

**Boys Latin Foundation  
Financial Statements  
Year Ended June 30, 2022**

**Boys Latin Foundation  
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Year Ended June 30, 2022**

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## **Independent Auditor's Report**

To the Board of Trustees  
Boys Latin Foundation  
Philadelphia, Pennsylvania

### **Opinion**

We have audited the accompanying financial statements of Boys Latin Foundation (the "Foundation") (a nonprofit organization and a component unit of Boys Latin of Philadelphia Charter School), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and cash flows for the year 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 Boys Latin Foundation as of June 30, 2022, 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.

### **Basis for Opinion**

We conducted our audit 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 Boys Latin Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Boys Latin Foundation'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 audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Boys Latin Foundation'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 Boys Latin Foundation'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.



Certified Public Accountants  
Elkins Park, Pennsylvania

December 9, 2022

**Boys Latin Foundation**  
**Statement of Financial Position**  
**June 30, 2022**

<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 664,471
Pledges Receivable	33,500
Due from related party	1,808
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Total current assets	699,779
Property, net	4,241,744
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Total Assets	\$ 4,941,523
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<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 662
Current maturities of long-term debt	55,941
Accrued expenses	4,011
Due to related party	1,089,737
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Total current liabilities	1,150,351
Long-term liabilities	
Loan payable, less current maturities	968,803
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Total Liabilities	2,119,154
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<b>Net Assets</b>	
Without donor restrictions	2,822,369
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Total Liabilities and Net Assets	\$ 4,941,523
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See accompanying notes to financial statements.

**Boys Latin Foundation**  
**Statement of Activities**  
**Year Ended June 30, 2022**

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**Changes in Net Assets Without Donor Restrictions**

**Revenues**

Rental income	\$	96,597
Shared services fees		723,014
Contributions		674,088
Other income		928

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Total revenues without donor restrictions		1,494,627
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**Expenses**

Program		628,558
Contributions - program related		366,750
Administrative		122,955
Fundraising		50,574
Depreciation		143,652
Interest		44,085

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Total expenses		1,356,574
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<b>Increase in Net Assets Without Donor Restrictions</b>		138,053
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<b>Net Assets Without Donor Restrictions - Beginning of Year</b>		2,684,316
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<b>Net Assets Without Donor Restrictions - End of Year</b>	\$	2,822,369
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See accompanying notes to financial statements.

**Boys Latin Foundation**  
**Statement of Cash Flows**  
**Year Ended June 30, 2022**

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<b>Cash Flows From Operating Activities</b>	
Change in net assets	\$ 138,053
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	143,652
Amortization of deferred financing costs	5,225
Changes in operating assets and liabilities:	
Pledges receivable	(33,500)
Due from related party	3,607
Due to related party	(251,500)
Accounts payable	662
Accrued expenses	(2,790)
Net cash provided by operating activities	3,409
<b>Cash Flows From Financing Activities</b>	
Repayment of long-term debt	(53,947)
Net cash used in financing activities	(53,947)
<b>Net Decrease In Cash and Cash Equivalents</b>	<b>(50,538)</b>
Cash and Cash Equivalents - Beginning of Year	715,009
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 664,471</b>
<b>Supplemental Disclosure of cash flow information</b>	
Interest paid	\$ 38,860

See accompanying notes to financial statements.

**Note 1. Organization and Summary of Significant Accounting Policies**

Boys Latin Foundation (the Foundation) operates as a non-profit organization established under the laws of the Commonwealth of Pennsylvania. The Foundation is considered to be a component unit of Boys Latin of Philadelphia Charter School (the School), an exempt organization under Section 501 (c)(3) of the Internal Revenue Code (IRC) that operates a public charter school for children in grades 6 through 12. As a component unit, the Foundation, although a legally separate entity, is, in substance, part of the School's operations. The Foundation has no component units for which it is considered to be financially accountable. The Foundation was organized to provide public educational school facilities, including land, buildings, and improvements, for the benefit of the School.

**Financial Statement Presentation**

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor imposed restrictions. It requires that the amounts for each of the classes of net assets be displayed in the statement of financial position and the amounts of change in each of those classes of net assets be displayed in the statement of activities.

In accordance with U.S. generally accepted accounting principles (U.S. GAAP), the Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions- net assets available for general use to support operations. The only limits on the use of net assets without donor restrictions are broad limits resulting from the nature of the Foundation, the environment in which it operates, and the purpose specified in its corporate documents.

Net assets with donor restrictions- net assets subject to donor restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or programmatic purposes specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Income from investment gains and losses, including unrealized gains and losses, dividends and interest, are reported as increases (or decreases) in net assets without donor restrictions unless the use of the income received is limited by donor imposed restrictions.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

**Basis of Accounting**

The Foundation maintains its records on the accrual basis for both financial statements and tax return purposes.

**Income Tax Status**

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the IRC.



**Note 1. Organization and Summary of Significant Accounting Policies (Continued)**

**Uncertain Tax Positions**

The Foundation recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not that the positions will be sustained upon examination by the taxing authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

As of June 30, 2022, the Foundation had no uncertain tax positions that qualified for either recognition or disclosure in the financial statements. Additionally, the Foundation had no interest or penalties related to income taxes.

**Property**

Property and improvements are stated at cost, less accumulated depreciation. Expenditures for additions and betterments are capitalized; maintenance and repairs are charged to current operations as incurred. Depreciation has been calculated on such assets using the straight-line method over the following estimated lives; building and improvements, 25 years.

**Debt Issuance Costs**

Debt issuance costs are amortized over the term of the related debt. At June 30, 2022, unamortized debt issuance costs of \$15,678 are presented as a reduction of long-term debt in the accompanying statement of financial position. Amortization expense, which was \$5,225 for the year ended June 30, 2022, is included in interest in the accompanying statement of activities. Debt issuance costs related to a recognized debt liability are presented in the statement of financial position as a direct deduction from the carrying amount of the related debt liability instead of being presented as an asset as required by ASU 2015-03.

**Contributions**

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Contributions with donor-imposed restrictions received and released in the same year are reported as increases in net assets without donor restrictions. All other contributions with donor-imposed restrictions are reported as increases in net assets with donor restrictions. If a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**Subsequent Events**

In accordance with FASB ASC 855, Subsequent Events, the Foundation has evaluated subsequent events through December 9, 2022, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash equivalents whose use is limited are not considered cash and cash equivalents, for purposes of the statements of cash flows.

**Boys Latin Foundation**  
**Notes to Financial Statements**  
**June 30, 2022**

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**Note 2. Liquidity and Availability of Resources**

The Foundation considers all expenditures related to its ongoing program activities, as well as the administrative and general expenditures required to support these activities, to be general operating expenditures. Historically, the Foundation receives a majority of support for operating expenditures from contributions without donor restrictions and contributions with donor restrictions. The Foundation also receives rental income and shared services fees from the School (see Note 7). The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation strives to operate with a balanced budget and in typical years anticipates collecting sufficient revenue to cover general expenditures.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 664,471
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Financial assets available to meet cash needs for general expenditures within one year	\$ 664,471
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**Note 3. Property**

Property consists of the following at June 30, 2022:

Land	\$ 1,490,524
Building and improvements	3,591,289
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	5,081,813
Less: accumulated depreciation and amortization	(840,069)
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	\$ 4,241,744
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**Note 4. Long-Term Debt**

On July 27, 2015, the Foundation entered into a construction loan from a lender for renovations of its real property. The construction period has ended, and the loan has been converted into a conventional term loan. The outstanding principal balance is \$1,040,422 as of June 30, 2022. Interest accrues on the outstanding and unpaid balance of this loan for the first five-year term at 4.50% per annum. Thereafter, the interest rate will be equal to the Federal Home Loan Bank published five-year nonamortizing Fixed-Rate Credit Rate, plus 2.75%. The interest rate as of June 30, 2022 was 3.5823%. The loan is secured by a first mortgage on the Foundation's real property, substantially all other assets of the Foundation and an assignment of all rents and leases arising from the property. The loan matures and the outstanding principal and accrued interest are due on July 27, 2025.

Long-term debt is presented and classified on the statement of financial position at June 30, 2022 as follows:

**Boys Latin Foundation**  
**Notes to Financial Statements**  
**June 30, 2022**

**Note 4. Long-Term Debt (Continued)**

Long-term debt	\$ 1,040,422
Less: current maturities	(55,941)
	984,481
Less: debt issuance costs	(15,678)
	\$ 968,803

Future principal requirements of long-term debt at June 30, 2022 are as follows:

Year ended June 30,	
2023	\$ 55,941
2024	57,912
2025	60,146
2026	866,423
	\$ 1,040,422

Interest expense amounted to \$38,860 for the year ended June 30, 2022. The School is required to be in compliance with certain financial covenants related to this long-term debt. At June 30, 2022, the School is not aware of any violations of the covenants.

**Note 5. Concentration of Credit Risk**

The Foundation places its cash, which may at times be in excess of FDIC insurance limits, with high quality financial institutions and attempts to limit the amount of credit exposure with any one institution.

The rental revenue of the Foundation for the year ended June 30, 2022, was generated from the School through direct leased property.

**Note 6. Related-Party Arrangements**

During the year ended June 30, 2022, the Foundation recorded contributions of \$366,750 to the School to support certain programs of the School.

At June 30, 2022, the School has advances totaling \$722,987 to the Foundation for costs associated with the renovations of the School buildings and other administrative costs. The advances, which are noninterest-bearing, do not have stated repayment terms and are included in the due to related party as of June 30, 2022.

**Note 6. Related-Party Arrangements (Continued)**

The School leases its middle school facility from the Foundation under a one-year lease that expired on June 30, 2022. The lease automatically renews, unless the Foundation or the School exercise their right to terminate the lease, for additional one-year terms on July 1 of each year. Rental income due under the lease for the year ended June 30, 2022, was \$96,597. Rental income due under the lease for all future renewal terms, if exercised, will be \$99,300 per annum. In addition, the Foundation will receive from the School, as additional rental income, reimbursement for certain operating expenses, as defined in the lease. Certain other operating expenses, including utilities, maintenance and taxes, as defined in the lease, are the responsibility of and will be paid for directly by the School.

The Foundation entered into a shared services fee agreement with the School to receive an annual fee equal to the compensation of the employees providing services to the School along with associated costs as defined in the agreement. The term of the agreement expires on June 30, 2022. The agreement will automatically renew for an additional succeeding year unless written notice is provided by either party not less than 90 days prior to the end of the initial or renewal term. For the year ended June 30, 2022, the Foundation recorded shared services fee revenue of \$723,014.

**Note 7. Employee Benefit Plan**

The Foundation maintains a savings incentive 403(b) plan for its employees. All employees are eligible. Participants may elect voluntary salary deferrals under the plan up to the maximum permitted by law. The Foundation makes a contribution for certain employees enrolled in the plan at a rate of 7.5% of eligible compensation as defined in the plan agreement. Contribution expense for the plan amounted to \$45,944 for the year ended June 30, 2022.

**Note 8. Functional Expenses**

Directly identifiable expenses are charged to programs and supporting activities. Expenses related to more than one function are allocated across program and supporting services on the basis of estimates of time and effort expended. Program expenses constitute those related to educational programming, including the existence and maintenance of school facilities and operations. Administrative expenses constitute fees and activities that are not identifiable with a single educational program, fundraising activity, or school operational activity, but that are indispensable to the conduct of those activities and to our entity's existence. Fundraising expenses are those which are directly related to the development function at the Foundation.

The schedule below presents expenses by both their nature and function for the year ended June 30, 2022:

**Boys Latin Foundation**  
**Notes to Financial Statements**  
**June 30, 2022**

**Note 8. Functional Expenses (Continued)**

	Program	Administrative	Fundraising	Supporting Subtotal	Total
Payroll and benefits	\$ 628,558	\$ 43,348	\$ 50,574	\$ 93,922	\$ 722,480
Contributions	366,750	-	-	-	366,750
Professional fees	-	12,106	-	12,106	12,106
Consulting	-	57,501	-	57,501	57,501
Insurance	-	10,000	-	10,000	10,000
Depreciation	143,652	-	-	-	143,652
Interest	44,085	-	-	-	44,085
 Total expenses by function	 \$ 1,183,045	 \$ 122,955	 \$ 50,574	 \$ 173,529	 \$ 1,356,574