VOLUNTEER ENGLISH PROGRAM in chester county

FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2025 AND 2024

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Volunteer English Program in Chester County, Pennsylvania
West Chester, Pennsylvania

We have reviewed the accompanying financial statements of Volunteer English Program in Chester County, Pennsylvania (a non-profit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement 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 statement 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.

We are required to be independent of Volunteer English Program in Chester County, Pennsylvania and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, 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.

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Substantial Doubt About the Entity's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that Volunteer English Program in Chester County, Pennsylvania will continue as a going concern. As discussed in Note 16, the Organization has suffered recurring losses from operations, has a net capital deficiency, and has stated that substantial doubt exists about the Organization’s ability to continue as a going concern. Management’s evaluation of the events and conditions and management's plans regarding these matters are also described in Note 16. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our conclusion is not modified with respect to this matter.

Umbreit, Wileczek & Associates, P.C.

Kennett Square, PA
February 11, 2026

VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 98,979	$ 163,238
Promises to give	14,967	78,336
Prepaid expenses	5,741	1,751
TOTAL CURRENT ASSETS	119,687	243,325
Investments	66,943	61,280
Property and equipment, net	30,146	16,958
Rental security deposit	869	869
Deposits held in unemployment reserve	19,827	17,737
Operating lease right-of-use asset	27,710	21,902
TOTAL ASSETS	$ 265,182	$ 362,071
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and credit card liabilities	$ 20,741	$ 3,446
Accrued expenses	5,175	5,276
Accrued payroll	7,049	8,331
Operating lease liability	27,792	22,328
TOTAL CURRENT LIABILITIES	60,757	39,381
Student equipment deposits	75	75
Reserve for unemployment claims	19,827	17,737
TOTAL LIABILITIES	80,659	57,193
NET ASSETS		
Without donor restrictions		
Unrestricted	119,168	196,218
Board designated	27,402	25,233
Total without donor restrictions	146,570	221,451
With donor restrictions	37,953	83,427
TOTAL NET ASSETS	184,523	304,878
TOTAL LIABILITIES AND NET ASSETS	$ 265,182	$ 362,071

VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	**2025 Total**
SUPPORT, REVENUE AND RECLASSIFICATIONS			
Contributions	$ 94,733	$ 1,100	$ 95,833
Grants	60,369	12,000	72,369
In-kind contributions	43,064	-	43,064
Special events (net of direct costs $23,855)	22,862	-	22,862
Miscellaneous income	3,835	-	3,835
Investment income, net	8,708	1,947	10,655
Net assets released from restrictions	60,521	(60,521)	-
TOTAL SUPPORT, REVENUE AND RECLASSIFICATIONS	294,092	(45,474)	248,618
OPERATING EXPENSES			
Program services	256,073	-	256,073
Management and general	55,233	-	55,233
Fundraising	57,667	-	57,667
TOTAL EXPENSES	368,973	-	368,973
CHANGE IN NET ASSETS	(74,881)	(45,474)	(120,355)
NET ASSETS - BEGINNING OF YEAR	221,451	83,427	304,878
NET ASSETS - END OF YEAR	$ 146,570	$ 37,953	$ 184,523

VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	**2024 Total**
SUPPORT, REVENUE AND RECLASSIFICATIONS			
Contributions	$ 60,447	$ 200	$ 60,647
Grants	195,700	63,860	259,560
In-kind contributions	57,550	-	57,550
Special events (net of direct costs $7,137)	10,680	-	10,680
Miscellaneous income	3,059	-	3,059
Investment income, net	9,567	1,760	11,327
Net assets released from restrictions	42,504	(42,504)	-
TOTAL SUPPORT, REVENUE AND RECLASSIFICATIONS	379,507	23,316	402,823
OPERATING EXPENSES			
Program services	253,380	-	253,380
Management and general	52,284	-	52,284
Fundraising	59,228	-	59,228
TOTAL EXPENSES	364,892	-	364,892
CHANGE IN NET ASSETS	14,615	23,316	37,931
NET ASSETS - BEGINNING OF YEAR	206,836	60,111	266,947
NET ASSETS - END OF YEAR	$ 221,451	$ 83,427	$ 304,878

VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program	Management and General	Fundraising	**2025 Total**
COMPENSATION RELATED				
Salaries	$ 146,209	$ 15,902	$ 31,681	$ 193,792
Payroll taxes	13,036	1,418	2,824	17,278
Employee benefits	2,493	271	540	3,304
TOTAL COMPENSATION RELATED	161,738	17,591	35,045	214,374
Accounting	-	27,900	-	27,900
Advertising	5,580	-	3,010	8,590
Books	4,087	-	-	4,087
Community engagement	312	120	209	641
Depreciation	8,907	969	1,930	11,806
Dues and subscriptions	536	58	1,031	1,625
Insurance	1,966	214	426	2,606
IT hosting and support	22,757	2,475	4,931	30,163
IT security and communications	12,918	1,405	2,799	17,122
Miscellaneous	1,185	-	-	1,185
Lease expense	22,089	2,403	4,786	29,278
Office supplies	3,802	346	2,162	6,310
Postage and delivery	592	24	49	665
Printing and reproduction	890	97	193	1,180
Professional development	45	157	224	426
Professional fees	1,732	188	376	2,296
Program expenses	460	-	-	460
Service charges	-	1,037	-	1,037
Telephone	2,291	249	496	3,036
Training	4,186	-	-	4,186
TOTAL EXPENSES	$ 256,073	$ 55,233	$ 57,667	$ 368,973

VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program	Management and General	Fundraising	**2024 Total**
COMPENSATION RELATED				
Salaries	$ 149,583	$ 16,467	$ 30,236	$ 196,286
Payroll taxes	13,242	1,458	2,677	17,377
Employee benefits	2,325	211	483	3,019
TOTAL COMPENSATION RELATED	165,150	18,136	33,396	216,682
Accounting	-	23,375	-	23,375
Advertising	5,885	-	4,135	10,020
Books	1,663	-	-	1,663
Community engagement	563	180	-	743
Depreciation	3,566	324	741	4,631
Dues and subscriptions	480	44	1,095	1,619
Insurance	1,797	163	374	2,334
IT hosting and support	29,675	2,698	6,166	38,539
IT security and communications	10,959	998	2,277	14,234
Miscellaneous	1,345	3	82	1,430
Lease expense	23,027	2,093	4,785	29,905
Office supplies	3,705	280	640	4,625
Postage and delivery	119	1	967	1,087
Printing and reproduction	-	-	3,496	3,496
Professional development	-	2,400	-	2,400
Professional fees	1,695	154	352	2,201
Program expenses	420	-	-	420
Service charges	-	1,213	215	1,428
Telephone	2,439	222	507	3,168
Training	892	-	-	892
TOTAL EXPENSES	$ 253,380	$ 52,284	$ 59,228	$ 364,892

VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ (120,355)	$ 37,931
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	11,806	4,631
Net realized and unrealized gain on investments	(6,888)	(8,843)
Donation of property and equipment	-	(12,240)
Noncash operating lease expense	(5,808)	28,476
(Increase) decrease in operating assets:		
Promises to give	63,369	(52,936)
Prepaid expenses	(3,990)	522
Deposit held in unemployment reserve	(2,090)	(1,800)
Increase (decrease) in operating liabilities:		
Accounts payable and credit card liabilities	17,295	(860)
Accrued expenses	(101)	926
Accrued payroll	(1,282)	87
Operating lease liability	5,464	(28,576)
Student equipment deposits	-	15
Reserve for unemployment claims	2,090	1,800
NET CASH USED BY OPERATING ACTIVITIES	(40,490)	(30,867)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(24,994)	(6,437)
Purchase of investments	(642)	(593)
Proceeds from sale of investments	1,867	2,364
NET CASH USED BY INVESTING ACTIVITIES	(23,769)	(4,666)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(64,259)	(35,533)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	163,238	198,771
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 98,979	$ 163,238
SUPPLEMENTAL INFORMATION		
Noncash recognition of operating leases (ASC 842)	$ 35,142	$ -

VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Volunteer English Program in Chester County, Pennsylvania (the “Organization”) is a Pennsylvania not-for-profit organization organized in 1986. The Volunteer English Program (VEP) enhances the economic and social quality of life for immigrant families, community members, consumers, employers and employees in Chester County by providing tutoring for adults to improve their English language skills (ESL), their American cultural understanding and their participation in the communities we share. This is accomplished by offering free one-to-one and small group instruction via trained volunteer tutors.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

Under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-10-65-1, the Organization is required to report information regarding its financial position and activities according to two mutually exclusive classes according to the existence or absence of donor-imposed restrictions. See Net Assets with Donor Restrictions and Net Assets without Donor Restrictions.

Net Assets with Donor Restrictions

Net assets with donor restrictions is the part of net assets of the Organization that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donors impose restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions. When a restriction expires, 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. Support that is

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Net Assets with Donor Restrictions (Cont'd)

restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the same reporting period in which the support is received and recognized.

Net Assets without Donor Restrictions

Net assets without donor restrictions is the part of net assets of the Organization that is not subject to donor-imposed restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers cash in operating bank accounts, cash on hand and all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Promises to Give

Unconditional promises to give are recorded at estimated fair market value at the date of donation and are recognized as revenues or gains in the period in which notification of such promise is received. Unconditional promises to give expected to be collected in less than one year are recorded at their net realizable value. Unconditional promises to give due in more than one year are recorded at the present value of estimated future cash flows using a risk-free rate of return on the date of donation. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Provision for losses on promises to give is made when considered necessary to maintain an adequate allowance to cover bad debts. Promises to give are charged against the allowance when the Organization determines that payments will not be received. As of June 30, 2025 and 2024, the Organization has deemed all monies collectible and therefore, no allowance for losses on promises to give is required.

Investments

As required by the Investment Topic of the FASB ASC, the Organization reports investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the statements of activities. Investment income and gains restricted by donors are

VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Investments (Cont'd)

reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

Property and Equipment

Property and equipment are recorded at cost. Equipment purchases over $500 are capitalized. Maintenance and repairs, which do not improve or extend the life of the respective assets are expensed. Property and equipment are depreciated using the straight-line method of depreciation over the estimated useful lives of the respective assets as follows:

Furniture	7 years
Computers and equipment	3-5 years

Donated property and equipment are recorded as fixed assets and reflected as contributions in the statements of activities at their estimated values as of the date of donation.

Revenue Recognition

Contributions, bequests, and gifts are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Grant revenues are recognized when received or when spent, whichever occurs first. Contributions are recorded at fair value, which is net of estimated uncollectible amounts. Revenue from special events and other functions is recognized as earned having applicable costs concurrently recognized. Investment income is recognized as earned.

The Organization recognizes revenue when it satisfies a performance obligation by transferring control of a promised good or service to the customer. The Organization's principal activity resulting in contracts with customers is special events.

The Organization recognizes revenue from special events in the period the goods and services are provided. The performance obligation related to special events is to provide the customer with access to the event on a specified date. The transaction price is based on published rates.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue Recognition (Cont'd)

Because the benefit received from special events has an original expected duration of one year or less, the Organization has elected the practical expedient and not disclosed the value of unsatisfied performance obligations and expected timing for completion related to the revenue.

Donated Materials and Services

Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation.

Accounting standards require that only contributed services that (1) create or enforce long-lived assets, or (2) require specialized skills provided by individuals possessing skills that would typically need to be purchased if not donated, must be recorded. The Organization receives a significant amount of donated services from a variety of unpaid volunteers who assist in fund-raising, special projects and tutoring. The value of these services does not meet these requirements. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer efforts have not been satisfied (see Note 13).

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was $8,590 and $10,020, respectively for the years ended June 30, 2025 and 2024.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statements of financial position. ROU assets and lease liabilities reflect the present value of the lease payments over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Allocation of Functional Expenses

The costs of providing the program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between the program and supporting services. Program costs include software, IT support and security, books, and training. Fundraising expenses are costs related to campaigns, development, grant writing and other fundraising efforts. Management and general expenses are costs directly related to the overall operation of the Organization, which are not associated with program or fundraising services. Certain management and general expenses, such as payroll, employee benefits and payroll taxes, are allocated to program and fundraising based on the employees' use of their time.

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is qualified for deductible contributions as provided in Section 170(b)(1)(A)(vi).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of Management's Review

The Organization has evaluated those events and transactions that occurred after the statement of financial position date of June 30, 2025 through February 11, 2026, the date the financial statements were available to be issued and determined there were no other items to be disclosed.

VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 2 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2025 and 2024, financial assets and liquidity resources available within one year for general expenditures such as operating expenses were as follows:

	2025	2024
Financial assets:		
Cash and equivalents	$ 98,979	$ 163,238
Promises to give	14,967	78,336
Donor restricted financial assets	(5,102)	(6,564)
Total financial assets available within one year	$ 108,844	$ 235,010

At June 30, 2025 and 2024, the Organization had $108,844 and $235,010, respectively, of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures. The Organization has a policy to structure its financial assets to be available as its general expenditures and obligations come due. To help manage unanticipated liquidity needs, the Organization has investments of $31,881 available to support operations. Management evaluates, at least annually, any additional investment or designated reserve options for excess liquidity, based on expected operations.

NOTE 3 – CONCENTRATION OF CREDIT RISK FOR CASH HELD IN BANK

The Organization maintains cash balances at two financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At times during the year, cash may be temporarily held by a third-party agent that is not FDIC insured. Uninsured balances were $2,079 and $2,862 at June 30, 2025 and 2024, respectively.

NOTE 4 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consisted of the following at June 30, 2025 and 2024:

	2025	2024
Gross amounts due in less than one year	$ 14,967	$ 78,336

NOTE 5 – INVESTMENTS

Investments stated at fair value consisted of the following at June 30, 2025 and 2024:

	2025	2024
Bond mutual funds	$ 5,120	$ 4,766
Equity mutual funds	28,785	25,584
ETFs	6,974	6,140
Equities	7,319	7,251
Bonds	1,271	2,012
Beneficial interest in perpetual trust	17,474	15,527
Total	$ 66,943	$ 61,280

Beneficial Interest in Perpetual Trust

The beneficial interest in perpetual trust consists of the Organization’s investment in a permanent designated fund managed by the Chester County Community Foundation (the “Foundation”). The Foundation has sole discretion over the ability to retain, invest and reinvest the funds and the power to commingle the endowed assets with those of other funds for investment purposes. At the end of each fiscal year, 5% of the trust’s value can be distributed and used for the purpose of supporting the nonprofit operating, program and capital needs of the Organization. The distributable amount of the trust assets at June 30, 2025 and 2024 was $874 and $776, respectively. The Organization makes appropriations from the trust up to the distributable amount as deemed necessary. The Organization considers the market rate of return and the amount of available funds in the trust when determining its annual spending. No appropriations have been made as of June 30, 2025 and 2024.

VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 5 – INVESTMENTS (Cont'd)

The following summarizes investment income for the years ended June 30, 2025 and 2024:

	2025	2024
WITHOUT DONOR RESTRICTIONS		
Interest and dividends	$ 3,639	$ 2,355
Net unrealized gain	5,069	7,212
Total	$ 8,708	$ 9,567

	2025	2024
WITH DONOR RESTRICTIONS		
Interest and dividends	$ 350	$ 327
Net realized gain	1,082	506
Net unrealized gain	737	1,125
Management fees	(222)	(198)
Total	$ 1,947	$ 1,760

NOTE 6 – FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with the Fair Value Measurement Topic of the FASB ASC, assets that are measured at fair value are categorized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, giving highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to measurements involving significant unobservable inputs. If the inputs used fall within different levels of the hierarchy, the categorization is based upon the lowest level input that is significant to the fair value measurement. The three levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted market prices for identical assets and liabilities in active markets.
- Level 2 – Unadjusted quoted market prices for similar assets and liabilities in active markets (other than those included in Level 1), which are observable for the asset or liability, either directly or indirectly.
- Level 3 – Significant unobservable inputs for the asset or liability.

The availability of observable inputs can vary from instrument to instrument and is affected by a wide variety of factors, including, for example, the liquidity of

VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 6 – FAIR VALUE OF FINACIAL INSTRUMENT (Cont'd)

markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable in the market, the determination of fair value requires more judgement.

The following table presents assets that were measured at fair value on a recurring basis at June 30, 2025:

	Level 1	Level 2	Level 3	Total
Bond mutual funds	$ 5,120	$ -	$ -	$ 5,120
Equity mutual funds	28,785	-	-	28,785
ETFs	6,974	-	-	6,974
Equities	7,319	-	-	7,319
Bonds	1,271	-	-	1,271
Beneficial interest in perpetual trust	-	-	17,474	17,474
	$ 49,469	$ -	$ 17,474	$ 66,943

The following table presents assets that were measured at fair value on a recurring basis at June 30, 2024:

	Level 1	Level 2	Level 3	Total
Bond mutual funds	$ 4,766	$ -	$ -	$ 4,766
Equity mutual funds	25,584	-	-	25,584
ETFs	6,140	-	-	6,140
Equities	7,251	-	-	7,251
Bonds	2,012	-	-	2,012
Beneficial interest in perpetual trust	-	-	15,527	15,527
	$ 45,753	$ -	$ 15,527	$ 61,280

Changes in Level 3 fair value measurements during the years ended June 30, 2025 and 2024 were as follows:

	2025	2024
Balance at beginning of year	$ 15,527	$ 13,766
Investment income	2,169	1,959
Management fees	(222)	(198)
Balance at end of year	$ 17,474	$ 15,527

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2025 and 2024:

	2025	2024
Computers, software and equipment	$ 77,924	$ 52,930
Accumulated depreciation	(47,778)	(35,972)
	$ 30,146	$ 16,958

Depreciation expense was $11,806 and $4,631, respectively for the years ended June 30, 2025 and 2024.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2025 and 2024:

	2025	2024
Time restricted contributions	$ 14,966	$ 60,835
Restricted for technology upgrades	4,402	5,964
Restricted for student grants	1,111	1,101
Investment in perpetuity	17,474	15,527
Total	$ 37,953	$ 83,427

Net assets with donor restrictions released during the years ended June 30, 2025 and 2024 were as follows:

	2025	2024
Time restricted contributions	$ 58,869	$ 35,924
Restricted for technology upgrades	1,562	6,438
Restricted for student grants	90	-
Restricted for staff support & well-being	-	142
Total	$ 60,521	$ 42,504

VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 9 – RESERVE FUNDS OPERATING/CAPITAL RESERVE FUND

Board Designated Sustainability Fund - In November 2019, the Board of Directors agreed to establish a reserve fund to be used for unanticipated expenses and emergencies as approved by the Board. The balance assigned to the Sustainability Fund was $10,225 for both the years ended June 30, 2025 and 2024.

Board Designated Meredith Loving Connections Fund – In 2017, the Board of Directors agreed to establish a fund in memory of Meredith Huffman, a passionate supporter of the Organization. The funds are to be used to support students in their search for meaningful employment, citizenship, or professional credentialing as a result of their commitment to learning the language and culture of English. The balance assigned to Board Designated Meredith Loving Connections Fund for the years ended June 30, 2025 and 2024 was $17,177 and $15,008, respectively.

NOTE 10 – REVENUE RECOGNITION

Performance Obligations

Revenue and support received for the Organization's special events are comprised of an exchange element based upon the benefits provided to the participants and a contribution element for the portion of the payment received in excess of the participant benefits. The Organization recognizes exchange revenue from its special events at the point in time to which the event relates. The performance obligation consists of providing participants with access to the event.

The Organization does not have any significant payment terms as payment is received before, during, or shortly after the contract period or at the point in time of the transaction.

Disaggregation of Revenue

The disaggregation of the timing of recognizing revenue from contracts with customers for the year ended June 30, 2025, was as follows:

	Point in Time	Over Time	Total
Special Events	$ 46,717	$ -	$ 46,717

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 10 – REVENUE RECOGNITION (Cont'd)

Disaggregation of Revenue (Cont'd)

The disaggregation of the timing of recognizing revenue from contracts with customers for the year ended June 30, 2024, was as follows:

	Point in Time	Over Time	Total
Special Events	$ 17,817	$ -	$ 17,817

NOTE 11 – MAJOR CONTRIBUTORS

For the year ended June 30, 2025, the Organization had one major contributor representing approximately 10% of total revenue. For the year ended June 30, 2024, the Organization had two major contributors representing approximately 37% of total revenue.

NOTE 12 – DONATED SERVICES, MATERIALS AND ASSETS

The Organization received contributions of the following nonfinancial assets reflected within the statements of activities for the years ended June 30, 2025 and 2024:

	2025	2024
Donated services	$ 42,124	$ 45,310
Donated materials	940	-
Donated assets	-	12,240
	$ 43,064	$ 57,550

All donated services and materials were utilized by the Organization's programs and supporting services. Unless otherwise noted, no donor restrictions existed for contributed nonfinancial assets.

The Organization received donated services related to technology services during the years ended June 30, 2025 and 2024. These services were utilized to support programming and supporting services of the Organization. Donated services were valued at the standard hourly rates charged for those services.

NOTE 12 – DONATED SERVICES, MATERIALS AND ASSETS (Cont'd)

During the year ended June 30, 2025, the Organization received donated materials for use in its programming and supporting services. Donated materials are valued at retail prices for acquiring similar materials.

During the years ended June 30, 2025 and 2024 the Organization received various donated items valued at $14,157 and $6,190, respectively, to be sold at its special events auction. Contributed auction items are valued based on retail prices for acquiring similar items. The value of these items are included in special event revenue and expenses on the statements of activities. Proceeds from the auction items sold are recorded at actual amounts received from sale.

During the year ended June 30, 2025, the Organization received various donated materials and facilities to support special events. Valuation of these materials and facilities are at retail prices for acquiring similar materials or facilities. These amounts have been recognized as revenue and expenses in special events on the statement of activities.

During the year ended June 30, 2024, the Organization received $12,240 of donated assets, which were IT services related to computer setup. These assets have been capitalized and included in property and equipment on the statement of financial position.

NOTE 13 – VOLUNTEER SERVICES

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fund-raising, special projects and tutoring. The Organization received an estimated 10,694 volunteer hours, valued at $32.28 per hour, for total donated tutoring services of $345,202 for the year ended June 30, 2025. The value per hour is based on the current hourly rate commonly recognized in nonprofit organizations for non-technical volunteers. For the year ended June 30, 2024, volunteer hours were estimated at 11,742 hours and valued at $31.30 per hour, for a total of $367,532. No amounts have been recognized in the statements of activities because the criteria for recognition have not been satisfied.

NOTE 14 – EMPLOYEE RETIREMENT PLAN

The Organization maintains a SIMPLE IRA plan for all qualified employees. The plan allows eligible employees to contribute up to a maximum of $11,500. The Organization matches contributions 100% up to 3% of employee contributions. Employer contributions were $1,903 and $1,493 for the years ended June 30, 2025 and 2024, respectively.

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NOTE 15 – LEASE COMMITMENT

The Organization evaluated current contracts to determine which met the criteria of a lease. The operating lease right-of-use (ROU) assets represent the Organization’s right to use underlying assets for the lease term, and the operating lease liabilities represent the Organization’s obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Organization has utilized a risk-free rate of 2.82% to discount future lease payments.

In March 2022, the Organization entered into a lease agreement with the current landlord for use of the spaces until April 2025. Under the agreement, the Organization received a free month of rent in the year ended June 30, 2022, followed by required monthly payments of $2,400 for 12 months, which increased to $2,452 for the next 12 months and $2,504 for the final 12 months of the lease term.

During the year ended June 30, 2025, the Organization entered into a new lease agreement with the current landlord for continued used of the current spaces until June 2026. The lease requires monthly payments for the first 2 months of $2,504, and then the amount increases to $2,556 a month for the final 12 months of the lease.

Lease expense for the years ended June 30, 2025 and 2024 for operating leases subject to recognition under ASU No. 2016-02, *Leases (Topic 842),* was $29,278 and $29,905, respectively.

Future maturities of operating lease liabilities subject to ASU No. 2016-02, *Leases (Topic 842)* are as follows:

For the year ended June 30,		
2025	$	28,117
Less: present value discount		(325)
Total operating lease obligations	$	27,792

NOTE 16 – GOING CONCERN

The financial statements of the Organization have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which contemplates that the Organization will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

NOTE 16 – GOING CONCERN (Cont'd)

The current economic and political environment presents short-term challenges to fulfilling the Organization's mission for the Chester County community. During the year, the Organization experienced a decrease in net assets due to an unanticipated decline in traditional foundation support. Cash on hand at year-end would cover approximately four months of operating expenses, below the six- to nine-month level typically expected for nonprofit organizations. Several foundations declined recent funding proposals at an unusually high rate, citing increased demand, while others have shifted to multi-year or collaborative funding models that require infrastructure beyond the Organization's current scale.

During the year, the Organization also reduced cash reserves to implement a new constituent relationship management system and related secure platforms, an investment intended to reduce future costs and improve long-term sustainability. Approximately 70% of the project cost was funded by private donors and foundations, with reserves temporarily used to secure restricted gifts during implementation. At the same time, community engagement increased significantly, with growing volunteer participation across all service offerings, particularly tutor training and one-to-one English instruction. For nearly 39 years, the Organization has remained the sole provider of free, accessible English instruction offered by local volunteers to limited-English-proficient residents living and working in the community.