

JULIE'S FAMILY LEARNING PROGRAM, INC.

Financial Statements

June 30, 2015

JULIE'S FAMILY LEARNING PROGRAM, INC.

Index

June 30, 2015

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Independent Auditors' Report

To the Board of Directors of
Julie's Family Learning Program, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Julie's Family Learning Program, Inc. (a nonprofit organization), (the Agency), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2015 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Agency's 2014 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 14, 2014. The prior year summarized comparative information is not intended to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2015, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



November 3, 2015



Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors of
Julie's Family Learning Program, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Julie's Family Learning Program, Inc. (a nonprofit organization), (the Agency), which comprise the statement of financial position as of June 30, 2015 and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements and have issued our report thereon dated November 3, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Nimir P. Martini & Associates, P.C." The signature is written in a cursive, flowing style.

November 3, 2015

JULIE'S FAMILY LEARNING PROGRAM, INC.

Statement of Financial Position

As of June 30, 2015

With Comparative Totals as of June 30, 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 292,393	\$ 86,136
Accounts receivable	13,641	18,684
Pledges receivable, current	85,000	85,000
Prepaid expenses	16,489	24,218
Total Current Assets	<u>407,523</u>	<u>214,038</u>
Fixed Assets		
Leasehold improvements	1,517,888	1,517,888
Furniture and equipment	116,101	116,101
	<u>1,633,989</u>	<u>1,633,989</u>
Less: accumulated depreciation	<u>(943,926)</u>	<u>(865,766)</u>
Total Fixed Assets	<u>690,063</u>	<u>768,223</u>
Other Assets		
Pledges receivable, net of current portion	<u>24,465</u>	<u>83,913</u>
Total Other Assets	<u>24,465</u>	<u>83,913</u>
Total Assets	<u>\$ 1,122,051</u>	<u>\$ 1,066,174</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 18,016	\$ 7,761
Accrued expenses	21,686	17,029
Total Current Liabilities	<u>39,702</u>	<u>24,790</u>
Total Liabilities	<u>39,702</u>	<u>24,790</u>
Net Assets		
Unrestricted	957,330	855,534
Temporarily restricted	125,019	185,850
Total Net Assets	<u>1,082,349</u>	<u>1,041,384</u>
Total Liabilities and Net Assets	<u>\$ 1,122,051</u>	<u>\$ 1,066,174</u>

The accompanying notes are an integral part of these financial statements.

JULIE'S FAMILY LEARNING PROGRAM, INC.

Statement of Activities

For the Year Ended June 30, 2015
With Comparative Totals for the Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
Revenue and Support				
Program service fees	\$ 311,213	\$ -	\$ 311,213	\$ 241,018
Contributions and grants	908,777	13,307	922,084	1,071,807
Special events	321,555	-	321,555	66,303
Other revenue	600	-	600	-
Total Revenue and Support	<u>1,542,145</u>	<u>13,307</u>	<u>1,555,452</u>	<u>1,379,128</u>
Net assets released from restrictions	<u>74,138</u>	<u>(74,138)</u>	<u>-</u>	<u>-</u>
Total	<u>1,616,283</u>	<u>(60,831)</u>	<u>1,555,452</u>	<u>1,379,128</u>
Expenses				
Program services	1,242,126	-	1,242,126	1,302,932
Management & general	112,455	-	112,455	115,196
Fundraising	159,906	-	159,906	138,226
Total Expenses	<u>1,514,487</u>	<u>-</u>	<u>1,514,487</u>	<u>1,556,354</u>
Change in Net Assets From Operations	101,796	(60,831)	40,965	(177,226)
Net Realized Losses on Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>(588)</u>
Change in Net Assets	101,796	(60,831)	40,965	(177,814)
Net Assets at Beginning of Year	<u>855,534</u>	<u>185,850</u>	<u>1,041,384</u>	<u>1,219,198</u>
Net Assets at End of Year	<u>\$ 957,330</u>	<u>\$ 125,019</u>	<u>\$ 1,082,349</u>	<u>\$ 1,041,384</u>

The accompanying notes are an integral part of these financial statements.

JULIE'S FAMILY LEARNING PROGRAM, INC.

Statement of Cash Flows

For the Year Ended June 30, 2015
With Comparative Totals for the Year Ended June 30, 2014

	2015	2014
Cash Flows from Operating Activities		
Change in net assets	\$ 40,965	\$ (177,814)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	78,160	82,474
Realized loss on investments	-	588
Donated stock	-	(32,411)
Decrease (increase) in assets		
Accounts receivable	5,043	9,277
Pledges receivable	59,448	(22,611)
Prepaid expenses	7,729	(6,029)
Increase (decrease) in liabilities		
Accounts payable	10,255	(12,541)
Accrued expenses	4,657	2,809
Capital lease payable	-	(1,574)
Net Cash Provided by (Used in) Operating Activities	206,257	(157,832)
Cash Flows from Investing Activities		
Proceeds from sale of investments	-	31,823
Net Cash Provided by Investing Activities	-	31,823
Net Increase (Decrease) in Cash and Cash Equivalents	206,257	(126,009)
Cash and Cash Equivalents, Beginning of Year	86,136	212,145
Cash and Cash Equivalents, End of Year	\$ 292,393	\$ 86,136
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 1,147	\$ 286

The accompanying notes are an integral part of these financial statements.

JULIE'S FAMILY LEARNING PROGRAM, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2015
With Comparative Totals for the Year Ended June 30, 2014

	<u>Managment & General</u>	<u>Fundraising</u>	<u>Program Services</u>	<u>Total 2015</u>	<u>Total 2014</u>
Functional Expenses					
Employee compensation and related expenses	\$ 47,122	\$ 97,506	\$ 644,352	\$ 788,980	\$ 865,488
Occupancy	10,827	326	264,423	275,576	264,310
Operating expenses	48,275	62,074	261,422	371,771	344,082
Depreciation	<u>6,231</u>	<u>-</u>	<u>71,929</u>	<u>78,160</u>	<u>82,474</u>
Total Functional Expenses	<u>\$ 112,455</u>	<u>\$ 159,906</u>	<u>\$ 1,242,126</u>	<u>\$ 1,514,487</u>	<u>\$ 1,556,354</u>

The accompanying notes are an integral part of these financial statements.

JULIE'S FAMILY LEARNING PROGRAM, INC.

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies

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 (GAAP). The significant accounting policies followed by Julie's Family Learning Program, Inc. (the Agency) are described below to enhance the usefulness of the financial statements to the reader.

(a) Nature of Activities

The Agency administers community-based family support and education programs committed to the development of strong, healthy family functioning. The Agency's mission is to break the cycle of poverty among low-income, at-risk families by providing services that enable mothers and their children to become healthy, responsible, successful at life and economically self-sufficient members of their communities.

The majority of the Agency's services are provided to residents of the greater Boston area. The following program divisions are listed in order of relative importance based upon total program expenditures:

Adult Education - The adult education program is aimed towards single mothers. The program provides counseling, educational opportunities, life skills development and career development programs to clients to help break the cycle of poverty. The adult education division accounted for 60% of total program expenditures for the year ended June 30, 2015.

Child Development - The child development program includes infant and toddler and preschool services. The program is designed to aid in the development of skills that will ensure success in later educational settings. The child development division accounted for 40% of total program expenditures for the year ended June 30, 2015.

(b) Basis of Presentation

The statement of activities reports all changes in net assets, including changes in unrestricted net assets from operating activities. Operating revenues consist of those monies received and other contributions attributable to the Agency's ongoing efforts.

(c) Revenue Recognition

The Agency earns revenue as follows:

Program Service Fees - Program service fees are earned and recognized by the Agency when units or services are provided and billed under various agreements funded primarily by governmental agencies. The contracts consist of two types, unit-rate and cost-reimbursement contracts, all with ceiling amounts. Unit-rate contracts provide that revenue is to be earned and recognized at a negotiated or class rate for each unit-of-service that is provided under the terms of the contract. Under the cost-reimbursement contracts, revenue recognition takes place as costs related to the services provided are incurred. Billings on the contracts are subject to final approval by the governmental agency.

JULIE'S FAMILY LEARNING PROGRAM, INC.

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies - continued

(c) Revenue Recognition - continued

The Agency earns revenue as follows:

Contributions and Grants - Contributions and grants are recorded upon receipt or pledge as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor.

Special Events - Special event revenue is primarily derived from contributions collected and fees charged for admission at various sponsored events. Special event contributions and fees are recognized as income when received. The majority of special event revenue is derived from the Annual Dinner and Legacy Event.

Substantially all of the Agency's revenue is derived from its activities in Massachusetts. During the year ended June 30, 2015, the Agency derived approximately 80% of its total revenue from foundations and individual donors and 20% from governmental agencies. All revenue is recorded at the estimated net realizable amounts.

(d) Promises to Give

Unconditional promises to give are recognized as revenue and as assets, net of allowances, in the period in which the promises are made. Unconditional promises to give are recorded, in the year received, at the present value of estimated future cash flows using a risk-adjusted discount rate. Amortization of the discount is included in contribution revenue. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and when the promises become unconditional.

Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful accounts. Management estimates the allowance by review of historical experience and a specific review of collections trends that differ from scheduled collections on individual promises. As of June 30, 2015, management has determined any allowance would be immaterial.

(e) Accounts Receivable

The Agency carries its accounts receivable at an amount equal to uncollected but earned revenue less an allowance for doubtful accounts. Accounts receivable outstanding for thirty days or more are deemed delinquent. On a periodic basis, the Agency evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions. As of June 30, 2015, management has determined any allowance would be immaterial.

JULIE'S FAMILY LEARNING PROGRAM, INC.

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies - continued

(e) Accounts Receivable - continued

The Agency does not have a policy to accrue interest on accounts receivable. Contracts and grant accounts are written off upon notification by the government and/or non-profit entity that amounts are uncollectible.

The Agency has no policies requiring collateral or other security to secure the accounts receivable. Substantially all of the Agency's receivables are due from other agencies in Massachusetts. As of June 30, 2015, substantially all of the Agency's accounts receivable is due from governmental agencies.

(f) Standards of Accounting and Reporting

The Agency's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The statement of financial position presents three classes of net assets (unrestricted, temporarily restricted and permanently restricted) and the statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Agency are presented as follows:

Unrestricted - Unrestricted net assets are not subject to donor imposed restrictions. Unrestricted net assets consist of assets and contributions available for the support of operations. Unrestricted net assets may be designated for specific purposes by management or the Board of Directors. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law.

Temporarily Restricted - Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Agency and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions, gains and investment income that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the reporting period in which the contributions are recognized.

(g) Income Taxes

The Agency qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and therefore is not subject to income tax. The Agency is not a private foundation under Section 509(a)(1). Certain unrelated business income, as defined in the IRC, is subject to federal income tax. For the year ended June 30, 2015, there was no liability for tax on unrelated business income.

JULIE'S FAMILY LEARNING PROGRAM, INC.

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies - continued

(g) Income Taxes - continued

GAAP prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the year ended June 30, 2015, the Agency has determined that it has not taken any tax positions which would result in an uncertainty requiring recognition in the accompanying financial statements. The Agency recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. There were no interest or penalties for the year ended June 30, 2015.

Generally, the Agency's information returns remain open for possible federal income tax examination for three years after the filing date. The Agency is not currently under examination by any taxing jurisdiction.

(h) Fundraising

Fundraising relates to the activities of raising general and specific contributions to the Agency and promoting special events. Fundraising expenses, as a percentage of total contribution and special event revenue, was 17% for the year ended June 30, 2015. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

(i) Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization.

Payroll and associated costs are allocated to functions based upon actual time charges and time studies. Occupancy costs are allocated based upon square footage.

(j) Advertising Costs

The Agency expenses advertising costs when they are incurred. Advertising expense was immaterial for the year ended June 30, 2015.

JULIE'S FAMILY LEARNING PROGRAM, INC.

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies - continued

(k) Use of Estimates

In preparing the Agency's financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent 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.

(l) Cash and Cash Equivalents

The Agency considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

The Agency maintains its cash balances at several financial institutions located in Massachusetts. The cash balances are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, the Agency has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of June 30, 2015.

(m) Fixed Assets

Fixed assets are recorded at cost or if donated, fair value on the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

The Agency computes depreciation using the straight-line method over the following estimated lives:

Leasehold improvements	20 years
Furniture and equipment	3-5 years

(n) Contributed Facilities, Services and Gifts in Kind

Donated materials are reported as contributions in the financial statements at their estimated fair values at the time of receipt. Donated services are similarly reported when services are performed which would otherwise have been purchased or performed by Agency personnel. In addition, the Agency is located in a building whose rent is donated by the City of Boston. The donated rent is similarly recorded at estimated fair value in the statement of activities.

JULIE'S FAMILY LEARNING PROGRAM, INC.

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies - continued

(o) *Summarized Financial Information for 2014*

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, the financial statements do not include a full presentation of the statement of functional expenses, as certain prior year summarized comparative information is presented in total but not by functional classification. In addition, the financial statements do not include full financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

(p) *Fair Value Measurements*

GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels used to measure fair value are as follows:

Level 1: Quoted prices for identical instruments traded in active markets.

Level 2: Observable inputs other than quoted prices included in Level 1. Assets and liabilities included in this level are valued using quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs

Recurring Measurements

GAAP requires that certain assets and liabilities be recorded at fair value on a recurring basis. The Agency had no assets or liabilities that were recognized or disclosed at fair value on a recurring basis under the above fair value hierarchy as of June 30, 2015. The Agency's policy is to recognize transfers in and out of levels as of the actual date of the event or change in circumstances that caused the transfer. There were no transfers between levels during the year ended June 30, 2015.

JULIE'S FAMILY LEARNING PROGRAM, INC.

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies - continued

(p) Fair Value Measurements - continued

Non-recurring Measurements

In addition to assets and liabilities that are recorded at fair value on a recurring basis, the Agency records assets and liabilities at fair value on a non-recurring basis as required by GAAP. The Agency had no assets or liabilities measured at fair value on a non-recurring basis as of June 30, 2015.

(q) Special Events

The Agency has determined that special events are incidental to its operations and therefore the direct costs of benefit to the donors is reported with fundraising expense and is not included with special events revenue.

(2) Property and Equipment

Property and equipment consists of the following as of June 30, 2015:

Leasehold improvements	\$ 1,517,888
Furniture and equipment	<u>116,101</u>
	\$ <u>1,633,989</u>

Depreciation amounted to \$78,160 for the year ended June 30, 2015.

JULIE'S FAMILY LEARNING PROGRAM, INC.

Notes to Financial Statements

June 30, 2015

(3) Promises to Give

The Agency has received unconditional promises to give related to a fundraising campaign and are primarily due from individual donors. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be received more than a year after June 30, 2015 are recorded at the present value of their future cash flows using a risk-adjusted discount rate of 3.25%. Uncollectable amounts of pledges receivable are expected to be immaterial. Accordingly, no provision has been made for uncollectible amounts.

The following is an analysis of the promises to give as of June 30, 2015:

	<u>Gross Promise</u>	<u>Allowance</u>	<u>Net Promise</u>	<u>Unamortized Discount</u>	<u>Total</u>
Receivable less than 1 year	\$ 85,000	\$ -	\$ 85,000	\$ -	\$ 85,000
Receivable in 1 to 2 years	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>(535)</u>	<u>24,465</u>
	<u>\$ 110,000</u>	<u>\$ -</u>	<u>\$ 110,000</u>	<u>\$ (535)</u>	<u>\$ 109,465</u>

(4) Debt

The Agency has available a demand line of credit with Liberty Bay Credit Union (a Massachusetts bank) in the maximum amount of \$25,000 to be drawn upon as needed, with interest at the prime rate plus 3.5%, or 6.75% as of June 30, 2015. The line of credit is secured with all business assets and expires December 20, 2016. As of June 30, 2015, there was no outstanding balance.

(5) Special Events

The Agency held special events during the year. The special events revenue for the year ended June 30, 2015 amounted to \$321,555. Costs related to special events amounted to \$65,607, for the year ended June 30, 2015.

JULIE'S FAMILY LEARNING PROGRAM, INC.

Notes to Financial Statements

June 30, 2015

(6) Contributed Services and Gifts in Kind

Contributed services and gifts in kind for the year ended June 30, 2015 were as follows:

Services:	
Teaching	\$ 17,185
Gifts in kind:	
Rent	150,000
Supplies and food	<u>125,772</u>
	\$ <u>292,957</u>

(7) Commitments and Contingencies

The Agency receives a portion of its funding from government agencies under cost reimbursement programs. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed, if any, and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

The Agency's operations are concentrated in the social service provider field. As such, the Agency operates in a heavily regulated environment. The operations of the Agency are subject to administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to the following:

Massachusetts Department of Children and Families
Massachusetts Department of Education
Massachusetts Operational Services Division
City of Boston

Such administrative directives, rules and regulations are subject to change by an act of Congress, act of the state and local legislature or an administrative change mandated by the Commonwealth of Massachusetts Departments listed above. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change. Additionally, contractual funding may decrease or be withdrawn with little notice.

JULIE'S FAMILY LEARNING PROGRAM, INC.

Notes to Financial Statements

June 30, 2015

(8) Operating Lease Commitments

The Agency leases office equipment at will and under an operating lease agreement expiring September, 2016. The minimum annual operating lease commitments on equipment for the Agency are as follows:

2016	\$ 3,714
2017	930

Equipment rental expense for the year ended June 30, 2015 was \$4,179.

(9) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of June 30, 2015, temporarily restricted net assets are restricted for the following purposes:

Time restriction on contributions	\$ 110,000
Client support	<u>15,019</u>
	\$ <u>125,019</u>

(10) Subsequent Events

The Agency has performed an evaluation of subsequent events through November 3, 2015, which is the date the Agency's financial statements were available to be issued. No material subsequent events have occurred since June 30, 2015 that required recognition or disclosure in these financial statements.

JULIE'S FAMILY LEARNING PROGRAM, INC.

Schedule of Findings and Responses

June 30, 2015

(1) Financial Statement Findings

No significant deficiencies or material weaknesses reported.

(2) Status of Prior Year Findings

No significant deficiencies or material weaknesses reported.