

**EAST END ADULT EDUCATION CENTER
FINANCIAL STATEMENTS
CINCINNATI, OHIO
YEARS ENDED JULY 31, 2023 AND JULY 31, 2022**

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

November 20, 2023

To the Board of Trustees
East End Adult Education Center
Cincinnati, Ohio

We have reviewed the accompanying financial statements of East End Adult Education Center (a nonprofit organization), which comprise the statements of financial position, as of July 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

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

Accountants' Conclusion

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

Grelle, Jump & Company, LLC

Grelle, Jump & Company, LLC
Cincinnati, Ohio

**EAST END ADULT EDUCATION CENTER
STATEMENTS OF FINANCIAL POSITION
AS OF JULY 31, 2023 AND 2022**

	JULY 31, 2023	JULY 31, 2022
ASSETS		
<u>ASSETS</u>		
Cash	\$ 100,504	\$ 81,894
Cash restricted to purchase textbooks	10,081	10,081
Cash restricted to purchase of property and equipment	5,382	7,509
Property and equipment	1,872	2,328
Right of Use Asset	37,371	0
Other assets	<u>29,605</u>	<u>29,245</u>
 TOTAL ASSETS	 \$ <u>184,815</u>	 \$ <u>131,057</u>
LIABILITIES AND NET ASSETS		
<u>LIABILITIES</u>		
Payroll liabilities	\$ 3,401	\$ 4,717
Credit Card Payable	193	0
Lease Liability Short Term	21,978	0
Lease Liability Long Term	<u>15,393</u>	<u>0</u>
 TOTAL LIABILITIES	 40,965	 4,717
 <u>NET ASSETS</u>		
Without donor restrictions	128,387	108,749
With donor restrictions	<u>15,463</u>	<u>17,591</u>
TOTAL NET ASSETS	<u>143,850</u>	<u>126,340</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u>184,815</u>	 \$ <u>131,057</u>

See accompanying notes and independent accountants' review report

EAST END ADULT EDUCATION CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 2023

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	JULY 31, 2023
<u>REVENUE, GAINS, AND OTHER SUPPORT</u>			
PUBLIC SUPPORT:			
Contributions	\$ <u>243,535</u>	\$ <u>3,000</u>	\$ <u>246,535</u>
REVENUE:			
Testing fees	1,713	-	1,713
Interest & dividends	2,559	-	2,559
Investment income(loss)	(579)	-	(579)
Other Income	78	-	78
Net assets released from restrictions	<u>5,128</u>	<u>(5,128)</u>	<u>-</u>
TOTAL REVENUE	<u>8,899</u>	<u>(5,128)</u>	<u>3,771</u>
TOTAL REVENUE , GAINS, AND OTHER SUPPORT	252,434	(2,128)	250,306
<u>EXPENSES</u>			
Program Services	163,339	-	163,339
<u>SUPPORTING SERVICES</u>			
Management and general	34,614	-	34,614
Fundraising	<u>34,843</u>	<u>-</u>	<u>34,843</u>
TOTAL SUPPORTING SERVICES	69,457	-	69,457
TOTAL EXPENSES	<u>232,796</u>	<u>-</u>	<u>232,796</u>
CHANGE IN NET ASSETS	19,638	(2,128)	17,510
NET ASSETS AT BEGINNING OF YEAR	<u>108,749</u>	<u>17,591</u>	<u>126,340</u>
NET ASSETS AT END OF YEAR	\$ <u><u>128,387</u></u>	\$ <u><u>15,463</u></u>	\$ <u><u>143,850</u></u>

See accompanying notes and independent accountants' review report

EAST END ADULT EDUCATION CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	JULY 31, 2022
<u>REVENUE, GAINS, AND OTHER SUPPORT</u>			
PUBLIC SUPPORT:			
Contributions	\$ <u>185,910</u>	\$ <u>3,000</u>	\$ <u>188,910</u>
REVENUE:			
Testing fees	1,510	-	1,510
Interest & dividends	1,027	-	1,027
Investment income (loss)	(388)	-	(388)
Other Income	0	-	0
Net assets released from restrictions	<u>3,990</u>	<u>(3,990)</u>	<u>-</u>
TOTAL REVENUE	<u>6,139</u>	<u>(3,990)</u>	<u>2,149</u>
TOTAL REVENUE , GAINS, AND OTHER SUPPORT	192,049	(990)	191,059
<u>EXPENSES</u>			
Program Services	148,652	-	148,652
<u>SUPPORTING SERVICES</u>			
Management and general	31,624	-	31,624
Fundraising	<u>31,230</u>	<u>-</u>	<u>31,230</u>
TOTAL SUPPORTING SERVICES	62,854	-	62,854
TOTAL EXPENSES	<u>211,506</u>	<u>-</u>	<u>211,506</u>
CHANGE IN NET ASSETS	(19,457)	(990)	(20,447)
NET ASSETS AT BEGINNING OF YEAR	<u>128,206</u>	<u>18,581</u>	<u>146,787</u>
NET ASSETS AT END OF YEAR	\$ <u><u>108,749</u></u>	\$ <u><u>17,591</u></u>	\$ <u><u>126,340</u></u>

See accompanying notes and independent accountants' review report

**EAST END ADULT EDUCATION CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2023**

	PROGRAM SERVICES	SUPPORTING SERVICES MANAGEMENT		TOTAL
		AND GENERAL	FUND RAISING	
Salaries	\$ 124,481	\$ 20,747	\$ 20,747	\$ 165,975
Payroll taxes	9,523	1,587	1,587	12,697
Total salaries and related expenses	134,004	22,334	22,334	178,672
Educational supplies	5,180	-		5,180
Supplies and expendables	286	51		337
Utilities and telephone	1,511	1,008		2,519
Insurance	2,668	890		3,558
Miscellaneous	106	36		142
Outside services	331	111		442
Professional services and fees	1,700	3,965		5,665
Postage	195	585		780
Newsletter and fundraising	-	-	12,509	12,509
Rent and Lease	16,902	5,634		22,536
Depreciation	456	-		456
TOTAL EXPENSES	\$ 163,339	\$ 34,614	\$ 34,843	\$ 232,796

See accompanying notes and independent accountants' review report

EAST END ADULT EDUCATION CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2022

	PROGRAM SERVICES	SUPPORTING SERVICES		TOTAL
		MANAGEMENT AND GENERAL	FUND RAISING	
Salaries	\$ 115,395	\$ 19,233	\$ 19,233	\$ 153,860
Payroll taxes	8,828	1,471	1,471	11,770
Total salaries and related expenses	124,223	20,704	20,704	165,630
Educational supplies	3,428	-		3,428
Supplies and expendables	563	99		662
Utilities and telephone	1,351	901		2,252
Insurance	2,673	891		3,564
Miscellaneous	(502)	24		(478)
Outside services	70	24		94
Professional services and fees	1,665	3,885		5,550
Postage	133	401		534
Newsletter and fundraising	-	-	10,527	10,527
Rent	14,085	4,695		18,780
Depreciation	963	-		963
TOTAL EXPENSES	\$ 148,652	\$ 31,624	\$ 31,231	\$ 211,506

See accompanying notes and independent accountants' review report

EAST END ADULT EDUCATION CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED JULY 31, 2023 AND 2022

	JULY 31, 2023	JULY 31, 2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 17,510	\$ (20,447)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	456	963
Change in other assets	(358)	(513)
Decrease in:		
Accrued expenses	193	-
Payroll liabilities	(1,316)	300
Lease Liability Short Term	21,978	-
Net cash provided by operating activities	38,463	(19,697)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Right of Use Assets	(\$37,371)	-
Purchases of property and equipment	-	-
Net cash provided by investing activities	(\$37,371)	-
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Lease Liability Long Term	15,391	-
Net cash provided by financing activities	15,391	-
NET INCREASE (DECREASE) IN CASH	16,483	(19,697)
CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR	99,484	119,181
CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	\$ 115,967	\$ 99,484

DISCLOSURE OF ACCOUNTING POLICY:

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

See accompanying notes and independent accountants' review report

EAST END ADULT EDUCATION CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2023 AND 2022

NOTE 1 ORGANIZATION AND ACCOUNTING PRINCIPLES

The following is a summary of significant accounting policies followed in the preparation of these financial statements. The policies conform to accounting principles generally accepted in the United States of America and have been consistently applied.

ORGANIZATION

East End Adult Education Center is incorporated in the state of Ohio as a charitable corporation and is exempt from federal, state, and local income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the organization qualifies for the charitable contributions deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

East End Adult Education Center's mission is to provide quality educational programs for residents of Greater Cincinnati's East End and surrounding areas aimed at increasing a student's basic literacy, academic, and job skills.

BASIS OF ACCOUNTING

The accounting and reporting policies of the Organization conform with accounting principles generally accepted in the United States of America ("GAAP") as contained in the Accounting Standards Codification ("ASC") issued by the Financial Accounting Standards Board ("FASB"), and with general practices within the industry. The following is a summary of the significant accounting policies:

BASIS OF PRESENTATION

The organization has presented its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, the organization is required to report information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity

The Organization's unspent contributions are reported in net assets with donor contributions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service

EAST END ADULT EDUCATION CENTER

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2023 AND 2022

NOTE 1 ORGANIZATION AND ACCOUNTING PRINCIPLES (CONTINUED)

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

INCOME TAXES

Management has evaluated income tax positions taken or expected to be taken, if any, on income tax returns filed and the likelihood that, upon examination by relevant jurisdictions, those income tax positions would be sustained. Based on the results of this evaluation, management determined there are no positions that necessitated disclosures and/or adjustments.

The income tax returns filed are not subject to examination by U.S. federal tax authorities for tax years before the fiscal year ended July 31, 2019.

PROPERTY & EQUIPMENT

Property and equipment are stated at cost or, if donated, the fair market value at such date. Costs of maintenance and repairs are charged to expense as incurred. Major improvements and renewals, in general, are capitalized. Depreciation is computed on the straight-line method over the estimated useful life of the asset.

Depreciation charged against operations amounted to \$456 and \$963 for the years ended July 31, 2023 and 2022, respectively.

Property and equipment consist of following:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 4,270	\$ 4,270
Furniture & Fixtures	4,159	4,159
Leasehold Improvements	<u>1,913</u>	<u>1,913</u>
	10,342	10,342
Accumulated depreciation	<u>(8,470)</u>	<u>(8,014)</u>
	<u>\$ 1,872</u>	<u>\$ 2,328</u>

RESTRICTION ON NET ASSETS

Net Assets with donor restrictions are available for the following purposes for the years ended July 31:

	<u>2023</u>	<u>2022</u>
Equipment Purchases	\$ 5,382	\$ 7,509
Textbooks	<u>10,081</u>	<u>10,081</u>
	<u>\$15,463</u>	<u>\$17,590</u>

EAST END ADULT EDUCATION CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2023 AND 2022

NOTE 1 ORGANIZATION AND ACCOUNTING PRINCIPLES (CONTINUED)

CONTRIBUTIONS

Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets with donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

PROMISES TO GIVE

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FUNCTIONAL ALLOCATION OF EXPENSES

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

GROUP CONCENTRATIONS OF CREDIT RISK

The organization serves clients in the southwest Ohio/Greater Cincinnati area and receives a substantial amount of its funding from donors mainly in southwest Ohio.

RETROACTIVE RECLASSIFICATIONS

Certain accounts in the prior year financial statements may have been reclassified, for comparative purposes, to conform with the presentation in the current year financial statements.

EAST END ADULT EDUCATION CENTER

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2023 AND 2022

NOTE 1 ORGANIZATION AND ACCOUNTING PRINCIPLES (CONTINUED)

CASH AND CASH EQUIVALENTS

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows,

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$100,504	\$ 81,317
Cash restricted for purchase of textbooks	10,081	10,081
Cash restricted for purchase of property and equipment	<u>5,382</u>	<u>7,509</u>
Total cash, cash equivalents, and restricted cash	<u>\$115,967</u>	<u>\$ 98,907</u>

LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor imposed restrictions within one year of the statement of financial position date.

	<u>2023</u>	<u>2022</u>
Financial assets at year end	\$ 143,850	\$125,763
Less those unavailable for general expenditures within one year, due to:		
Donor-restricted to purchase of equipment	(5,382)	(7,509)
Donor-restricted to purchase of textbooks	<u>(10,081)</u>	<u>(10,081)</u>
Financial assets available to meet cash needs for general expenditure within one year	\$ 123,387	\$108,173

NOTE 2 OPERATING LEASES

The organization entered into an extended operating lease for premises during the fiscal year July 31, 2022. The lease term is 3 years beginning April 2022 and ending March 2025. Monthly rental cost under the lease - April 2022 to March 2025 is \$1,878.00. The lease may be extended another three years at a fixed rate \$13.00 per square foot with 1% annual increases. Total lease expense amounted to \$22,536 and \$18,780 for the years ended July 31, 2023 and 2022, respectively.

The company has adopted Accounting Standards Update (ASU) No. 2021-05 – Leases (Topic 842). ASC 842 requires a lessee to recognize leases on-balance sheet. The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Lease – Right of Use and Lease – Liability were \$37,371.17 and \$37,371.17, for the year ended July 31, 2023. This is based on the on the present value of all future payments with a discount rate of 0.97%.

EAST END ADULT EDUCATION CENTER

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2023 AND 2022

NOTE 2 OPERATING LEASES (CONTINUED)

The following is a schedule of the undiscounted cash flows pertaining to the operating lease as of July 31:

2024	22,536
2025	<u>15,024</u>
	<u>\$ 37,560</u>

NOTE 3 CERTIFICATE OF DEPOSIT

Currently, the organization does not hold any certificate of deposit.

NOTE 4 EVALUATION OF SUBSEQUENT EVENTS

The organization evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 20, 2023, which is the date the financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States of America. The Organization has adjusted certain aspects of their operations to protect their employees and students. As a result, the organization has temporarily closed their offices to serving students in their facility; however, volunteers continue to virtually provide service. While the disruption is currently expected to be temporary, there is uncertainty around the duration.

The duration of any business disruption and related financial impact of grant revenue and contributions cannot be reasonably estimated at this time but may materially affect Organization's operations. The extent to which the coronavirus pandemic may impact Organization's operating results, financial condition, and cash flow will depend on the future developments, which are highly uncertain and cannot be predicted at this time, including new information that may emerge concerning the severity of the coronavirus and steps taken to contain the coronavirus or treat its impact, among others.