



**BOYS LATIN FOUNDATION
PHILADELPHIA, PENNSYLVANIA**

FINANCIAL STATEMENTS

JUNE 30, 2023

BOYS LATIN FOUNDATION
JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

December 20, 2023

To the Board of Trustees
Boys Latin Foundation
Philadelphia, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Boys Latin 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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Boys Latin Foundation as of June 30, 2023, 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 (GAAS). 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 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.

To the Board of Trustees
Boys Latin Foundation

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 Boys Latin Foundation's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 GAAS, 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 the 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 the 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.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

**BOYS LATIN FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 1,224,693
Due from related party	53,217
Total Current Assets	1,277,910

NONCURRENT ASSETS:

Property and equipment	5,081,813
Less: Accumulated depreciation	(983,721)
Property and Equipment, Net	4,098,092
Total Noncurrent Assets	4,098,092

TOTAL ASSETS	\$ 5,376,002
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accrued expenses	\$ 4,726
Current portion of loan liability	57,912
Due to related party	1,090,252
Total Current Liabilities	1,152,890

NONCURRENT LIABILITIES:

Loan liability, net	916,116
Total Noncurrent Liabilities	916,116
Total Liabilities	2,069,006

NET ASSETS:

Without donor restrictions	3,306,996
Total Net Assets	3,306,996

TOTAL LIABILITIES AND NET ASSETS	\$ 5,376,002
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The accompanying notes are an integral part of these financial statements.

**BOYS LATIN FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Rental income	\$ 99,304	\$ -	\$ 99,304
Shared service fees	576,774	-	576,774
Contributions	127,479	442,167	569,646
Other income	4,169	-	4,169
Release of restriction	442,167	(442,167)	-
TOTAL REVENUE, SUPPORT, AND GAINS	1,249,893	-	1,249,893
EXPENSES			
Program services	686,237	-	686,237
Support services:			
Management and general	38,759	-	38,759
Fundraising	40,270	-	40,270
TOTAL EXPENSES	765,266	-	765,266
CHANGE IN NET ASSETS	484,627	-	484,627
NET ASSETS, BEGINNING OF YEAR	2,822,369	-	2,822,369
NET ASSETS, END OF YEAR	\$ 3,306,996	\$ -	\$ 3,306,996

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

**BOYS LATIN FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and wages	\$ 434,763	\$ 29,984	\$ 34,981	\$ 499,728
Employee benefits and payroll taxes	65,731	4,533	5,289	75,553
Total Personnel-related Expenses	<u>500,494</u>	<u>34,517</u>	<u>40,270</u>	<u>575,281</u>
Professional fees	-	4,242	-	4,242
Depreciation	143,652	-	-	143,652
Interest	42,091	-	-	42,091
TOTAL EXPENSES	<u><u>\$ 686,237</u></u>	<u><u>\$ 38,759</u></u>	<u><u>\$ 40,270</u></u>	<u><u>\$ 765,266</u></u>

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

**BOYS LATIN FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 484,627
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	143,652
Amortization of deferred financing costs	5,225
(Increase) Decrease in pledges receivable	33,500
(Increase) Decrease in due from related party	(51,409)
Increase (Decrease) in due to related party	515
Increase (Decrease) in accounts payable	(662)
Increase (Decrease) in accrued expenses	715
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>616,163</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on loan liability	<u>(55,941)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(55,941)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	560,222
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>664,471</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,224,693</u></u>

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

BOYS LATIN FOUNDATION
JUNE 30, 2023

NOTES TO FINANCIAL STATEMENTS

NOTE 1 NATURE OF THE ORGANIZATION

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Financial Statement Presentation

In accordance with generally accepted accounting principles, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Recognition of Donor Restrictions

All donor-restricted support is reported as an increase in net assets with donor restrictions. The Foundation reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Income Tax Status

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose may be subject to taxation as unrelated business income.

Generally accepted accounting principles prescribe rules for the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the Foundation's tax returns. Management has determined that the Foundation does not have any uncertain tax positions or associated unrecognized benefits

BOYS LATIN FOUNDATION
JUNE 30, 2023

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Foundation's tax returns will not be challenged by the taxing authorities and that the Foundation will not be subject to additional tax, penalties, and interest as a result of such challenge.

Cash and Cash Equivalents

The Foundation considers all short-term highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants, contracts, and others. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. Management believes all amounts are collectible.

Property and Equipment

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.

Allocation of Functional Expenses

Interest expense and depreciation are costs related to supporting the School and have been classified as program services expenses. Salaries and related employment costs as well as the remaining expenses have been allocated to the management and general and fundraising functions based on an estimate of the time employees work on a specific function.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with 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 period. Actual results could differ from those estimates.

BOYS LATIN FOUNDATION
JUNE 30, 2023

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Bond Premiums and Debt Issuance Costs

Bond premiums and debt issuance costs are amortized over the life of the bonds and presented as an increase and decrease, respectively, of bonds payable on the statement of financial position. At June 30, 2023, unamortized debt issuance costs of \$10,453 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, 2023, 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.

NOTE 3 CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned. The Foundation maintains its bank accounts at one financial institution. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2023, there were \$974,693 in uninsured balances. The Foundation has not experienced any losses related to these accounts and believes it is not exposed to any significant credit risk.

NOTE 4 PROPERTY AND EQUIPMENT

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

Land	\$ 1,490,524
Buildings and improvements	<u>3,591,289</u>
Total	5,081,813
Less: accumulated depreciation	<u>(983,721)</u>
Total Property and Equipment, Net	<u>\$ 4,098,092</u>

NOTE 5 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 \$968,803 as

BOYS LATIN FOUNDATION
JUNE 30, 2023

NOTES TO FINANCIAL STATEMENTS

NOTE 5 LONG-TERM DEBT (cont'd)

of June 30, 2023. 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 become fixed and equal to Federal Home Loan Bank published five-year non-amortizing Fixed-Rate Credit Rate, plus 2.75%. The interest rate as of June 30, 2023 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.

Bonds payable are presented in the statement of financial position as follows:

Long-term debt	\$ 984,481
Less: current maturities	<u>(57,912)</u>
Noncurrent	926,569
Less: debt issuance costs	<u>(10,453)</u>
 Long-term debt, net	 <u>\$ 916,116</u>

The maturity of the bonds payable is as follows:

<u>Year Ending June 30,</u>	
2024	\$ 57,912
2025	60,146
2026	<u>866,423</u>
	 <u>\$ 984,481</u>

NOTE 6 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation's financial assets consist of cash and cash equivalents and receivables due from related party.

The following reflects the Foundation's financial assets as of June 30, 2023, reduced by any amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date.

Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 1,277,910</u>
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BOYS LATIN FOUNDATION
JUNE 30, 2023

NOTES TO FINANCIAL STATEMENTS

NOTE 7 RELATED PARTY ARRANGEMENTS

At June 30, 2023, the School has advances totaling \$1,090,252 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 represented as due to related party on the statement of net position.

The School leases its middle school facility from the Foundation under a one-year lease that expired on June 30, 2023. The lease automatically renews, unless the Foundation and, 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, 2023 was \$99,304. Rental income due under the lease for all future renewal terms, if exercised, will be \$99,300 per annum. In addition, the Foundation may receive from the School, additional rental income or 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 expired on June 30, 2023. 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, 2023, the Foundation recorded shared services fee revenue of \$576,774.

NOTE 8 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 \$36,094 for the year ended June 30, 2023.

NOTE 9 SUBSEQUENT EVENTS

The Foundation has evaluated all subsequent events through December 20, 2023, the date the financial statements were available to be issued.