

THE VILLAGE LEARNING PLACE, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

June 30, 2025 and 2024

THE VILLAGE LEARNING PLACE, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Village Learning Place, Inc.

Opinion

We have audited the accompanying financial statements of The Village Learning Place, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, 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 The Village Learning Place, Inc. as of June 30, 2025 and 2024, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Village Learning Place, 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 The Village Learning Place, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 audits.
- 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 The Village Learning Place, 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 The Village Learning Place, 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.

Luxemburg + Bronfin, LLC

Baltimore, Maryland
September 16, 2026

The Village Learning Place, Inc.
Statements of Financial Position
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets		
Cash	\$ 82,939	\$ 238,433
Grants receivable	118,948	248,089
Prepaid expenses	<u>5,509</u>	<u>2,782</u>
Total current assets	<u>207,396</u>	<u>489,304</u>
Other assets		
Right-of-use operating lease asset, net	<u>515,367</u>	<u>601,880</u>
Fixed assets		
Property and equipment	1,245,751	1,232,683
Less accumulated depreciation	<u>(994,941)</u>	<u>(936,631)</u>
Total fixed assets	<u>250,810</u>	<u>296,052</u>
Total assets	<u><u>\$ 973,573</u></u>	<u><u>\$ 1,387,236</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Line of credit	\$ -	\$ 99,539
Accrued expenses	65,462	91,284
Operating lease liabilities, current portion	<u>103,953</u>	<u>101,915</u>
Total current liabilities	<u>169,415</u>	<u>292,738</u>
Long-term liabilities		
Operating lease liabilities, less current portion	<u>435,862</u>	<u>522,933</u>
Net assets		
Without donor restrictions	340,707	568,976
With donor restrictions	<u>27,589</u>	<u>2,589</u>
Total net assets	<u>368,296</u>	<u>571,565</u>
Total liabilities and net assets	<u><u>\$ 973,573</u></u>	<u><u>\$ 1,387,236</u></u>

See notes to financial statements

The Village Learning Place, Inc.
Statements of Activities
For the Years Ended June 30, 2025 and 2024

	2025			2024		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenue						
Contributions and grants	\$ 1,126,372	\$ 25,000	\$ 1,151,372	\$ 1,231,826	\$ 2,589	\$ 1,234,415
Miscellaneous income	25,720	-	25,720	42,594	-	42,594
Rental income	5,885	-	5,885	12,452	-	12,452
Net assets released from restrictions	-	-	-	151,321	(151,321)	-
Total support and revenue	<u>1,157,977</u>	<u>25,000</u>	<u>1,182,977</u>	<u>1,438,193</u>	<u>(148,732)</u>	<u>1,289,461</u>
Functional expenses						
Program services						
Program and library	1,101,707	-	1,101,707	1,128,962	-	1,128,962
Support services						
Management and general	232,666	-	232,666	299,662	-	299,662
Fundraising	<u>51,873</u>	<u>-</u>	<u>51,873</u>	<u>62,652</u>	<u>-</u>	<u>62,652</u>
Total functional expenses	<u>1,386,246</u>	<u>-</u>	<u>1,386,246</u>	<u>1,491,276</u>	<u>-</u>	<u>1,491,276</u>
Change in net assets	(228,269)	25,000	(203,269)	(53,083)	(148,732)	(201,815)
Net assets						
Beginning of year	<u>568,976</u>	<u>2,589</u>	<u>571,565</u>	<u>622,059</u>	<u>151,321</u>	<u>773,380</u>
End of year	<u>\$ 340,707</u>	<u>\$ 27,589</u>	<u>\$ 368,296</u>	<u>\$ 568,976</u>	<u>\$ 2,589</u>	<u>\$ 571,565</u>

See notes to financial statements

The Village Learning Place, Inc.
Statements of Functional Expenses
For the Year Ended June 30, 2025

	Program and Library	Management and General	Fundraising	Total Expenses
Accounting fees	\$ -	\$ 66,661	\$ -	\$ 66,661
Advertising	1,735	5,716	-	7,451
Bad debt expense	-	1,685	-	1,685
Computer expense	35,435	6,793	1,950	44,178
Consultants and contractors	80,305	949	-	81,254
Depreciation	58,310	-	-	58,310
Employee benefits	36,301	-	-	36,301
Insurance	-	13,703	-	13,703
Interest	-	11,997	-	11,997
Lease expense	175,315	16,276	-	191,591
Office expense	40,097	14,861	2,761	57,719
Payroll taxes	51,296	1,855	-	53,151
Program expenses	117,143	2,342	1,785	121,270
Retirement plan	8,201	-	-	8,201
Salaries	497,569	89,828	45,377	632,774
	<u>\$ 1,101,707</u>	<u>\$ 232,666</u>	<u>\$ 51,873</u>	<u>\$ 1,386,246</u>

See notes to financial statements

The Village Learning Place, Inc.
Statements of Functional Expenses
For the Year Ended June 30, 2024

	Program and Library	Management and General	Fundraising	Total Expenses
Accounting fees	\$ -	\$ 24,131	\$ -	\$ 24,131
Advertising	-	5,389	-	5,389
Bad debt expense	-	48,000	-	48,000
Computer expense	40,511	10,045	-	50,556
Consultants and contractors	38,148	3,256	1,700	43,104
Depreciation	58,310	-	-	58,310
Employee benefits	41,670	5,232	-	46,902
Insurance	240	13,667	-	13,907
Interest	3,398	2,258	-	5,656
Lease expense	82,915	101,637	500	185,052
Office expense	33,481	20,769	113	54,363
Payroll taxes	47,603	3,457	4,308	55,368
Program expenses	156,315	20,633	159	177,107
Retirement plan	3,845	5,802	-	9,647
Salaries	622,526	35,386	55,872	713,784
	<u>\$ 1,128,962</u>	<u>\$ 299,662</u>	<u>\$ 62,652</u>	<u>\$ 1,491,276</u>

See notes to financial statements

The Village Learning Place, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ (203,269)	\$ (201,815)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	58,310	58,310
Changes in:		
Grants receivable	129,141	286,567
Prepaid expenses	(2,727)	18,341
Operating lease assets and liabilities, net	1,480	3,477
Accrued expenses	(25,822)	46,179
Deferred revenue	<u>-</u>	<u>(53,690)</u>
Net cash (used in) provided by operating activities	<u>(42,887)</u>	<u>157,369</u>
Cash flows from investing activities		
Capital expenditures	<u>(13,068)</u>	<u>-</u>
Net cash used in investing activities	<u>(13,068)</u>	<u>-</u>
Cash flows from financing activities		
Line of credit	<u>(99,539)</u>	<u>29,940</u>
Net cash (used in) provided by financing activities	<u>(99,539)</u>	<u>29,940</u>
Net (decrease) increase in cash	(155,494)	187,309
Cash, beginning of year	<u>238,433</u>	<u>51,124</u>
Cash, end of year	<u><u>\$ 82,939</u></u>	<u><u>\$ 238,433</u></u>

See notes to financial statements

The Village Learning Place, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

Note 1 Organization and Nature of Operations

Nature of Operations

The Village Learning Place, Inc. (the Organization) began operations in 1997 and is located in Baltimore City. The Organization operates as a community library that houses educational programs, enrichment opportunities, and informational resources throughout Baltimore City. The Organization's mission is to promote literacy, cultural awareness, and lifelong learning.

Note 2 Summary of Significant Accounting Policies

Method of Accounting

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

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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Classification of Net Assets

The financial statements are presented in accordance with FASB accounting guidance for financial statements of nonprofit organizations, which establish standards for financial statements issued by nonprofit organizations. It requires that net assets and related revenue and expenses be classified into two classes of net assets – net assets without donor restrictions and net assets with donor restrictions, based upon the existence or absence of donor-imposed restrictions. A definition and description of each net asset class follows.

Net Assets Without Donor Restrictions – Funds that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Funds subject to donor or grant-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are

The Village Learning Place, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

Grants Receivable

Grants receivable is reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of grants receivable. It is reasonably possible that management's estimate of the allowance will change. As of June 30, 2025 and 2024, the allowance for doubtful accounts was \$-0-, respectively.

Donated Goods and Services

Volunteers have donated significant amounts of time in support of the Organization's activities. However, the value of these services is not reflected in the accompanying financial statements, as they do not meet the criteria for recognition as set forth under generally accepted accounting principles.

Contributions and Revenue

Contributions and other support are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions. 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. Conditional contributions represent money received in advance where the Organization must meet certain requirements subject to donor approval before being allowed to spend the proceeds.

Grants and Revenue Recognition

The Organization requests and receives grants from governmental organizations and foundations that are specifically designated for program services. The funds are expended in accordance with grant requirements. Grant revenue is earned when the Organization has incurred expenses related to a specific grant or based upon the grantor's award period.

Property and Equipment

Fixed assets are recorded at cost if purchased or at fair market value at date of gift if donated. Depreciation for property and equipment is computed using the straight-line method over the life of the assets. Additions and improvements that add materially to

The Village Learning Place, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

productive capacity or extend the life of an asset are capitalized. The estimated lives used in determining depreciation are as follows:

Building and improvements	15 or 25 years
Furniture and fixtures	5 or 7 years

Income Taxes

The Organization is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from state income tax. However, any unrelated business income may be subject to taxation. There was no unrelated business income tax for the years ended June 30, 2025 and 2024.

The Organization follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Organization for uncertain tax positions as of June 30, 2025 and 2024. The Organization is not currently under audit by any tax jurisdiction.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Costs that cannot be specifically identified with a particular function and that benefit more than one functional category are allocated on the basis of estimates of the portion of time expended by the staff on the various functions.

Reclassifications

Reclassifications have been made to the prior year balances to conform to the current year presentation.

Leases

In accordance with Accounting Standards Codification (ASC) 842, Leases, lessees are required to recognize on the statement of financial position the assets and liabilities arising from operating leases. A lessee should recognize a liability to make lease payments and a right-of-use (ROU) asset representing its right to use the underlying asset for the lease term. The Organization records a lease obligation liability and ROU asset at the commencement of a lease in accordance with ASC 842, Leases. The ROU asset and lease liability from the operating leases were calculated based on the present value of future lease payments over the lease term. The Organization has made an accounting

The Village Learning Place, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

policy election to use a risk-free rate, in lieu of its incremental borrowing rate to discount future lease payments.

Note 3 Property and Equipment

Property and equipment as of June 30, 2025 and 2024 consists of the following:

	<u>2025</u>	<u>2024</u>
Building and improvements	\$ 1,163,907	\$ 1,150,839
Furniture and fixtures	<u>81,844</u>	<u>81,844</u>
Fixed assets, total	1,245,751	1,232,683
Less accumulated depreciation	<u>(994,941)</u>	<u>(936,631)</u>
	<u><u>\$ 250,810</u></u>	<u><u>\$ 296,052</u></u>

Depreciation expense for the years ended June 30, 2025 and 2024 was \$58,310, respectively.

Note 4 Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Learning center	\$ 2,589	\$ 2,589
Summer Program	<u>25,000</u>	<u>-</u>
Net assets with donor restrictions	<u><u>\$ 27,589</u></u>	<u><u>\$ 2,589</u></u>

Net assets with donor restrictions were released to expenses after satisfying the following restricted purposes:

	<u>2025</u>	<u>2024</u>
Library	\$ -	\$ 3,865
Learning center	-	49,456
Capital improvements	<u>-</u>	<u>98,000</u>
Net assets released from restrictions	<u><u>\$ -</u></u>	<u><u>\$ 151,321</u></u>

The Village Learning Place, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

Note 5 Bank Line of Credit

On June 30, 2012, the Organization obtained a \$100,000 line of credit with PNC Bank. The line is secured by money on deposit with the bank. Interest is charged at a variable rate (equal to prime plus 1.5%). As of June 30, 2025 and 2024 the rate was 12.00% and 13.00%, respectively. The outstanding balance as of June 30, 2025 and 2024 was \$-0- and \$99,539, respectively.

Note 6 Related Party Transactions

During the year ended June 30, 2025, the Organization borrowed \$90,000 from two members of the Organization's Board of Directors. One of the loans bore interest at a rate of 4.25% while the other was interest free. The loans were due within 90 days of the date of issuance. Total interest expense for the year ended June 30, 2025, was \$11,997. As of June 30, 2025, the loan was repaid.

Note 7 Retirement Plan

The Organization offers employees the opportunity to contribute to a simple IRA retirement plan. Each employee may contribute up to the maximum allowable by the Internal Revenue Service annually from his or her own funds. The Organization contributes an employer match to the retirement plan on behalf of each employee who contributed to the plan. For the years ended June 30, 2025 and 2024, the employer match expense was \$8,201 and \$9,647, respectively.

Note 8 Leases

The Organization entered into an operating lease with Brightwood Management LLC. Base rent for the office space shall be \$6,250 per month for the first year with a 2% increase in each subsequent year. In addition, the rent includes 33.3% of taxes and CAM fees. The lease expires in May 2030.

Upon adoption of the new standard, the Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use ("ROU") assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU asset and lease liability from the operating leases were calculated based on the present value of future lease payments over the lease term. The Organization has made an accounting policy election to use a risk-free rate, in lieu of its incremental borrowing rate to discount future lease payments.

Future maturities of the lease liability are as follows:

The Village Learning Place, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

June 30, 2026	\$ 103,953
2027	106,032
2028	108,153
2029	110,315
2030	<u>102,973</u>
Total	531,426
Imputed interest	<u>8,389</u>
	<u><u>\$ 539,815</u></u>

The average discount rate used was 2.88% and the weighted average remaining lease term was 4.9 years.

Note 9 Commitment

The Organization entered into a lease with the City of Baltimore in 1998, for rental of the library. The lease was a five-year lease with three additional five-year automatic renewals. In May of 2017, the Organization signed a new lease with the same provisions as the previous lease. The lease will expire in 2037. The annual rent is \$1.

Note 10 Contingencies

Grants require the fulfillment of certain conditions as set forth in each grant instrument. Failure to fulfill those conditions could result in the return of funds to the grantors. Management deems this contingency remote since it believes it has complied with the terms of each grant.

Note 11 Liquidity and Availability of Financial Assets

Financial assets available for general expenditure without donor or other restrictions limiting their use within one year of the statements of financial position date consist of the following:

The Village Learning Place, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

	2025	2024
Cash	\$ 82,939	\$ 238,433
Grants receivable	118,948	248,089
Total financial assets available within one year	201,887	486,522
Donor-imposed restrictions	(27,589)	(2,589)
Financial assets available to meet cash needs for general expenditures within one year	\$ 174,298	\$ 483,933

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as general expenditures become due.

Note 12 Subsequent Events

Subsequent events were evaluated through September 16, 2026, which is the date the financial statements were available to be issued. No significant events have been identified that would require adjustment or disclosure in the financial statements.