

**EAST END ADULT EDUCATION CENTER
FINANCIAL STATEMENTS
CINCINNATI, OHIO
YEARS ENDED JULY 31, 2021 AND JULY 31, 2020**

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

October 27, 2021

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, 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. 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
Cincinnati, Ohio

EAST END ADULT EDUCATION CENTER
STATEMENTS OF FINANCIAL POSITION
AS OF JULY 31, 2021 AND 2020

	JULY 31, 2020	JULY 31, 2019
ASSETS		
ASSETS		
Cash	\$ 100,600	\$ 119,885
Cash restricted to purchase textbooks	10,587	8,817
Cash restricted to purchase of property and equipment	7,994	7,994
Property and equipment	3,291	2,725
Other assets	<u>28,733</u>	<u>20,072</u>
TOTAL ASSETS	\$ <u>151,205</u>	\$ <u>159,493</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Payroll liabilities	\$ <u>4,418</u>	\$ <u>3,802</u>
TOTAL LIABILITIES	4,418	3,802
NET ASSETS		
Without donor restrictions	128,206	138,880
With donor restrictions	<u>18,581</u>	<u>16,811</u>
TOTAL NET ASSETS	<u>146,787</u>	<u>155,691</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>151,205</u>	\$ <u>159,493</u>

See accompanying notes and independent accountants' review report

EAST END ADULT EDUCATION CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	JULY 31, 2021
<u>REVENUE, GAINS, AND OTHER SUPPORT</u>			
PUBLIC SUPPORT:			
Contributions	\$ <u>179,309</u>	\$ <u>5,000</u>	\$ <u>184,309</u>
REVENUE:			
Testing fees	1,920	-	1,920
Interest & dividends	593	-	593
Investment income(loss)	8,164	-	8,164
Other Income	912	-	912
Net assets released from restrictions	<u>3,230</u>	<u>(3,230)</u>	<u>-</u>
TOTAL REVENUE	<u>14,819</u>	<u>(3,230)</u>	<u>11,589</u>
TOTAL REVENUE , GAINS, AND OTHER SUPPORT	194,128	1,770	195,898
<u>EXPENSES</u>			
Program Services	143,902	-	143,902
<u>SUPPORTING SERVICES</u>			
Management and general	30,370	-	30,370
Fundraising	<u>30,530</u>	<u>-</u>	<u>30,530</u>
TOTAL SUPPORTING SERVICES	60,900	-	60,900
TOTAL EXPENSES	<u>204,802</u>	<u>-</u>	<u>204,802</u>
CHANGE IN NET ASSETS	(10,674)	1,770	(8,904)
NET ASSETS AT BEGINNING OF YEAR	<u>138,880</u>	<u>16,811</u>	<u>155,691</u>
NET ASSETS AT END OF YEAR	\$ <u><u>128,206</u></u>	\$ <u><u>18,581</u></u>	\$ <u><u>146,787</u></u>

See accompanying notes and independent accountants' review report

EAST END ADULT EDUCATION CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	JULY 31, 2020
<u>REVENUE, GAINS, AND OTHER SUPPORT</u>			
PUBLIC SUPPORT:			
Contributions	\$ <u>212,716</u>	\$ <u>3,000</u>	\$ <u>215,716</u>
REVENUE:			
Testing fees	1,250	-	1,250
Interest & dividends	2,318	-	2,318
Investment income (loss)	(3,525)	-	(3,525)
Net assets released from restrictions	<u>799</u>	<u>(799)</u>	<u>-</u>
TOTAL REVENUE	<u>842</u>	<u>(799)</u>	<u>43</u>
TOTAL REVENUE , GAINS, AND OTHER SUPPORT	213,558	2,201	215,759
<u>EXPENSES</u>			
Program Services	124,577	-	124,577
<u>SUPPORTING SERVICES</u>			
Management and general	27,848	-	27,848
Fundraising	<u>22,429</u>	<u>-</u>	<u>22,429</u>
TOTAL SUPPORTING SERVICES	50,277	-	50,277
TOTAL EXPENSES	<u>174,854</u>	<u>-</u>	<u>174,854</u>
CHANGE IN NET ASSETS	38,704	2,201	40,905
NET ASSETS AT BEGINNING OF YEAR	<u>100,176</u>	<u>14,610</u>	<u>114,786</u>
NET ASSETS AT END OF YEAR	\$ <u><u>138,880</u></u>	\$ <u><u>16,811</u></u>	\$ <u><u>155,691</u></u>

See accompanying notes and independent accountants' review report

EAST END ADULT EDUCATION CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2021

	PROGRAM SERVICES	SUPPORTING SERVICES		TOTAL
		MANAGEMENT AND GENERAL	FUND RAISING	
Salaries	\$ 114,892	\$ 19,149	\$ 19,149	\$ 153,190
Payroll taxes	8,789	1,465	1,465	11,719
Total salaries and related expenses	123,681	20,614	20,614	164,909
Educational supplies	2,512	-	-	2,512
Supplies and expendables	502	88	-	590
Utilities and telephone	1,260	840	-	2,100
Insurance	2,580	860	-	3,440
Miscellaneous	252	84	-	336
Outside services	70	24	-	94
Professional services and fees	1,732	4,043	-	5,775
Postage	125	374	-	499
Newsletter and fundraising	-	-	9,916	9,916
Rent	10,329	3,443	-	13,772
Depreciation	859	-	-	859
TOTAL EXPENSES	\$ 143,902	\$ 30,370	\$ 30,530	\$ 204,802

See accompanying notes and independent accountants' review report

EAST END ADULT EDUCATION CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2020

	PROGRAM SERVICES	SUPPORTING SERVICES		TOTAL
		MANAGEMENT AND GENERAL	FUND RAISING	
Salaries	\$ 93,195	\$ 15,532	\$ 15,532	\$ 124,259
Payroll taxes	7,130	1,188	1,188	9,506
Total salaries and related expenses	100,325	16,720	16,720	133,765
Educational supplies	2,324	-		2,324
Supplies and expendables	653	115		768
Utilities and telephone	1,168	778		1,946
Insurance	2,291	764		3,055
Miscellaneous	3,677	1,226		4,903
Outside services	367	123		490
Professional services and fees	1,710	3,990		5,700
Postage	125	376		501
Newsletter and fundraising	-	-	5,709	5,709
Rent	11,268	3,756		15,024
Depreciation	669	-		669
TOTAL EXPENSES	\$ 124,577	\$ 27,848	\$ 22,429	\$ 174,854

See accompanying notes and independent accountants' review report

EAST END ADULT EDUCATION CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED JULY 31, 2021 AND 2020

	JULY 31, 2021	JULY 31, 2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (8,904)	\$ 40,905
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	859	669
Change in other assets	(8,661)	2,870
Decrease in:		
Payroll liabilities	<u>616</u>	<u>3,802</u>
Net cash provided by operating activities	(16,090)	48,246
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from maturity of certificate of deposit	0	50,000
Purchases of property and equipment	<u>(1,425)</u>	<u>-</u>
Net cash provided by investing activities	<u>(1,425)</u>	<u>50,000</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	<u>(17,515)</u>	<u>98,246</u>
CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR	<u>136,696</u>	<u>38,450</u>
CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	\$ <u>119,181</u>	\$ <u>136,696</u>

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, 2021 AND 2020

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, 2021 AND 2020

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, 2017.

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 \$669 and \$898 for the years ended July 31, 2021 and 2020, respectively.

Property and equipment consist of following:

	<u>2021</u>	<u>2020</u>
Equipment	\$ 4,270	\$ 2,845
Furniture & Fixtures	4,159	4,159
Leasehold Improvements	<u>1,913</u>	<u>1,913</u>
	10,342	8,917
Accumulated depreciation	<u>(7,051)</u>	<u>(6,192)</u>
	<u>\$ 3,291</u>	<u>\$ 2,725</u>

RESTRICTION ON NET ASSETS

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

	<u>2021</u>	<u>2020</u>
Equipment Purchases	\$ 7,994	\$ 7,994
Textbooks	<u>10,587</u>	<u>8,817</u>
	<u>\$18,581</u>	<u>\$16,811</u>

EAST END ADULT EDUCATION CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2021 AND 2020

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, 2021 AND 2020

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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$100,600	\$119,885
Cash restricted for purchase of textbooks	10,587	8,817
Cash restricted for purchase of property and equipment	<u>7,994</u>	<u>7,994</u>
Total cash, cash equivalents, and restricted cash	<u>\$119,181</u>	<u>\$136,696</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>2021</u>	<u>2020</u>
Financial assets at year end	\$ 146,787	\$155,691
Less those unavailable for general expenditures within one year, due to:		
Donor-restricted to purchase of equipment	(7,994)	(7,994)
Donor-restricted to purchase of textbooks	<u>(10,587)</u>	<u>(8,817)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$128,206</u>	<u>\$138,880</u>

NOTE 2 OPERATING LEASES

The organization entered into a new operating lease for premises during the fiscal year July 31, 2019. The lease term is 3 years beginning April 2019 and ending March 2022. Monthly rental cost under the lease during year one - April 2019 to March 2020 is \$1,643.25, during year two - April 2020 to March 2021 is \$1,721.50 and year three - April 2021 to March 2022 is \$1,878. If Lessor fails to make repairs as specified in new operating lease by June 1, 2019, the monthly rent will be \$1,252, beginning June 1, 2019 and continuing until the repairs are completed.

The lease may be extended another three years at a fixed rate \$12.12 per square foot with 1% annual increases. Total rental expense amounted to \$13,772 and \$15,024 for the years ended July 31, 2021 and 2020, respectively.

Future minimum rental payments on the non-cancelable facility lease are as follows:

Year ended July 31:

2022	15,024
2023	15,024
2024	<u>15,024</u>
	<u>\$ 45,072</u>

EAST END ADULT EDUCATION CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2021 AND 2020

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 October 27, 2021, 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.