational training and supportive employment programs, DayHab program activities, transportation, and the purchase of a box truck for thrift operations. Restricted funds expended during the years ended December 31, 2024 and 2023 totaled \$731,423 and \$577,350, respectively, which were used for the purposes intended by the donors.

As of December 31, 2024 and 2023, net assets with donor restrictions totaled \$87,072 and \$164,072, respectively. A summary of net assets with donor restrictions for the years ended December 31 is as follows:

	<b>2024</b>	<b>2023</b>
Stoney Glen facilities upgrade	\$ 14,072	\$ 14,072
Medical services	50,000	100,000
Box Truck for Thrift	-	50,000
Program development	23,000	-
Net assets with donor restrictions	\$ 87,072	\$ 164,072

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**Note 8 - Related Party Transactions**

During the years ended December 31, 2024 and 2023, the Organization obtained accounting services from a company owned by a member of the Board of Directors. For the years ended December 31, 2024 and 2023, fees paid to this company totaled approximately \$160,000 and \$46,000, respectively. No amounts were payable to the company at year end. The Board member with ownership in the company did not participate in the approval of these transactions.

Subsequent to year-end, as disclosed in Note 13 in January 2025, the Organization sold real property to an employee of the Organization.

**Note 9 - Long-term Debt**

Long-term debt at December 31, 2024 and 2023 consists of the following:

	<b>2024</b>	<b>2023</b>
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.	\$ -	\$ 6,489
Installment loan payable to Comerica Bank, in monthly payments of \$1,197, which includes principal and interest, through May 2027.	-	43,909
SBA loan payable to the U.S Small Business Administration (SBA), in monthly installment payments of \$1,347, which includes principal and interest, through April 2052 (See Note 10 below)	300,000	300,000
Total long-term debt	300,000	350,398
Less: current portion	-	(50,398)
Total long-term liabilities	\$ 300,000	\$ 300,000

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

2025	\$ -	-
2026		-
2027		3,292
2028		8,084
2029 and thereafter		288,624
Total	\$ 300,000	300,000

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During 2024, the Organization paid down the installment note payable to Comerica Bank. Accordingly, as of December 31, 2023, the balance of this Comerica Bank note amounting \$43,908 has been presented as a current liability in the statements of financial position.

Total interest expense for all obligations during the years ended December 31, 2024 and 2023 was \$19,414 and \$20,445, respectively.

**Note 10 - Economic Injury Disaster Loan**

On April 15, 2022, the Organization executed a secured loan with the U.S. Small Business Administration (SBA) under the Economic Injury Disaster Loan program in the amount of \$300,000. The loan is secured by all tangible and intangible assets of the Organization and payable over 30 years at an interest rate of 2.75% per annum. Initially, the monthly payments were scheduled to start on 12 months from the date of note, however, on March 16, 2021, the SBA released updated guidance which extended the first payment due to 24 months from the date of the note. The Organization's installment payments will begin 24 months from April 15, 2022, with monthly payments of \$1,347 applied first to accrued interest and thereafter allocated between principal and interest, with the loan maturing on April 15, 2052. Accordingly, as of December 31, 2024 and 2023, the balance on this SBA loan amounting \$300,000 has been presented as long-term in the statements of financial position. See Note 9 above for more information.

**Note 11 - Line of Credit**

The Organization has a revolving line of credit allowing for borrowings of \$250,000. The line requires a nominal annual line fee and bears interest at the Prime Rate. The loan is secured by all of the Organization's assets and is due on demand. The Organization had an outstanding debt balance of \$- and \$50,000 for the years ended December 31, 2024 and 2023, respectively.

**Note 12 - Leases**

The Organization leases multiple program facilities, including properties located at Loop 494, Glade Valley Drive, Rising Hills Court, and Skylark Valley Trace in Texas. These leases generally commenced between 2017 and 2021, and upon expiration, the Organization enters into new leases either annually or on a month-to-month basis. Monthly rental payments under these agreements range from approximately \$1,900 to \$6,000. In each case, the lease term is 12 months or less, and accordingly, the Organization has elected to apply the short-term lease exception as disclosed in Note 2.

The Organization also leases certain office space and equipment under long-term, non-cancellable operating leases that expire at various dates through 2029. Monthly rental payments under these agreements range from approximately \$870 to \$6,000.

The Organization's lease expense consists of the following for the years ended December 31:

	<b>2024</b>	<b>2023</b>
Operating lease expense	\$ 50,712	\$ -
Short-term lease expense	150,630	137,100
Total lease cost	\$ 201,342	\$ 137,100

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Supplementary lease information is as follows for the years ended December 31:

	<b>2024</b>	<b>2023</b>
Cash paid for amounts included in measurement of lease liabilities		
Operating cash flows from operating leases	\$ 41,961	\$ -
Right-of-use assets obtained in exchange for new operating lease liabilities	367,081	-
Weighted-average remaining lease term - operating leases	4.31 years	-
Weighted-average discount rate - operating leases	4.53%	-

The remaining lease payments is as follows for the year ending December 31:

2025		\$ 83,133
2026		84,764
2027		86,394
2028		81,065
2029		32,610
Thereafter		-
Total minimum lease payments		367,966
Less: imputed interest		(33,465)
Present value of lease liabilities		\$ 334,501

**Note 13 - Subsequent Events**

Subsequent events have been evaluated through February 10, 2026, which is the date the financial statements were issued.

Subsequent to year-end and prior to the issuance of these financial statements, the Organization completed the sale of the property located at 3930 Glade Valley Drive, Kingwood, TX, which had been classified as an asset held for sale on the Organization's statement of financial position as of December 31, 2024 (see Note 5). The property was sold to an employee of the Organization for approximately \$850,000. The sale resulted in a gain of approximately \$420,000, which will be recognized in 2025. This subsequent event does not impact the Organization's financial statements as of and for the years ended December 31, 2024 and 2023 and is disclosed for informational purposes only.