

Financial Statements

NASHUA ADULT LEARNING CENTER, INC.

**FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022
AND
INDEPENDENT AUDITORS' REPORTS**

*Leone,
McDonnell
& Roberts*
PROFESSIONAL ASSOCIATION

CERTIFIED PUBLIC ACCOUNTANTS

NASHUA ADULT LEARNING CENTER, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 24

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Nashua Adult Learning Center, Inc.

Opinion

We have audited the accompanying financial statements of Nashua Adult Learning Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nashua Adult Learning Center, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nashua Adult 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 Nashua Adult 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Nashua Adult 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 Nashua Adult Learning Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Leone McDonnell & Roberts,
Professional Association*

Wolfeboro, New Hampshire
October 13, 2023

NASHUA ADULT LEARNING CENTER, INC.**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022****ASSETS**

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,002,418	\$ 2,008,079
Accounts receivable	230,420	185,879
Promises to give	21,539	143,712
Prepaid expenses	<u>27,716</u>	<u>27,882</u>
Total current assets	<u>2,282,093</u>	<u>2,365,552</u>
PROPERTY AND EQUIPMENT		
Land, building, and improvements	3,376,818	3,173,257
Furniture and equipment	<u>820,829</u>	<u>769,854</u>
	4,197,647	3,943,111
Less: Total accumulated depreciation	<u>(2,800,617)</u>	<u>(2,656,744)</u>
Property and equipment, net	<u>1,397,030</u>	<u>1,286,367</u>
OTHER ASSETS		
Promises to give, net of current portion above	-	20,606
Investments	1,208,711	1,080,882
Beneficial interest	251,492	249,443
Right-of-use asset, operating	<u>21,456</u>	<u>-</u>
Total other assets	<u>1,481,659</u>	<u>1,350,931</u>
Total assets	<u>\$ 5,160,782</u>	<u>\$ 5,002,850</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 29,117	\$ 46,155
Accrued payroll and payroll liabilities	229,166	227,748
Deferred revenue	46,873	52,242
Current portion of operating lease liability	<u>13,009</u>	<u>-</u>
Total current liabilities	318,165	326,145
LONG-TERM LIABILITIES		
Operating lease liability, net of current portion above	<u>8,447</u>	<u>-</u>
Total liabilities	<u>326,612</u>	<u>326,145</u>
NET ASSETS		
Without donor restrictions	4,736,930	4,432,194
With donor restrictions	<u>97,240</u>	<u>244,511</u>
Total net assets	<u>4,834,170</u>	<u>4,676,705</u>
Total liabilities and net assets	<u>\$ 5,160,782</u>	<u>\$ 5,002,850</u>

See Notes to Financial Statements

NASHUA ADULT LEARNING CENTER, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
CHANGES IN NET ASSETS			
Revenue and support			
State of New Hampshire - Education	\$ 1,262,502	\$ -	\$ 1,262,502
State of New Hampshire	253,894	-	253,894
City of Nashua - Public School	627,533	-	627,533
Program service fees	2,500,323	-	2,500,323
Contributions	238,025	3,700	241,725
Investment return	141,718	-	141,718
Increase in beneficial interest	2,049	-	2,049
Other revenue	210	-	210
Net assets released from restrictions	<u>150,971</u>	<u>(150,971)</u>	<u>-</u>
Total revenue and support	<u>5,177,225</u>	<u>(147,271)</u>	<u>5,029,954</u>
EXPENSES			
Program services			
Adult basic education	872,572	-	872,572
Clearway	820,443	-	820,443
Community education & computer technology	774,263	-	774,263
Childcare	1,553,235	-	1,553,235
School age childcare	117,438	-	117,438
Supporting activities			
Management and general	684,766	-	684,766
Fundraising	<u>49,772</u>	<u>-</u>	<u>49,772</u>
Total expenses	<u>4,872,489</u>	<u>-</u>	<u>4,872,489</u>
CHANGE IN NET ASSETS	304,736	(147,271)	157,465
NET ASSETS, BEGINNING OF YEAR	<u>4,432,194</u>	<u>244,511</u>	<u>4,676,705</u>
NET ASSETS, END OF YEAR	<u><u>\$ 4,736,930</u></u>	<u><u>\$ 97,240</u></u>	<u><u>\$ 4,834,170</u></u>

See Notes to Financial Statements

NASHUA ADULT LEARNING CENTER, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
CHANGES IN NET ASSETS			
Revenue and support			
State of New Hampshire - Education	\$ 1,276,222	\$ -	\$ 1,276,222
State of New Hampshire	275,663	-	275,663
City of Nashua - Public School	624,000	-	624,000
Other government grants	100,000	-	100,000
Paycheck Protection Program loan forgiveness	1,071,418	-	1,071,418
Program service fees	2,049,007	-	2,049,007
Contributions	47,503	106,009	153,512
Investment loss	(203,422)	-	(203,422)
Other revenue	4,050	-	4,050
Decrease in beneficial interest	(31,711)	-	(31,711)
Net assets released from restrictions	<u>68,754</u>	<u>(68,754)</u>	<u>-</u>
Total revenue and support	<u>5,281,484</u>	<u>37,255</u>	<u>5,318,739</u>
EXPENSES			
Program services			
Adult basic education	845,692	-	845,692
Clearway	832,047	-	832,047
Community education & computer technology	37,471	-	37,471
Childcare	674,136	-	674,136
School age childcare	1,555,504	-	1,555,504
Supporting activities			
Management and general	652,017	-	652,017
Fundraising	<u>30,727</u>	<u>-</u>	<u>30,727</u>
Total expenses	<u>4,627,594</u>	<u>-</u>	<u>4,627,594</u>
CHANGE IN NET ASSETS	653,890	37,255	691,145
NET ASSETS, BEGINNING OF YEAR	<u>3,778,304</u>	<u>207,256</u>	<u>3,985,560</u>
NET ASSETS, END OF YEAR	<u><u>\$ 4,432,194</u></u>	<u><u>\$ 244,511</u></u>	<u><u>\$ 4,676,705</u></u>

See Notes to Financial Statements

NASHUA ADULT LEARNING CENTER, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Adult Basic Education</u>	<u>Clearway</u>	<u>Community Education & Computer Technology</u>	<u>School Age Childcare</u>	<u>Xplorations</u>	<u>Program Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 610,054	\$ 526,655	\$ 530,532	\$ 1,028,213	\$ 60,397	\$ 2,755,851	\$ 250,022	\$ 21,485	\$ 3,027,358
Occupancy	71,893	135,524	79,232	105,775	13,825	406,249	127,941	-	534,190
Employee benefits	48,437	58,576	62,975	57,509	10,622	238,119	63,639	115	301,873
Payroll taxes	45,607	38,304	39,324	76,999	3,899	204,133	18,973	1,644	224,750
Supplies	34,334	15,923	22,522	52,940	15,502	141,221	10,174	-	151,395
Contract services	-	1,789	1,256	30,402	-	33,447	85,074	-	118,521
Food	463	10,999	29,515	56,151	257	97,385	994	-	98,379
Equipment and maintenance	26,868	12,648	1,071	9,454	6,096	56,137	14,538	-	70,675
Bank service charges	-	-	-	65,162	-	65,162	94	559	65,815
Insurance	3,000	-	-	-	-	3,000	38,867	-	41,867
Rent	19,200	-	-	19,310	-	38,510	-	-	38,510
Professional fees	-	-	-	-	-	-	27,254	-	27,254
Advertising	6,368	6,929	4,698	4,132	1,583	23,710	(925)	-	22,785
Fundraising expense	-	-	-	-	-	-	-	17,206	17,206
Dues, memberships and licenses	-	1,084	529	3,868	60	5,541	11,073	-	16,614
Telephone	2,881	-	-	483	-	3,364	10,358	-	13,722
Printing	973	2,245	89	911	444	4,662	6,689	-	11,351
Meetings and conferences	1,666	73	191	2,748	-	4,678	4,770	-	9,448
Scholarship awards	-	-	-	-	-	-	-	8,488	8,488
Transportation	611	1,391	-	5,352	237	7,591	-	-	7,591
Postage	103	113	-	183	24	423	4,022	275	4,720
Refunds	-	-	67	4,484	-	4,551	-	-	4,551
Staff training	114	1,813	334	910	-	3,171	1,027	-	4,198
Field trips	-	1,082	-	-	-	1,082	-	-	1,082
Miscellaneous	-	-	-	14,719	-	14,719	-	-	14,719
Total expenses before direct depreciation	872,572	815,148	772,335	1,539,705	112,946	4,112,706	674,584	49,772	4,837,062
Direct depreciation expense	-	5,295	1,928	13,530	4,492	25,245	10,182	-	35,427
Total expenses	<u>\$ 872,572</u>	<u>\$ 820,443</u>	<u>\$ 774,263</u>	<u>\$ 1,553,235</u>	<u>\$ 117,438</u>	<u>\$ 4,137,951</u>	<u>\$ 684,766</u>	<u>\$ 49,772</u>	<u>\$ 4,872,489</u>

See Notes to Financial Statements

NASHUA ADULT LEARNING CENTER, INC.**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Adult Basic Education</u>	<u>Clearway</u>	<u>Community Education & Computer Technology</u>	<u>Childcare</u>	<u>School Age Childcare</u>	<u>Program Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 595,021	\$ 603,882	\$ 17,229	\$ 474,141	\$ 1,029,899	\$ 2,720,172	\$ 217,573	\$ 17,081	\$ 2,954,826
Occupancy	88,908	66,027	2,959	37,149	163,006	358,049	103,365	886	462,300
Employee benefits	33,716	59,973	1,939	48,355	60,377	204,360	52,516	116	256,992
Payroll taxes	45,431	45,568	1,341	36,387	78,216	206,943	11,503	1,277	219,723
Contract services	7,883	2,632	-	9,159	8,796	28,470	154,805	-	183,275
Supplies	13,862	21,656	958	24,670	55,244	116,390	16,565	701	133,656
Food	385	3,044	-	30,830	47,730	81,989	2,117	-	84,106
Equipment and maintenance	21,433	8,428	1,171	835	5,737	37,604	15,045	-	52,649
Bank service charges	-	-	11	-	50,116	50,127	341	-	50,468
Rent	19,200	-	-	-	19,445	38,645	-	-	38,645
Insurance	3,000	-	-	-	-	3,000	28,034	-	31,034
Dues, memberships and licenses	-	1,173	1,950	2,891	6,749	12,763	10,170	-	22,933
Advertising	5,450	1,583	257	5,824	3,230	16,344	2,988	-	19,332
Telephone	3,412	4,105	-	-	140	7,657	9,422	-	17,079
Refunds	-	-	9,656	179	6,181	16,016	-	-	16,016
Printing	2,122	1,035	-	-	1,927	5,084	5,976	553	11,613
Transportation	1,167	2,015	-	-	5,914	9,096	-	-	9,096
Fundraising expense	-	-	-	-	-	-	-	7,019	7,019
Postage	1,102	322	-	-	116	1,540	3,441	-	4,981
Staff training	-	2,750	-	804	1,150	4,704	150	-	4,854
Meetings and conferences	-	473	-	368	1,119	1,960	2,486	-	4,446
Tuition reimbursement	3,600	-	-	-	-	3,600	-	-	3,600
Scholarship awards	-	-	-	-	-	-	-	3,094	3,094
Field trips	-	2,086	-	-	-	2,086	-	-	2,086
Donations	-	-	-	-	-	-	1,315	-	1,315
Interest Expense	-	-	-	-	-	-	147	-	147
Bad debt expense	-	-	-	616	(518)	98	-	-	98
Total expenses before direct depreciation	845,692	826,752	37,471	672,208	1,544,574	3,926,697	637,959	30,727	4,595,383
Direct depreciation expense	-	5,295	-	1,928	10,930	18,153	14,058	-	32,211
Total expenses	<u>\$ 845,692</u>	<u>\$ 832,047</u>	<u>\$ 37,471</u>	<u>\$ 674,136</u>	<u>\$ 1,555,504</u>	<u>\$ 3,944,850</u>	<u>\$ 652,017</u>	<u>\$ 30,727</u>	<u>\$ 4,627,594</u>

See Notes to Financial Statements

NASHUA ADULT LEARNING CENTER, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 157,465	\$ 691,145
Adjustment to reconcile change in net assets net cash from operating activities:		
Depreciation	143,873	135,257
Unrealized (gains) losses on investments	(105,721)	316,020
Realized gains on investments	(2,040)	(45,151)
(Increase) decrease in beneficial interest	(2,049)	31,711
Noncash contributions and promises to give	(21,857)	(41,818)
In-kind rent	22,212	21,857
Paycheck Protection Program loan forgiveness	-	(1,081,200)
Increase in right-of-use asset	(21,456)	-
Increase in operating lease liability	21,456	-
(Increase) decrease in assets:		
Accounts receivable	(44,541)	(79,493)
Promises to give, exclusive of in-kind	142,424	1,208
Prepaid expenses	166	(10,359)
Increase (decrease) in liabilities:		
Accounts payable	(17,038)	13,415
Accrued payroll and payroll liabilities	1,418	4,910
Deferred revenue	(5,369)	25,586
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>268,943</u>	<u>(16,912)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(254,536)	(46,088)
Receipts of interest and dividends reinvested	(43,398)	(71,715)
Purchase of investments	(101,075)	(361,396)
Proceeds from the sale of investments	124,405	329,098
NET CASH USED IN INVESTING ACTIVITIES	<u>(274,604)</u>	<u>(150,101)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,661)	(167,013)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,008,079</u>	<u>2,175,092</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,002,418</u>	<u>\$ 2,008,079</u>

See Notes to Financial Statements

NASHUA ADULT LEARNING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1. ORGANIZATION

Nashua Adult Learning Center, Inc. (the Organization) is an educational agency designed to provide academic skills, job training, and the support services needed for adults and young adults to achieve more productive lives for themselves and their families. The goals of the Organization have been formulated to respond to identified community needs: to assist adults to increase their basic educational and life coping skills; to prepare individuals for the local workplace by providing pathways from school to work, job training, or higher education; to assist individuals to cope with social, family, and work issues by providing community education programs; and to assist adults to participate in education, job training, and the workforce by providing needed support services of family literacy, childcare, school age care and parenting classes. The Organization runs an Adult Basic Education program, which includes students studying to take the HiSET exam (formerly the GED) and immigrants and refugees learning English. The Organization also runs an alternative high school for at-risk teens, a high quality, low-cost childcare center, on site before and after school care at neighborhood elementary schools, and several computer technology programs. The Organization collaborates regularly with other organizations to bring services to mutual clients.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Support is recorded when received or pledged. Revenue is recorded when services are rendered. Expenses are recorded when the obligation has been incurred.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

NASHUA ADULT LEARNING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

The Organization utilizes the allowance method of accounting for bad debts. No allowance was determined to be necessary as of June 30, 2023 and 2022. The allowance is based on past historical experience and management review of specific accounts. The Organization has no policy for charging interest on overdue accounts nor are its accounts receivable pledged as collateral.

Contributions Receivable

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Property, Equipment and Depreciation

Property and equipment are recorded at cost (or fair value if donated) and are depreciated using the straight-line method over estimated useful lives as follows:

<u>Description</u>	<u>Life</u>
Buildings and improvements	5 - 50 years
Furniture and equipment	5 - 10 years

Depreciation expense for the years ended June 30, 2023 and 2022 amounted to \$143,873 and \$135,257, respectively.

NASHUA ADULT LEARNING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Accrued Earned Time

The Organization has accrued a liability for future compensated leave time that its employees have earned and which is vested with the employee. Accrued earned time amounted to \$71,877 and \$64,158 as of June 30, 2023 and 2022, respectively.

Deferred Revenue

Deferred revenue represents fees for various programs collected in advance of services to be rendered.

Revenue Recognition

In May of 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU is a comprehensive revenue recognition model that requires an organization to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. The Organization adopted this ASU on July 1, 2020, using the modified retrospective approach and applied this ASU only to contracts not completed as of July 1, 2020. Contracts and transactions with customers predominantly contain a single performance obligation. The impact of adopting this ASU was not material to the financial statements.

The Organization records the following exchange transaction revenue in its statements of activities for the years ended June 30, 2023 and 2022:

Program Service Fees – Revenue from educational programs and workforce training is generally recognized over time as classes or related sessions are offered.

Revenue from providing childcare services is recognized upon completion of providing such services.

NASHUA ADULT LEARNING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract Balances

Contract balances as a result of contracts and transactions with customers primarily consist of deferred registration fees and deferred tuition for educational classes and childcare services included in deferred revenue in the Organization's statements of financial position. The Organization's deferred revenue amounted to \$46,873 and \$52,242 at June 30, 2023 and 2022, respectively.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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 as net assets released from restrictions.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, which are provided by the individuals possessing those skills, and would typically need to be purchased if not provided by donations, are recorded at their fair values in the period received.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, costs have been allocated among the program services and supporting activities benefited. Occupancy costs have been grouped and allocated to the programs as a line item. Such allocations have been determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of allocation</u>
Salaries and benefits	Time and effort
Occupancy	Square footage/revenues
Depreciation	Square footage
All other expenses	Direct assignment

NASHUA ADULT LEARNING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 period. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Income Taxes

The Organization is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

The Organization's income tax filings are subject to audit by various taxing authorities. The Organization believes it has met all the requirements to maintain its not-for-profit status and has taken no uncertain tax positions that would require adjustment to the financial statements. It is the Organization's policy to expense taxes when paid and any interest and penalties associated with its income tax obligations.

Leases

The Organization determines whether to account for its leases as operating or finance leases depending on the underlying terms of the lease agreement. This determination of classification requires significant judgment relating to certain information, including the estimated fair value and remaining economic life of the leased assets, minimum lease payments, and other lease terms.

NASHUA ADULT LEARNING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The standard applies a right of use model that requires, all leases with a lease term of more than 12 months, to recognize an asset representing its right to use the underlying asset for the lease term and liability to make lease payments to be recorded. The Organization elected not to restate the comparative period. The Organization also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, (iii) initial direct costs for existing leases. Results for periods beginning prior to June 30, 2023 continue to be reported in accordance with the Organization's historical accounting treatment. The adoption of ASU 2016-02 did not have a material impact on the Organization's results of operations and cash flows.

NOTE 3. LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,002,418	\$ 2,008,079
Accounts receivable	230,420	185,879
Promises to give	21,539	164,318
Investments	1,208,711	1,080,882
Beneficial interest	<u>251,492</u>	<u>249,443</u>
Total financial assets	<u>3,714,580</u>	<u>3,688,601</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	97,240	244,511
Less net assets with purpose and time restrictions to be met in less than a year	(25,000)	(290,770)
Quasi endowment established by the board	1,214,314	1,090,574
Long-term promises to give	-	20,606
Beneficial Interest	<u>251,492</u>	<u>249,443</u>
Amounts not available within one year	<u>1,538,046</u>	<u>1,314,364</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,176,534</u>	<u>\$ 2,374,237</u>

NASHUA ADULT LEARNING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 3. LIQUIDITY AND AVAILABILITY (continued)

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$1,200,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts.

NOTE 4. PROMISES TO GIVE

Unconditional promises to give as of June 30, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
United Way	\$ -	\$ 16,250
City of Nashua- CDBG	-	106,250
Present value of donated use of facilities	<u>21,539</u>	<u>43,069</u>
Promises to give	<u>\$ 21,539</u>	<u>\$ 165,569</u>
	<u>2023</u>	<u>2022</u>
Promises to give are due as follows:		
In less than one year	\$ 21,539	\$ 143,712
Over one year	<u>-</u>	<u>21,857</u>
Gross Contributions receivable	21,539	165,569
Less: Discount to present value	<u>-</u>	<u>(1,251)</u>
Contributions receivable, net	<u>\$ 21,539</u>	<u>\$ 164,318</u>

Contributions receivable expected to be collected in longer than one year are discounted using the rate of return on the three year U.S. Treasury Note of 2.99% as of June 30, 2022.

NOTE 5. INVESTMENTS

The Organization's investments are presented in the financial statements in the aggregate at fair value and consisted of the following as of June 30, 2023 and 2022:

	<u>2023</u>		<u>2022</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
Mutual Funds, Exchange Traded Funds and Closed - Ended Funds	<u>\$ 1,208,711</u>	<u>\$ 1,253,958</u>	<u>\$ 1,080,882</u>	<u>\$ 1,213,094</u>

NASHUA ADULT LEARNING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 5. INVESTMENTS (continued)

Components of Investment Return:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 43,920	\$ 77,940
Unrealized gain (loss) on investments	105,721	(316,020)
Realized gain on investments	2,040	45,151
Investment fees	<u>(9,963)</u>	<u>(10,493)</u>
	<u>\$ 141,718</u>	<u>\$ (203,422)</u>

NOTE 6. BENEFICIAL INTEREST

The Organization is a beneficiary of an agency endowment fund at the New Hampshire Charitable Foundation. Pursuant to the terms of the resolution establishing this fund, property contributed to The New Hampshire Charitable Foundation is held as a separate fund designated for the benefit of Nashua Adult Learning Center, Inc.

In accordance with its spending policy, the Foundation can make distributions from the fund to the Organization of approximately 4.03% of the market value of the fund per year. The estimated value of the future distributions from the fund is included in these financial statements as required; however, all property in the fund was contributed to The New Hampshire Charitable Foundation to be held and administered for the benefit of Nashua Adult Learning Center, Inc.

The Organization did not contribute to the fund during the years ended June 30, 2023 and 2022. The Organization received a distribution of \$9,398 and \$10,751 from the Foundation during the years ended June 30, 2023 and 2022, respectively. The fair value of the fund assets were \$251,492 and \$249,443, on June 30, 2023 and 2022, respectively.

NOTE 7. PAYCHECK PROTECTION PROGRAM LOANS

During the year ended June 30, 2020, the Organization applied for and was awarded a first draw Paycheck Protection Program loan through the Small Business Administration (SBA). Loan forgiveness was possible if certain criteria were met. Any amounts not forgiven were to be repaid over a five-year period, with payments deferred for the first six months. Interest would be stated at 1%. The loan amounted to \$636,800. During the year ended June 30, 2022, the Organization received loan forgiveness in the amount of \$627,018 and is recorded as Paycheck Protection Program loan forgiveness on the accompanying statement of activities for the year ended June 30, 2022. The remaining loan balance of \$9,782 was repaid in full during the year ended June 30, 2022, in eight payments beginning September 1, 2021.

NASHUA ADULT LEARNING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 7. PAYCHECK PROTECTION PROGRAM LOANS (continued)

During the year ended June 30, 2021, the Organization applied for and was awarded a second draw Paycheck Protection Program loan through the SBA. Loan forgiveness was possible if certain criteria were met. Any amounts not forgiven were to be repaid over a five-year period, with payments deferred for the first six months. Interest would be stated at 1%. The loan amounted to \$444,400. During the year ended June 30, 2022, the loan was forgiven in full and is recorded as Paycheck Protection Program loan forgiveness on the accompanying statement of activities for the year ended June 30, 2022.

NOTE 8. OCCUPANCY COSTS

Occupancy costs related to the two buildings used by the Organization have been allocated to the various programs as a line item on the statements of functional expenses.

The following details the expenses that make up the occupancy cost:

	<u>2023</u>	<u>2022</u>
Personnel	\$ 177,083	\$ 157,654
Payroll taxes	13,253	12,245
Employee benefits	27,568	24,669
Contract services	26,891	18,834
Supplies	18,414	17,096
Utilities	106,860	83,940
Rent	22,212	21,920
Repairs and maintenance	33,004	22,896
Depreciation	108,446	103,046
Miscellaneous	<u>459</u>	<u>-</u>
Total occupancy costs	<u>\$ 534,190</u>	<u>\$ 462,300</u>

NOTE 9. IN-KIND CONTRIBUTIONS

The Organization's policy related to in-kind contributions is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair value as determined by appraisal or specialist depending on the type of asset. Donated facilities for the year ended June 30, 2021 were considered contributions with donor restrictions. The use of the facilities is restricted to the administration of an alternative high school and other incidental educational purposes.

NASHUA ADULT LEARNING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 9. IN-KIND CONTRIBUTIONS (continued)

During the year ended June 30, 2021, the Organization entered into a lease agreement, whereby the Organization would lease a building. The initial term of the lease was for a three-year period ending June 30, 2024, with an annual base rent of \$12. An independent appraisal determined that the fair value of the lease was \$21,539 annually. In connection with this lease agreement, the Organization discounted the value of the three-year initial term of the lease and recorded a contribution with donor restrictions during the year ended June 30, 2021. Net assets released from restrictions were \$20,279 and rent expense of \$22,212 were recorded in connection with this lease agreement for the year ended June 30, 2023. For the year ended June 30, 2022, net assets released from restrictions were \$21,539 and rent expense of \$21,857 were recorded.

NOTE 10. CONCENTRATION OF RISK

The Organization maintains its cash balances at a local bank which, from time to time, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk with respect to these accounts.

NOTE 11. NET ASSETS

Net assets with donor restrictions were as follows for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Special Purpose Restrictions:		
Scholarships	\$ 73,020	\$ 79,008
Translation materials	1,426	1,426
Tuitioning Program	424	500
CAC City of Nashua ECAP	-	25,000
CDBG City of Nashua Roof	-	75,000
50 th Gala Roof & Van	-	5,509
Summer Camp	831	-
Time Restrictions:		
Donated use of facilities	21,539	41,818
United Way	<u>-</u>	<u>16,250</u>
Total net assets with donor restrictions	<u>\$ 97,240</u>	<u>\$ 244,511</u>

NASHUA ADULT LEARNING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 11. NET ASSETS (continued)

Net assets without donor restrictions for the years ended June 30, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Undesignated	\$ 3,522,616	\$ 3,341,620
Board designated	<u>1,214,314</u>	<u>1,090,574</u>
Total net assets without donor restrictions	<u>\$ 4,736,930</u>	<u>\$ 4,432,194</u>

Net assets released from net assets with donor restrictions are as follows:

	<u>2023</u>	<u>2022</u>
Satisfaction of Purpose Restrictions:		
Scholarships	\$ 8,488	\$ 3,171
Tuitioning Program	76	-
NH Charitable Foundation	-	9,638
CAC City of Nashua ECAP	25,000	-
Translation materials	-	993
United Way ECAP training	-	2,093
CDBG City of Nashua Roof	75,000	-
50 th Gala Roof & Van	5,509	-
Summer Camp	369	-
Satisfaction of Time Restrictions:		
Donated use of facilities	20,279	21,539
United Way	<u>16,250</u>	<u>31,320</u>
Total net assets released	<u>\$ 150,971</u>	<u>\$ 68,754</u>

NOTE 12. BOARD DESIGNATED ENDOWMENT

During the year ended June 30, 2018, the board of directors established a general endowment fund (see Note 5) to support the mission of the Organization. Since that amount resulted from internal designation and is not donor restricted, it is classified and reported as net assets without donor restrictions. The balance in the board designated endowment amounted to \$1,214,314 and \$1,090,574 at June 30, 2023 and 2022, respectively.

NASHUA ADULT LEARNING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 12. BOARD DESIGNATED ENDOWMENT (continued)

The Organization's spending policy requires the fair value of the endowment portfolio to be one million dollars before a distribution of spendable income is to be approved. Once the fair value of the endowment portfolio has reached an amount in excess of one million dollars, or in case of emergency, the Organization will be authorized to withdraw a percentage of the principal and income for operating and capital improvements. Spendable income will be calculated as four percent of the rolling three-year average of the endowment portfolio value. The Organization did not receive any distributions from the endowment portfolio during the years ended June 30, 2023 and 2022.

NOTE 13. LEASES

The Organization leases a building on Arlington Street in Nashua, NH, pursuant to the terms of a lease agreement. The lease was renewed in June 2021 for a three-year term beginning July 1, 2021 to June 30, 2024. The lease agreement requires rent of \$1 to be paid monthly.

The value of the lease has been recorded as contribution revenue and rent expense at fair value. The Organization is responsible for all utilities, repairs and maintenance. The remaining fair value of the lease term is \$21,539.

After-school programs are conducted at various schools in the greater Nashua area. Rent is paid to the school district as a tenant at will.

During March of 2019, the Organization entered into a written lease agreement to lease two copiers. The terms of the lease call for monthly payments of \$353 through March of 2024.

During November of 2019, the Organization entered into a written lease agreement to lease two copiers. The terms of the lease call for monthly payments of \$372 through November of 2024.

During March of 2020, the Organization entered into a written lease agreement to lease a postage machine. The terms of the lease call for quarterly payments of \$398 through June of 2025.

During December of 2020, the Organization entered into a written lease agreement to lease two copiers. The terms of the lease call for monthly payments of \$325 through December of 2025.

The right-of-use asset and related operating lease liability for the above leases amounted to \$21,456 for the year ended June 30, 2023. The weighted average lease term was 1.78 years for the year ended June 30, 2023. The weighted average discount rate was .91% for the year ended June 30, 2023.

NASHUA ADULT LEARNING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 13. LEASES (continued)

Total rent expense under all lease agreements for the years ended June 30, 2023 and 2022 was \$40,106 and \$38,670, respectively.

Future minimum lease payments at June 30, 2023 were as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Amount Due</u>
2024	\$ 14,886
2025	5,760
2026	<u>1,625</u>
	<u>\$ 22,271</u>

NOTE 14. RETIREMENT PLAN

The Organization adopted a qualified 403(b) retirement plan. All employees are eligible to participate in the plan. The Organization may make discretionary matching contributions after six months of service. The Organization made matching contributions to the 403(b) retirement plan of \$59,915 and \$56,041 for the years ended June 30, 2023 and 2022, respectively.

NOTE 15. FAIR VALUE INVESTMENTS

The Fair Value Measurements and Disclosures Topic of the codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the Topic as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under the Topic are described below:

- Level 1: Quoted market prices in active markets, such as the New York Stock Exchange, for identical assets or liabilities.
- Level 2: Observable market prices based on inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

NASHUA ADULT LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 15. FAIR VALUE INVESTMENTS (continued)

The Organization assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer. For the years ended June 30, 2023 and 2022, there were no such transfers.

For the years ended June 30, 2023 and 2022, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis.

Beneficial Interest in Assets Held by Others

The fair value of beneficial interest in assets held by others is based upon the fair value of the assets held by the New Hampshire Charitable Foundation.

Mutual funds, exchange traded funds, closed-ended funds

Valued at the daily closing price as reported by the fund. The mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price.

The following tables present the Organization's fair value hierarchy for the investments as of June 30, 2023 and 2022:

	<u>Total</u>	<u>Quoted Prices</u>	<u>Significant</u>	<u>Significant</u>
	<u>6/30/2023</u>	<u>Active Markets</u>	<u>Observable</u>	<u>Unobservable</u>
		<u>for Identical</u>	<u>Inputs</u>	<u>Inputs</u>
		<u>Assets</u>	<u>Level 2</u>	<u>Level 3</u>
		<u>Level 1</u>		
Beneficial interest in assets held by others	\$ 251,492	\$ -	\$ 251,492	\$ -
Mutual funds, exchange traded funds and closed- end funds	<u>1,208,711</u>	<u>1,208,711</u>	<u>-</u>	<u>-</u>
Total fair value	<u>\$ 1,460,203</u>	<u>\$ 1,208,711</u>	<u>\$ 251,492</u>	<u>\$ -</u>

NASHUA ADULT LEARNING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 15. FAIR VALUE INVESTMENTS (continued)

	<u>Total</u> <u>6/30/2022</u>	Quoted Prices Active Markets for Identical Assets <u>Level 1</u>	Significant Observable Inputs <u>Level 2</u>	Significant Unobservable Inputs <u>Level 3</u>
Beneficial interest in assets held by others	\$ 249,443	\$ -	\$ 249,443	\$ -
Mutual funds, exchange traded funds and closed- end funds	<u>1,080,882</u>	<u>1,080,882</u>	<u>-</u>	<u>-</u>
Total fair value	<u>\$ 1,330,325</u>	<u>\$ 1,080,882</u>	<u>\$ 249,443</u>	<u>\$ -</u>

NOTE 16. EMERGENCY RELIEF FUNDING

During the year ended June 30, 2022, the Organization applied for and received a Child Care Achieving Stabilization Program grant in the amount of \$171,123 administered by the New Hampshire Department of Health and Human Services. The funds were awarded to reimburse for key operating expenses, including wages and benefits, rent and utilities, cleaning and sanitation supplies and services, and many other things necessary to maintain or resume child care services during and after the COVID-19 pandemic. The amount has been reported as State of New Hampshire – Education revenue on the accompanying statement of activities, for the year ended June 30, 2022.

NOTE 17. RISKS RELATED TO COVID-19

Management continues to evaluate the effects of the novel coronavirus (COVID-19) matter, considering the facts and circumstances related to the impact of the virus on the Organization's industry and has concluded that while it is reasonably possible that the virus could have a negative impact on the Organization's financial position and, operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NASHUA ADULT LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 18. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date, but before financial statements are available to be issued. Recognized subsequent events are events or transactions that provide additional evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. Non-recognized subsequent events are events that provide evidence about conditions that did not exist at the statement of financial position date, but arose after that date.

Management has evaluated subsequent events through October 13, 2023, the date the June 30, 2023 financial statements were available for issuance.