
**WASHINGTON ENGLISH
CENTER**

**Financial Statements and
Independent Auditor's Report**

**For the Years Ended
June 30, 2023 and 2022**

LSVG

**CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Washington English Center

Opinion

We have audited the accompanying financial statements of Washington English Center (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, 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 Washington English Center as of June 30, 2023 and 2022, 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 Washington English Center 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 Washington English Center'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 Washington English Center'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 Washington English Center'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.

LSWG, P.A.

Rockville, Maryland
September 27, 2023

WASHINGTON ENGLISH CENTER**Statements of Financial Position****June 30,**

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 477,725	\$ 410,704
Grants receivable	23,021	26,672
Other receivables	72	189,367
Prepaid expenses	<u>4,579</u>	<u>14,460</u>
Total Current Assets	505,397	641,203
Property and Equipment - at Cost		
Office equipment	16,562	16,562
Less: accumulated depreciation	<u>(16,560)</u>	<u>(16,061)</u>
Property and Equipment - Net	2	501
Other Assets		
Right of use operating lease assets	<u>239,813</u>	<u>-</u>
Total Other Assets	<u>239,813</u>	<u>-</u>
Total Assets	<u><u>\$ 745,212</u></u>	<u><u>\$ 641,704</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 3,410	\$ 610
Accrued expenses	36,670	33,787
Deferred revenue	8,413	-
Deferred rent	-	28,073
Operating lease liabilities - current portion	<u>221,381</u>	<u>-</u>
Total Current Liabilities	269,874	62,470
Long-Term Liabilities		
Operating lease liabilities - net of current portion	<u>18,720</u>	<u>-</u>
Total Long-Term Liabilities	<u>18,720</u>	<u>-</u>
Total Liabilities	288,594	62,470
Net Assets		
Without donor restrictions	455,074	571,283
With donor restrictions	<u>1,544</u>	<u>7,951</u>
Total Net Assets	<u>456,618</u>	<u>579,234</u>
Total Liabilities and Net Assets	<u><u>\$ 745,212</u></u>	<u><u>\$ 641,704</u></u>

The accompanying notes are an integral part of these statements.

WASHINGTON ENGLISH CENTER
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2023

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
Support and Revenue			
Tuition, net of scholarships and discounts	\$ 285,002	\$ -	\$ 285,002
Government contributions	147,552	-	147,552
Private foundation contributions	139,500	-	139,500
Individual contributions	246,134	-	246,134
Corporate contributions	62,398	-	62,398
In-kind contributions	297,878	-	297,878
Fundraising income	129,551	-	129,551
Miscellaneous income	11,647	-	11,647
Interest income	8,171	-	8,171
Total Support and Revenue	1,327,833	-	1,327,833
Net assets released from restrictions	6,407	(6,407)	-
Total Support and Revenue	1,334,240	(6,407)	1,327,833
Expenses			
Program services	1,152,427	-	1,152,427
Management and general	141,465	-	141,465
Fundraising	156,557	-	156,557
Total Expenses	1,450,449	-	1,450,449
Changes in Net Assets	(116,209)	(6,407)	(122,616)
Net Assets - Beginning of Year	571,283	7,951	579,234
Net Assets - End of Year	<u>\$ 455,074</u>	<u>\$ 1,544</u>	<u>\$ 456,618</u>

The accompanying notes are an integral part of this statement.

WASHINGTON ENGLISH CENTER
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2022

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Support and Revenue			
Tuition, net of scholarships and discounts	\$ 187,511	\$ -	\$ 187,511
Government contributions	243,051	19,302	262,353
Private foundation contributions	58,000	-	58,000
Individual contributions	210,428	4,025	214,453
Corporate contributions	66,269	-	66,269
In-kind contributions	205,668	-	205,668
Fundraising income	112,465	-	112,465
Miscellaneous income	185,878	-	185,878
Interest income	358	-	358
Total Support and Revenue	1,269,628	23,327	1,292,955
Net assets released from restrictions	22,104	(22,104)	-
Total Support and Revenue	1,291,732	1,223	1,292,955
Expenses			
Program services	968,442	-	968,442
Management and general	151,426	-	151,426
Fundraising	124,393	-	124,393
Total Expenses	1,244,261	-	1,244,261
Changes in Net Assets	47,471	1,223	48,694
Net Assets - Beginning of Year	523,812	6,728	530,540
Net Assets - End of Year	<u>\$ 571,283</u>	<u>\$ 7,951</u>	<u>\$ 579,234</u>

The accompanying notes are an integral part of this statement.

WASHINGTON ENGLISH CENTER
Statement of Functional Expenses
For the Year Ended June 30, 2023

	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Services</u>	<u>and General</u>		
Personnel				
Salaries	\$ 511,736	\$ 62,626	\$ 107,558	\$ 681,920
Payroll taxes	51,474	6,299	10,819	68,592
Employee benefits	<u>21,543</u>	<u>2,636</u>	<u>4,528</u>	<u>28,707</u>
Total Personnel	584,753	71,561	122,905	779,219
Advertising and promotions	4,003	-	-	4,003
Appreciation and ceremonies	3,014	1,573	-	4,587
Bank fees	10,287	1,259	2,162	13,708
Charitable contributions	-	2,757	-	2,757
Communications	8,267	2,112	1,009	11,388
Database expenses	5,700	-	4,204	9,904
Depreciation	374	46	79	499
Instructional supplies	29,729	-	-	29,729
Insurance	8,184	909	-	9,093
Legal expenses	268,090	29,788	-	297,878
Membership dues	455	-	1,057	1,512
Miscellaneous	-	526	-	526
Operating lease expense & utilities	177,295	19,699	-	196,994
Postage and delivery	-	226	226	452
Printing and publications	8,681	452	2,769	11,902
Professional fees	7,956	9,990	-	17,946
Spring event expense	-	-	22,146	22,146
Staff development and travel	3,057	-	-	3,057
Staff recruitment	-	210	-	210
Supplies	3,216	357	-	3,573
Textbooks	25,116	-	-	25,116
Volunteer expenses	<u>4,250</u>	<u>-</u>	<u>-</u>	<u>4,250</u>
Total Expenses	<u>\$ 1,152,427</u>	<u>\$ 141,465</u>	<u>\$ 156,557</u>	<u>\$ 1,450,449</u>

The accompanying notes are an integral part of this statement.

WASHINGTON ENGLISH CENTER
Statement of Functional Expenses
For the Year Ended June 30, 2022

	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Services</u>	<u>and General</u>		
Personnel				
Salaries	\$ 468,309	\$ 67,085	\$ 81,644	\$ 617,038
Payroll taxes	46,399	6,647	8,089	61,135
Employee benefits	<u>12,957</u>	<u>1,856</u>	<u>2,259</u>	<u>17,072</u>
Total Personnel	527,665	75,588	91,992	695,245
Advertising and promotions	1,815	-	-	1,815
Appreciation and ceremonies	1,270	242	-	1,512
Bank fees	6,188	886	1,079	8,153
Communications	9,762	1,311	1,228	12,301
Database expenses	12,279	-	3,000	15,279
Depreciation	1,570	225	274	2,069
Instructional supplies	191	-	-	191
Insurance	7,905	878	-	8,783
Legal expenses	150,445	50,223	-	200,668
Membership dues	403	-	941	1,344
Miscellaneous	-	1,115	-	1,115
Rent and utilities	162,202	18,022	-	180,224
Postage and delivery	-	205	205	410
Printing and publications	7,390	411	3,062	10,863
Professional fees	27,438	1,574	1,244	30,256
Spring event expense	-	-	21,368	21,368
Staff development and travel	938	-	-	938
Staff recruitment	-	420	-	420
Supplies	3,040	326	-	3,366
Textbooks	43,941	-	-	43,941
Volunteer expenses	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>4,000</u>
Total Expenses	<u>\$ 968,442</u>	<u>\$ 151,426</u>	<u>\$ 124,393</u>	<u>\$ 1,244,261</u>

The accompanying notes are an integral part of this statement.

WASHINGTON ENGLISH CENTER
Statements of Cash Flows
For the Years Ended June 30,

Increase (Decrease) In Cash and Cash Equivalents	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ (122,616)	\$ 48,694
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	499	2,069
Amortization of right of use operating lease assets	202,060	-
Forgiveness of PPP note payable	-	(119,750)
Net change in current assets and liabilities		
Grants receivable	3,651	14,070
Other receivables	189,295	(189,367)
Prepaid expenses	9,881	16,332
Accounts payable	2,800	(770)
Accrued expenses	2,883	1,192
Deferred revenue	8,413	(1,080)
Deferred rent	(28,073)	28,073
Operating lease liabilities	(201,772)	-
Net Cash Provided by (Used in) Operating Activities	<u>67,021</u>	<u>(200,537)</u>
Net increase (decrease) in cash and cash equivalents	67,021	(200,537)
Cash and Cash Equivalents Balance - Beginning of Year	<u>410,704</u>	<u>611,241</u>
Cash and Cash Equivalents Balance - End of Year	<u><u>\$ 477,725</u></u>	<u><u>\$ 410,704</u></u>
Supplemental Information:		
Interest paid	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Income taxes paid	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Supplemental Disclosure of Non-Cash Investing and Financing Activity:		
Operating lease liabilities arising from new right of use operating lease assets	<u><u>\$ 448,349</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these statements.

Washington English Center
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

1. Nature of Business

Washington English Center (the “Organization”) was incorporated in January 1998 in the District of Columbia as a non-stock nonprofit corporation. The Organization provides educational services, access to technology, and employment programs to low-income adult immigrants in the Washington, D.C. metropolitan area.

2. Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting, whereby revenue is recognized when earned and expenses when they are incurred.

(b) Cash and Cash Equivalents

The Organization considers cash and cash equivalents to include all highly liquid cash and investments with a maturity of three months or less at acquisition.

(c) Grants and Other Receivables

These receivables are stated at the amount management expects to collect from outstanding balances. Receivables are periodically evaluated for collectability based on past credit history with clients and customers, and their current financial condition. The Organization considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made. All receivables are considered collectible within one year.

(d) Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. The Organization’s policy is to capitalize expenditures for property and equipment in excess of \$1,500. Depreciation is computed on the straight-line method using estimated useful life, varying from three to five years. Leasehold improvements are amortized over the life of the lease. Expenses for maintenance and repairs are charged against income as incurred, and betterments which increase the value or materially extend the useful life of the related assets are capitalized. Depreciation expense for years June 30, 2023 and 2022 was \$499 and \$2,069, respectively.

(e) Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Washington English Center
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

(e) Net Assets (continued)

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

(f) Revenue Recognition

Revenues consist primarily of tuition derived from courses taught by the Organization. Revenues from tuition and fees are recognized pro-rata (on a straight-line basis) over the relevant period attended by the student of the applicable course or program. If a student withdraws from a course, the paid but unearned portion of the student's tuition is refunded for the first two weeks. After that time, a credit for a future semester will be issued. Prepaid tuition is the portion of payments received but not earned and is reflected as deferred revenue in the accompanying Statements of Financial Position as such amounts are expected to be earned within the next year.

The Organization recognizes contributions as revenue when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

(g) Advertising

The Organization expenses advertising costs as incurred. Advertising and promotion expenses were \$4,003 and \$1,815 for the years ended June 30, 2023 and 2022, respectively.

(h) Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. The Statement of Functional expenses presents the natural classification detail of expenses by function. Directly identifiable expenses are charged to programs and supporting services. Certain costs have been allocated among the programs and supporting services benefited based on estimated time and effort. They include: payroll taxes, employee benefits, bank fees, certain professional fees, certain communications expenses, depreciation, technology, web hosting and staff recruitment. Other expenses being allocated based on the estimated square footage include: rent and utilities, office supplies, insurance, telephone and payroll processing fees.

Washington English Center
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

(i) Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Such estimates primarily relate to unsettled transactions and events on the dates of the statements of financial position. Accordingly, actual results could differ from those estimates.

(j) Recently Issued Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) established Topic 842, *Leases*, by issuing Accounting Standards Update (ASU) No. 2016-02, which requires lessees to recognize leases on the Statement of Financial Position and disclose key information about leasing arrangements. Topic 842 has been subsequently amended by various ASU's to allow for practical expedients and targeted improvements. The new leasing standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the Statement of Financial Position for all leases with a term longer than 12 months. Leases will be classified as finance or operating leases, with the classification affecting the pattern and classification of expense recognition in the statement of activities and changes in net assets.

The new standard is effective for non-public entities as of July 1, 2022. The modified retrospective approach was used upon adoption to apply the standard to all leases that existed at the date of initial application. Because this approach was selected, Topic 842 was not applied to periods prior to adoption and did not have an impact on previously reported results. The adoption did have a material effect on the statement of financial position, with a July 1, 2022 ROU asset of \$184,019 recorded and a July 1, 2022 lease liability of \$212,092 recorded. There was no material cumulative effect adjustment required to net assets on July 1, 2022. There was no material effect on the statement of cash flows. The Organization has chosen to separate lease and non-lease components in determining the ROU asset and lease liability; therefore, charges for common area maintenance (CAM) have not been included with the ROU asset and lease liability on the Statement of Financial Position.

In addition, the Organization has applied the practical expedient which allows the use of a risk-free rate to determine the present value of the lease liability. The Organization has also chosen not to reassess any expired or existing contracts for leases. Lastly, the Organization has chosen not to apply Topic 842 to low value assets. Additional information regarding leasing is included in Note 8.

Washington English Center
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

3. Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. For the years ended June 30, 2023 and 2022, the Organization has determined that no income tax is due for its activities. Accordingly, no provision for income tax has been recorded in the accompanying financial statements. The Organization is not considered a private foundation.

The Organization has adopted the recognition requirements for uncertain income tax positions as required by U.S. generally accepted accounting principles. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization believes that the income tax filings will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations, or cash flows. Accordingly, the Organization has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions at June 30, 2023 or 2022. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to examinations for years prior to 2019.

4. Net Assets with Donor Restrictions

Net assets with donor restriction are restricted for the following at June 30:

	<u>2023</u>	<u>2022</u>
Purpose:		
Scholarships for immigrant women	\$ 1,544	\$ 3,125
Time:		
Fiscal year 2023	-	4,826
	<u><u>\$ 1,544</u></u>	<u><u>\$ 7,951</u></u>

5. Noncash In-Kind Contributions

The Organization's in-kind contributions consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>	<u>Usage</u>
Legal services	\$ 297,878	\$ 200,668	Program and M & G
Event photos	-	5,000	Program
	<u><u>\$ 297,878</u></u>	<u><u>\$ 205,668</u></u>	

**Washington English Center
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022**

5. Noncash In-Kind Contributions (continued)

These in-kind contributions were valued using the billing rates reported by each vendor which is the rate used for similar services or products. No in-kind contributions were restricted. The Organization does not sell donated gifts in kind and only uses services and goods for its own program or supporting service activities.

The Organization received approximately 41,482 hours of volunteer teacher, tutor and job coach services for the year ended June 30, 2023. These volunteer services were valued at approximately \$2,074,100 based on the average value for a volunteer hour in the District of Columbia.

The Organization received approximately 34,780 hours of volunteer teacher, tutor and job coach services for the year ended June 30, 2022. These volunteer services were valued at approximately \$1,756,000 based on the average value for a volunteer hour in the District of Columbia.

These volunteer teacher and tutor services were not recognized in the financial statements because they do not meet the criteria for recognition under Financial Accounting Standards Board (FASB) Codification Standards.

6. Concentrations

Credit Risk - Cash and cash equivalents held by the Organization in bank accounts may at times exceed the Federal Deposit Insurance Corporation (FDIC) coverage limit. Money market accounts held by Charles Schwab are not covered by FDIC but are covered by the Securities Investor Protection Corporation (SIPC). At times throughout the year, the cash and cash equivalents balance may exceed FDIC and SIPC coverage. Management believes the Organization is not exposed to any significant credit risk related to cash and cash equivalents.

Sources of Revenue – For the year ended June 30, 2023, tuition revenue was 21% of the Organization's total revenues, government contributions were 11%, private foundation contributions were 11%, individual contributions were 19%, in-kind contributions were 22%, fundraising income was 10% and other income was 6%.

For the year ended June 30, 2022, tuition revenue was 15% of the Organization's total revenues, government contributions were 20%, private foundation contributions were 4%, individual contributions were 17%, in-kind contributions were 16%, fundraising income was 9% and other income was 19%.

Washington English Center
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

7. Revenues from Contracts with Customers

The following table provides information about significant changes in deferred revenue for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Deferred revenue, beginning of year	\$ -	\$ 1,080
Revenue recognized that was included in deferred revenue at beginning of year	-	(1,080)
Increase in deferred revenue due to cash received during the year	8,413	-
Deferred revenue, end of year	<u>\$ 8,413</u>	<u>\$ -</u>

8. Lease Commitments

Office Lease - On September 21, 2021, the Organization entered into two subleases for 12,352 square feet of office and classroom space in Washington, D.C. for a term expiring on May 31, 2024. The subleases called for total monthly payments of \$18,000 with 4% annual increases. Also, additional rent of 50% of the amount billed for the lease premises for electricity was due monthly. During fiscal year 2023, the Organization replaced these subleases with license agreements. These license agreements call for total monthly payments of \$18,720 through July 31, 2024.

Equipment Lease – In May 2018, the Organization signed a 63 month lease for office equipment with minimum monthly lease payments of \$537.

For the year ended June 30, 2023, these leases have been accounted for under ASC Topic 842. The operating lease liability as of June 30, 2023 consists of the following:

Current portion of operating lease liability	\$ 221,381
Long-term portion of operating lease liability	18,720
Total operating lease liability	<u>\$ 240,101</u>

Office lease expense was \$196,994, which includes utilities, for the year ended June 30, 2023 and is included as a component of “operating lease expense” on the Statement of Functional Expenses. Copier lease expense was \$9,040 for the year ended June 30, 2023 and is included as a component of “printing and publications” on the Statement of Functional Expenses.

Additional information regarding these leases is summarized below:

Weighted-average remaining lease term	1.07
Weighted-average discount rate	5.06%

Washington English Center
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

8. Lease Commitments (continued)

Future annual minimum lease payments under the leases for the next five years are as follows at June 30:

2024	\$ 227,479
2025	18,720
2026	-
2027	-
2028	-
Thereafter	-
Total undiscounted cash flows	246,199
Less: present value discount	(6,098)
Total lease liabilities	<u>\$ 240,101</u>

For the year ended June 30, 2022, these leases were accounted for under ASC 840, the leasing standard that was in effect during that year. The standard required that lease expense be reported on the straight line basis, in an annual amount sufficient to evenly amortize the total lease expense required over the term of the lease. Any cumulative difference between the straight line lease expense and the lease expense on the cash payments basis was recorded as “deferred rent” on the Statement of Financial Position and was \$28,073 at June 30, 2022. Office lease expense for the year ended June 30, 2022 of \$180,224 was included in “rent and utilities” and the equipment lease expense of \$7,972 was included in “printing and publications” expense on the Statement of Functional Expenses.

9. Contingencies

At June 30, 2023 and 2022, the Organization was participating in grants funded by government agencies. These grants, as well as other grants and contracts awarded and completed in the past, are subject to compliance audits by grantors. The amounts, if any, of expenditures, which could be disallowed by the granting agency, cannot be determined at this time. The Organization expects such amounts, if any, to be immaterial.

Washington English Center
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

10. Liquidity and Availability of Financial Assets

The following table reflects the Organization's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditures within one year.

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 477,725	\$ 410,704
Grants receivable	23,021	26,672
Other receivables	<u>72</u>	<u>189,367</u>
Financial assets, at year-end	500,818	626,743
Less those unavailable for general expenditure within one year, due to:		
Purpose restrictions	<u>(1,544)</u>	<u>(7,951)</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 499,274</u>	<u>\$ 618,792</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

11. Subsequent Events

Management has evaluated subsequent events through September 27, 2023, the date that the financial statements were available to be issued. There are no subsequent events to disclose.

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