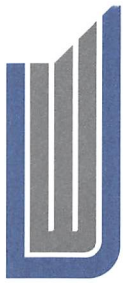




**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
JUNE 30, 2024 AND 2023**

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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, 2024 and 2023, 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.

*Umbreit, Wileczek & Associates, P.C.*

Kennett Square, PA  
November 19, 2024

## VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA

### STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	<b>ASSETS</b>	
	<u>2024</u>	<u>2023</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 163,238	\$ 198,771
Unconditional promises to give	78,336	25,400
Prepaid expenses	<u>1,751</u>	<u>2,273</u>
<b>TOTAL CURRENT ASSETS</b>	243,325	226,444
Investments	61,280	54,208
Property and equipment, net	16,958	2,912
Rental security deposit	869	869
Deposits held in unemployment reserve	17,737	15,937
Operating lease right-of-use asset	<u>21,902</u>	<u>50,378</u>
<b>TOTAL ASSETS</b>	<u>\$ 362,071</u>	<u>\$ 350,748</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and credit card liabilities	\$ 3,446	\$ 4,306
Accrued expenses	5,276	4,350
Accrued payroll	8,331	8,244
Operating lease liability, current portion	<u>22,328</u>	<u>28,575</u>
<b>TOTAL CURRENT LIABILITIES</b>	39,381	45,475
Student equipment deposits	75	60
Reserve for unemployment claims	17,737	15,937
Operating lease liability, net of current portion	<u>-</u>	<u>22,329</u>
<b>TOTAL LIABILITIES</b>	57,193	83,801
<b>NET ASSETS</b>		
Without donor restrictions		
Unrestricted	196,218	184,285
Board designated	<u>25,233</u>	<u>22,551</u>
Total without donor restrictions	221,451	206,836
With donor restrictions	<u>83,427</u>	<u>60,111</u>
<b>TOTAL NET ASSETS</b>	<u>304,878</u>	<u>266,947</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 362,071</u>	<u>\$ 350,748</u>

See Independent Accountant's Review Report and Notes to Financial Statements

## VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA

### STATEMENTS OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT, REVENUE AND RECLASSIFICATIONS</b>			
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)	-
<b>TOTAL SUPPORT, REVENUE AND RECLASSIFICATIONS</b>	379,507	23,316	402,823
<b>OPERATING EXPENSES</b>			
Program services	253,380	-	253,380
Management and general	52,284	-	52,284
Fundraising	59,228	-	59,228
<b>TOTAL EXPENSES</b>	364,892	-	364,892
<b>CHANGE IN NET ASSETS</b>	14,615	23,316	37,931
<b>NET ASSETS - BEGINNING OF YEAR</b>	206,836	60,111	266,947
<b>NET ASSETS - END OF YEAR</b>	\$ 221,451	\$ 83,427	\$ 304,878

See Independent Accountant's Review Report and Notes to Financial Statements

## VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA

### STATEMENTS OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT, REVENUE AND RECLASSIFICATIONS</b>			
Contributions	\$ 100,034	\$ 600	\$ 100,634
Grants	72,631	40,500	113,131
In-kind contributions	36,545	-	36,545
Special events (net of direct costs \$4,205)	(3,051)	-	(3,051)
Miscellaneous income	4,078	-	4,078
Investment income, net	8,903	877	9,780
Net assets released from restrictions	15,550	(15,550)	-
<b>TOTAL SUPPORT, REVENUE AND RECLASSIFICATIONS</b>	<b>234,690</b>	<b>26,427</b>	<b>261,117</b>
<b>OPERATING EXPENSES</b>			
Program services	250,986	-	250,986
Management and general	59,220	-	59,220
Fundraising	36,078	-	36,078
<b>TOTAL EXPENSES</b>	<b>346,284</b>	<b>-</b>	<b>346,284</b>
<b>CHANGE IN NET ASSETS</b>	<b>(111,594)</b>	<b>26,427</b>	<b>(85,167)</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>318,430</b>	<b>33,684</b>	<b>352,114</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 206,836</b>	<b>\$ 60,111</b>	<b>\$ 266,947</b>

See Independent Accountant's Review Report and Notes to Financial Statements

## VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA

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

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>COMPENSATION RELATED</b>				
Salaries	\$ 149,583	\$ 16,467	\$ 30,236	\$ 196,286
Payroll taxes	13,242	1,458	2,677	17,377
Employee benefits	<u>2,325</u>	<u>211</u>	<u>483</u>	<u>3,019</u>
<b>TOTAL COMPENSATION RELATED</b>	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	<u>892</u>	<u>-</u>	<u>-</u>	<u>892</u>
<b>TOTAL EXPENSES</b>	<u>\$ 253,380</u>	<u>\$ 52,284</u>	<u>\$ 59,228</u>	<u>\$ 364,892</u>

See Independent Accountant's Review Report and Notes to Financial Statements

## VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA

### STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2023

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>COMPENSATION RELATED</b>				
Salaries	\$ 149,712	\$ 22,444	\$ 22,033	\$ 194,189
Payroll taxes	13,099	1,964	1,928	16,991
Employee benefits	2,910	410	410	3,730
<b>TOTAL COMPENSATION RELATED</b>	<b>165,721</b>	<b>24,818</b>	<b>24,371</b>	<b>214,910</b>
Accounting	-	23,957	-	23,957
Advertising	2,925	-	757	3,682
Books	6,083	-	-	6,083
Community engagement	1,197	39	-	1,236
Depreciation	778	110	110	998
Dues and subscriptions	704	45	910	1,659
Insurance	1,698	239	239	2,176
IT hosting and support	18,939	2,248	3,327	24,514
IT security and communications	9,781	1,379	1,379	12,539
Miscellaneous	2,907	34	347	3,288
Lease expense	22,946	3,236	3,236	29,418
Office supplies	4,742	448	500	5,690
Postage and delivery	1,047	1	73	1,121
Printing and reproduction	234	-	-	234
Professional development	-	273	256	529
Professional fees	5,539	894	229	6,662
Program expenses	420	-	-	420
Service charges	-	1,155	-	1,155
Telephone	2,438	344	344	3,126
Training	2,887	-	-	2,887
<b>TOTAL EXPENSES</b>	<b>\$ 250,986</b>	<b>\$ 59,220</b>	<b>\$ 36,078</b>	<b>\$ 346,284</b>

See Independent Accountant's Review Report and Notes to Financial Statements

## VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 37,931	\$ (85,167)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,631	998
Net realized and unrealized gain on investments	(8,843)	(8,533)
Donation of property and equipment	(12,240)	-
Noncash operating lease expense	28,476	27,693
(Increase) decrease in operating assets:		
Unconditional promises to give	(52,936)	(10,400)
Prepaid expenses	522	(56)
Employee Retention Credit	-	79,710
Deposit held in unemployment reserve	(1,800)	(1,198)
Increase (decrease) in operating liabilities:		
Accounts payable	(860)	(289)
Accrued expenses	926	720
Accrued payroll	87	(548)
Student equipment deposits	15	-
Reserve for unemployment claims	1,800	1,198
Operating lease liability	(28,576)	(27,167)
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>(30,867)</b>	<b>(23,039)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(6,437)	-
Purchase of investments	(593)	(558)
Proceeds from sale of investments	2,364	4,669
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(4,666)</b>	<b>4,111</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(35,533)</b>	<b>(18,928)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>198,771</b>	<b>217,699</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 163,238</b>	<b>\$ 198,771</b>
<b>SUPPLEMENTAL INFORMATION</b>		
Noncash recognition of operating leases (ASC 842)	<b>\$ -</b>	<b>\$ 78,071</b>

See Independent Accountant's Review Report and Notes to Financial Statements

**VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA****NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023****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

# VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

### 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.

#### 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.

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.

#### 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.

# VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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

#### 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 are charged against the allowance when the Organization determines that payments will not be received. As of June 30, 2024 and 2023, 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 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 are charged to operations as incurred. 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 statement of activities at their estimated values as of the date of donation.

**VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA****NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023****NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING  
POLICIES (Cont'd)**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

The Organization expenses advertising and marketing costs as they are incurred. Total advertising costs for the years ended June 30, 2024 and 2023 were \$10,020 and \$3,682, respectively.

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.

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.

**VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA**

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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

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 Approval

The Organization has evaluated those events and transactions that occurred after the statement of financial position date of June 30, 2024 through November 19, 2024, the date the financial statements were available to be issued and determined there were no other items to be disclosed.

**NOTE 2 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES**

As of June 30, 2024 and 2023, financial assets and liquidity resources available within one year for general expenditures such as operating expenses were as follows:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and equivalents	\$ 163,238	\$ 198,771
Promises to give payments available for operations	78,336	25,400
Donor restricted financial assets	<u>(6,564)</u>	<u>(12,944)</u>
Total financial assets available within one year	<u>\$ 235,010</u>	<u>\$ 211,227</u>

At June 30, 2024 and 2023, the Organization had \$235,010 and \$211,227, 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

**VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA**

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

**NOTE 2 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES (Cont'd)**

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 \$29,761 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 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 \$2,862 and \$8,352 at June 30, 2024 and 2023, respectively.

**NOTE 4 – UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give were as follows at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Gross amounts due in less than one year	<u>\$ 78,336</u>	<u>\$ 25,400</u>

**NOTE 5 – INVESTMENTS**

Investments consisted of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Bond mutual funds	\$ 4,766	\$ 6,969
Equity mutual funds	25,584	18,872
ETFs	6,140	5,019
Equities	7,251	6,333
Bonds	2,012	3,249
Beneficial interest in perpetual trust	<u>15,527</u>	<u>13,766</u>
Total	<u>\$ 61,280</u>	<u>\$ 54,208</u>

**VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA**

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

**NOTE 5 – INVESTMENTS (Cont’d)**

*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, 2024 and 2023 was \$776 and \$688, 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, 2024 and 2023.

The following summarizes investment income for the years ended June 30, 2024 and 2023:

	2024	2023
<b>WITHOUT DONOR RESTRICTIONS</b>		
Interest and dividends	\$ 2,355	\$ 1,107
Net unrealized gain (loss)	7,212	7,796
Total	<u>\$ 9,567</u>	<u>\$ 8,903</u>
	2024	2023
<b>WITH DONOR RESTRICTIONS</b>		
Interest and dividends	\$ 327	\$ 324
Net realized gain (loss)	506	(85)
Net unrealized gain	1,125	822
Management fees	(198)	(184)
Total	<u>\$ 1,760</u>	<u>\$ 877</u>

**VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

**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 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, 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
	<u>\$ 45,753</u>	<u>\$ -</u>	<u>\$ 15,527</u>	<u>\$ 61,280</u>

**VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA**

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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

The following table presents assets that were measured at fair value on a recurring basis at June 30, 2023:

	Level 1	Level 2	Level 3	Total
Bond mutual funds	\$ 6,969	\$ -	\$ -	\$ 6,969
Equity mutual funds	18,872	-	-	18,872
ETFs	5,019	-	-	5,019
Equities	6,333	-	-	6,333
Bonds	3,249	-	-	3,249
Beneficial interest in perpetual trust	-	-	13,766	13,766
	<u>\$ 40,442</u>	<u>\$ -</u>	<u>\$ 13,766</u>	<u>\$ 54,208</u>

Changes in Level 3 fair value measurements during the years ended June 30, 2024 and 2023 were as follows:

	2024	2023
Balance at beginning of year	\$ 13,766	\$ 12,889
Investment income	1,959	1,061
Management fees	(198)	(184)
Balance at end of year	<u>\$ 15,527</u>	<u>\$ 13,766</u>

**NOTE 7 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30, 2024 and 2023:

	2024	2023
Computers and equipment	\$ 52,930	\$ 34,253
Accumulated depreciation	<u>(35,972)</u>	<u>(31,341)</u>
	<u>\$ 16,958</u>	<u>\$ 2,912</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$4,631 and \$998, respectively.

**VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA**

NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at June 30, 2024 and 2023:

	2024	2023
Time restricted contributions	\$ 60,835	\$ 32,900
Restricted for technology upgrades	5,964	12,402
Restricted for student grants	1,101	901
Restricted for staff support & well-being	-	142
Investment in perpetuity	15,527	13,766
Total	<u>\$ 83,427</u>	<u>\$ 60,111</u>

Net assets with donor restrictions released during the years ended June 30, 2024 and 2023 by meeting the time restrictions or by incurring expenses satisfying the restrictions specified by donors were as follows:

	2024	2023
Time restricted contributions	\$ 35,924	\$ 15,000
Restricted for technology upgrades	6,438	-
Restricted for student grants	-	550
Restricted for staff support & well-being	142	-
Total	<u>\$ 42,504</u>	<u>\$ 15,550</u>

**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, 2024 and 2023.

*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, 2024 and 2023 was \$15,008 and \$12,326, respectively.

**VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA**

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

**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, 2024, was as follows:

	<u>Point in Time</u>	<u>Over Time</u>	<u>Total</u>
Special Events	\$ 17,817	\$ -	\$ 17,817

The disaggregation of the timing of recognizing revenue from contracts with customers for the year ended June 30, 2023, was as follows:

	<u>Point in Time</u>	<u>Over Time</u>	<u>Total</u>
Special Events	\$ 1,154	\$ -	\$ 1,154

**NOTE 11 – MAJOR CONTRIBUTORS**

For the year ended June 30, 2024, the Organization had two major contributors representing approximately 37% of total revenue. There were no major contributors for the year ended June 30, 2023.

**VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA**

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

**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, 2024 and 2023:

	2024	2023
Donated services	\$ 45,310	\$ 33,971
Donated materials	-	2,574
Donated assets	12,240	-
	<u>\$ 57,550</u>	<u>\$ 36,545</u>

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 the use of donated services related to technology services during the years ended June 30, 2024 and 2023. 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.

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.

During the year ended June 30, 2023, the Organization received donated materials for use in its programming efforts. Donated materials are valued at retail prices for acquiring similar materials.

During the year ended June 30, 2024 the Organization received various donated items valued at \$6,190 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 statement of activities. Proceeds from the auction items sold are recorded at actual amounts received from sale.

During the year ended June 30, 2023 the Organization received various donated services to support its special events. Valuation of these services are at retail price for acquiring similar services. These amounts have been recognized as revenue and expense in special events on the statement of activities.

**VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA****NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023****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 11,742 volunteer hours, valued at \$31.30 per hour, for total donated tutoring services of \$367,532 for the year ended June 30, 2024. 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, 2023, volunteer hours were estimated at 12,516 hours and valued at \$29.78 per hour, for a total of \$372,726. No amounts have been recognized in the statements of activities because the criteria for recognition have not been satisfied.

**NOTE 14 – EMPLOYEE RETENTION CREDIT**

During the year ended June 30, 2022, the Organization applied for a \$79,710 credit under the Employee Retention Credit, a refundable credit against certain payroll taxes established by the CARES Act. The credit was approved and the funds were received during the year ended June 30, 2023.

**NOTE 15 – 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 \$1,493 and \$1,920 for the years ended June 30, 2024 and 2023, respectively.

**NOTE 16 – 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.

During the year ended June 30, 2019, the Organization entered into a new lease agreement with the current landlord for continued use of the current space until March 2022 as well as use of additional office space until May 2020. In June 2020, the agreement was amended to extend the expiration date for the additional space to March 2022. The lease required monthly payments for the first 10

**VOLUNTEER ENGLISH PROGRAM IN CHESTER COUNTY, PENNSYLVANIA**

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**NOTE 16 – LEASE COMMITMENT (Cont’d)**

months of \$2,817, and then the amount decreased to \$2,400 a month for the final 12 months of the lease. In March 2022, the Organization signed an amendment to the lease extending it through April 2025. Under the amendment, 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 increases to \$2,452 for the next 12 months and \$2,504 for the final 12 months of the lease term.

Lease expense for the years ended June 30, 2024 and 2023 for operating leases subject to recognition under ASU No. 2016-02, *Leases (Topic 842)*, was \$29,905 and \$29,418, respectively.

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

<u>For the year ended June 30,</u>	
2025	\$ 22,536
Less: present value discount	(138)
Total operating lease obligations	<u><u>\$ 22,398</u></u>