

BOSTON PARTNERS IN EDUCATION, INC.
Independent Auditors' Report
and
Financial Statements

August 31, 2023



Independent Auditors' Report

To the Board of Directors of
Boston Partners in Education, Inc.

Opinion

We have audited the accompanying financial statements of Boston Partners in Education, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 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 financial statements referred to above present fairly, in all material respects, the financial position of Boston Partners in Education, Inc. as of August 31, 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. 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 Boston Partners in Education, Inc. 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 Boston Partners in Education, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the 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 Boston Partners in Education, Inc. 's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Boston Partners in Education, Inc. 's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



December 15, 2023

BOSTON PARTNERS IN EDUCATION, INC.
Statement of Financial Position
August 31, 2023

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 263,286
Accounts receivable	37,684
Promises to give, current portion, net	436,010
Fundraising inventory	<u>750</u>
Total Current Assets	<u>737,730</u>
NONCURRENT ASSETS	
Promises to give, net of current portion, net	306,232
Right-of-use asset, operating lease, net	416,892
Security deposit	<u>10,227</u>
Total Noncurrent Assets	<u>733,351</u>
FIXED ASSETS	
Equipment	56,872
Less: accumulated depreciation	<u>(41,251)</u>
Net Fixed Assets	<u>15,621</u>
Total Assets	<u>\$ 1,486,702</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 2,303
Payroll withholdings	1,273
Lease liability, operating lease, current	<u>119,977</u>
Total Current Liabilities	<u>123,553</u>
LONG-TERM LIABILITIES	
Lease, liability net of current	<u>319,756</u>
Total Liabilities	<u>443,309</u>
NET ASSETS	
Without donor restrictions	607,161
With donor restrictions	<u>436,232</u>
Total Net Assets	<u>1,043,393</u>
Total Liabilities and Net Assets	<u>\$ 1,486,702</u>

See accompanying notes to financial statements.

BOSTON PARTNERS IN EDUCATION, INC.

Statement of Activities

For the Year Ended August 31, 2023

CHANGE IN NET ASSETS	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE			
Grants and contributions	\$ 851,235	\$ 196,181	\$ 1,047,416
In-kind operating support	10,215	-	10,215
Program fees	110,960	-	110,960
Gala contributions and revenue	357,113	-	357,113
In-kind event support	1,845	-	1,845
Less: cost of direct benefits to donors	<u>(134,550)</u>	<u>-</u>	<u>(134,550)</u>
Contributions and net revenue from gala	<u>224,408</u>	<u>-</u>	<u>224,408</u>
Interest	<u>38</u>	<u>-</u>	<u>38</u>
Net assets released from restrictions	<u>181,514</u>	<u>(181,514)</u>	<u>-</u>
Total Support and Revenue	<u>1,378,370</u>	<u>14,667</u>	<u>1,393,037</u>
EXPENSES			
Program services:			
Accelerate	228,028	-	228,028
Aim High	230,464	-	230,464
The Big Cheese Reads	20,817	-	20,817
Motivate	90,140	-	90,140
Independent Learning Support	<u>189,594</u>	<u>-</u>	<u>189,594</u>
Total Program Services	<u>759,043</u>	<u>-</u>	<u>759,043</u>
Supporting services:			
Management and general	125,384	-	125,384
General fundraising	164,318	-	164,318
Gala	<u>43,955</u>	<u>-</u>	<u>43,955</u>
Total Supporting Services	<u>333,658</u>	<u>-</u>	<u>333,658</u>
Total Expenses	<u>1,092,701</u>	<u>-</u>	<u>1,092,701</u>
Change in Net Assets	<u>285,669</u>	<u>14,667</u>	<u>300,336</u>
Net Assets, Beginning of Year	<u>321,492</u>	<u>421,565</u>	<u>743,057</u>
Net Assets End of Year	<u>\$ 607,161</u>	<u>\$ 436,232</u>	<u>\$ 1,043,393</u>

See accompanying notes to financial statements.

BOSTON PARTNERS IN EDUCATION, INC.

Statement of Functional Expenses
For the Year Ended August 31, 2023

DESCRIPTION	PROGRAMS					SUPPORT SERVICES					TOTAL
	ACCELRATE	AIM HIGH	THE BIG CHEESE READS	MOTIVATE	INDEPENDENT LEARNING SUPPORT	MANAGEMENT AND GENERAL	GENERAL FUND- RAISING	GALA	DIRECT BENEFITS TO DONORS		
Personnel	\$ 148,206	\$ 153,279	\$ 13,400	\$ 59,550	\$ 126,354	\$ 61,178	\$ 104,341	\$ 27,062	\$ -	\$ 693,370	
Payroll taxes	14,817	12,950	1,204	4,985	10,735	3,491	8,709	2,555	-	59,446	
Insurance	15,965	16,572	1,482	6,470	13,032	3,103	10,720	1,818	-	69,162	
Advertising and promotion	418	418	59	209	209	59	569	59	-	2,000	
Office expense	2,842	2,890	212	1,250	1,854	1,107	4,495	284	-	14,934	
Information technology	2,826	2,804	622	1,277	1,707	14,003	1,440	927	-	25,606	
Occupancy	29,494	30,390	2,661	11,607	25,168	12,468	20,855	5,315	-	137,958	
Travel	1,084	1,120	105	434	917	1,180	1,229	463	-	6,532	
Meetings and conferences	198	194	8	92	83	137	1,406	4,330	-	6,449	
Cost of direct benefit to donors	-	-	-	-	-	-	-	-	134,550	134,550	
Professional fees	2,306	2,359	180	932	1,899	26,377	1,410	374	-	35,837	
Inkind expenses	2,056	2,108	148	866	1,613	709	3,008	301	-	10,809	
Volunteer expenses	2,738	2,742	484	1,365	4,359	22	353	-	-	12,063	
Professional development	-	-	-	-	-	-	-	-	-	-	
Dues and subscriptions	80	80	40	40	40	400	710	-	-	1,390	
Bad debt	2,500	-	-	-	-	-	500	-	-	3,000	
Depreciation	2,498	2,558	212	1,063	1,624	995	1,611	467	-	11,028	
Miscellaneous expense	-	-	-	-	-	155	2,962	-	-	3,117	
Total expense by function	228,028	230,464	20,817	90,140	189,594	125,384	164,318	43,955	134,550	1,227,251	
Less: expenses included with revenues on the statement of activities											
Cost of direct benefits to donors	-	-	-	-	-	-	-	-	(134,550)	(134,550)	
Total expenses included in the expense section of the statement of activities	\$ 228,028	\$ 230,464	\$ 20,817	\$ 90,140	\$ 189,594	\$ 125,384	\$ 164,318	\$ 43,955	\$ -	\$ 1,092,701	

See accompanying notes to financial statements.

BOSTON PARTNERS IN EDUCATION, INC.
Statement of Cash Flows
For the Year Ended August 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 300,336
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Bad debt	3,000
Depreciation	11,028
Amortization of right-of-use operating lease	112,888
(Increase) decrease in operating assets:	
Accounts receivable	(9,725)
Promises to give	(323,677)
Increase (decrease) in operating liabilities:	
Accounts payable	2,303
Payroll withholdings	1,273
Lease liability, operating lease	<u>(113,813)</u>
Net Cash Used in Operating Activities	(16,387)
 CASH and CASH EQUIVALENTS, beginning of year	 <u>279,673</u>
 CASH and CASH EQUIVALENTS, end of year	 <u><u>\$ 263,286</u></u>

See accompanying notes to financial statements.

BOSTON PARTNERS IN EDUCATION, INC.

Notes to Financial Statements

August 31, 2023

1. ORGANIZATION AND PROGRAMS

ORGANIZATION

Boston Partners in Education, Inc., founded in 1966, is a Massachusetts not-for-profit corporation, whose mission is to enhance the academic achievement and nurture the personal growth of Boston' public school students by providing them with focused, individualized in-school volunteer support.

PROGRAMS

To achieve its mission Boston Partners in Education offers the following major programs:

Accelerate - Accelerate can assist any student in grades K-8 identified by their teacher as needing extra academic or socio-emotional support. Accelerate mentors work 1-on 1 with a student, or in small groups, during regular classroom instruction time. Accelerate is designed to help students who lack the skills, motivation or interest in ELA or math.

Aim High - Aim High supports students in grades 9-12 who have small gaps in skills and knowledge, and just need that extra push to find success. Aim High mentors work 1-on-1 or with a small group of students in humanities or STEM subjects. Aim High helps students build confidence and resilience and prepare for their future aspirations.

The Big Cheese Reads -The Big Cheese Reads connects business and community leaders with middle school students in order to emphasize the important link between literacy and career success. Since its inception, more than 250 corporate and community leaders have gone into the classroom to support the initiative.

Motivate - Motivate is designed for early childhood development needs, serving children in grades PreK-2. Motivate mentors work with the whole class of students, helping to run academic activities and smooth transition time. In classrooms with high student to teacher ratios, full of young children with diverse needs, having a Motivate mentor in the classroom helps teachers better differentiate instruction.

Independent Learning Support – In Independent Learning Support mentors are connected with BPS students in grades 2-12 who have self-identified or been identified by their families as benefiting from extra, focused academic support. ILS matches meet virtually for one hour per week for the duration of the school year. A silent volunteer proctor attends and monitors all sessions to ensure safety and security.

Boston Partners in Education's operations are primarily funded by foundation and corporate grants, and contributions from the general public.

BOSTON PARTNERS IN EDUCATION, INC.

Notes to Financial Statements (Continued)

August 31, 2023

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

Boston Partners in Education prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

NET ASSETS CLASSIFICATION

Net assets of Boston Partners in Education are classified into two categories. The classifications are related to the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization.

Net Assets With Donor Restrictions - Net assets whose use is limited by either donor-imposed time restrictions or purpose restrictions or net assets that must be maintained in perpetuity.

GRANTS AND CONTRIBUTIONS

Grants and contributions are recognized when a donor makes a promise to give to Boston Partners in Education that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Grants and contributions received in connection with a conditional promise to give are recorded as a refundable advance (a liability) until the donor conditions have been met or explicitly waived. Grants and contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

CASH EQUIVALENTS

Boston Partners in Education considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

REVENUE RECOGNITION

Program fees are recognized as performance obligations are met. Advance payments of program fees are recorded as deferred revenue until earned.

BOSTON PARTNERS IN EDUCATION, INC.

Notes to Financial Statements (Continued)

August 31, 2023

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACCOUNTS RECEIVABLE

Accounts receivable are presented net of the allowance for doubtful accounts. Boston Partners in Education's periodic evaluation of the adequacy of the allowance is based on its past loss experience. During the year ended August 31, 2023, accounts totaling \$3,000 were written off as uncollectible. At August 31, 2023, the outstanding accounts were deemed fully collectible.

FIXED ASSETS

Donations of fixed assets are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire fixed assets are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Boston Partners in Education reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Boston Partners in Education reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Purchased fixed assets are carried at cost. Fixed assets are depreciated using the straight-line method over their estimated useful lives. Repairs and maintenance are charged to operations. Betterments, renewals, and purchases of more than \$1,000 are capitalized.

Depreciation expense for the year ended August 31, 2023 was \$11,028.

LEASES

Boston Partners in Education determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use assets and lease liabilities in the statement of financial position. Right-of-use assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and right-of-use asset also include prepaid or accrued rent. To determine the present value of lease payments, Boston Partners in Education uses a risk-free rate based on the information available at lease commencement. Operating lease expense is recognized on a straight-line basis over the lease term. Boston Partners in Education does not report right-of-use assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

BOSTON PARTNERS IN EDUCATION, INC.

Notes to Financial Statements (Continued)

August 31, 2023

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IN-KIND DONATIONS

Boston Partners in Education receives in-kind donations in support of its operations. Donated materials and services are recorded at fair value. Donated services that (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated are recorded as contributions in the financial statements. Donated services such as fundraising, clerical assistance or other volunteer efforts not requiring specialized skills are not recorded in the financial statements.

INCOME TAXES

Boston Partners in Education is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from state income taxes under Chapter 180 of the Massachusetts General Laws. Unrelated business income, of which there was none for the years ended August 31, 2023 would be subject to Federal and state income taxes.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and reported in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The following expenses are allocated:

<u>Expense</u>	<u>Method of Allocation</u>
Personnel	Time and effort
Payroll taxes	Salaries
Insurance	Salaries
Office expense	Salaries
Information technology	Salaries
Occupancy	Salaries
Depreciation and amortization	Salaries

ESTIMATES

The preparation of financial statements in accordance with U.S. GAAP 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.

BOSTON PARTNERS IN EDUCATION, INC.

Notes to Financial Statements (Continued)

August 31, 2023

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ADOPTED ACCOUNTING STANDARDS (ASU)

Boston Partners in Education has adopted FASB ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is expected to increase transparency around contributed nonfinancial assets (also known as “in-kind donations”) received by not-for-profit (NFP) organizations, including transparency on how those assets are used and how they are valued. The ASU requires that an NFP present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires that a NFP make certain disclosures.

Boston Partners in Education has adopted ASU No. 2016-02, *Leases, (Topic 842)*. The objective of this ASU is to increase transparency and comparability in financial reporting by requiring statement of financial position recognition of leases and note disclosure of certain information about lease arrangements. Boston Partners in Education elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing the ASU, Boston Partners in Education recognized a right-of-use asset of \$529,780 and a related lease liability of \$552,791 in its statement of financial position as of September 1, 2022.

3. PROMISES TO GIVE

At August 31, 2023 unconditional promises to give were due as follows:

Less than one year	\$ 436,010
One to five years	298,486
More than five years	<u>30,000</u>
Total unconditional promises	764,496
Less discount to net present value	<u>22,254</u>
Net unconditional promises	<u>\$ 742,242</u>

4. NET ASSETS WITH DONOR RESTRICTIONS

At August 31, 2023, net assets with donor restrictions were time restricted for general operations.

BOSTON PARTNERS IN EDUCATION, INC.

Notes to Financial Statements (Continued)

August 31, 2023

5. IN-KIND DONATIONS

Boston Partners in Education receives donated materials and services in support of its programmatic and administrative functions. In-kind donations valued at fair value and reported in the financial statements for the year ended August 31, 2023, were as follows:

Software licenses	\$ 7,776
Boston Celtics tickets	1,189
Golf outing items	1,845
Chromebooks	<u>1,250</u>
Total	<u>\$ 12,060</u>

Donated services such as Big Cheese Readers and other volunteer efforts not requiring specialized skills are not recorded in the financial statements.

6. LEASE COMMITMENT

Boston Partners in Education leases office space under a seven year noncancelable lease agreement that expires January 31, 2027. The lease provides for periodically escalating minimum monthly rental payments from \$10,227 to \$11,688, plus annual additional rent for real estate taxes and operating costs. The lease contains a five-year option to renew. The right-of-use asset represents Boston Partners in Education's right to use the underlying asset for the remaining original lease term and the lease liability represents Boston Partners in Education's obligation to make lease payments arising from this lease. The five-year option to renew the lease was not included when assessing the value of the right-of-use asset and lease liability because Boston Partners in Education is not reasonably certain that it will exercise the option to renew the lease. The right-of-use asset and lease liability was calculated based on the present value of future lease payments over the lease term utilizing a risk-free discount rate of 3.39%. The weighted average remaining lease term as of August 31, 2023 is 3.42 years. The lease agreement includes proportional operating costs based on actual expenses such as taxes, and utilities. These variable lease payments are recognized as other operating expenses but are not included in the right-of-use asset or liability balances.

Rent expense under this lease totaled \$130,102 for the year ended August 31, 2023. Cash paid for measurement of lease liability included in operating cash flows totaled \$130,063 and lease assets obtained for exchange of lease obligations totaled \$529,780.

BOSTON PARTNERS IN EDUCATION, INC.

Notes to Financial Statements (Continued)

August 31, 2023

6. LEASE COMMITMENT (Continued)

Minimum rental payments due over the remaining term of the lease are as follows:

2024	\$	133,045
2025		136,117
2026		139,039
2027		<u>58,440</u>
Total		466,641
Less interest		<u>(26,908)</u>
Present value of lease liability	\$	<u><u>439,733</u></u>

7. RELATED PARTY TRANSACTIONS

Board members donated \$206,805 to Boston Partners in Education for the year ended August 31, 2023.

8. LINE OF CREDIT

At August 31, 2023, Boston Partners in Education had an unused \$50,000 revolving line-of-credit agreement with TD Bank that expires on February 22, 2024. Any outstanding balance on the line will incur interest at the bank's prime rate plus .50%.

9. COMPENSATED ABSCENCES

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. Boston Partners in Education's policy is to recognize these costs when actually paid.

10. CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

CREDIT RISK

Boston Partners in Education maintains cash balances at one financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At August 31, 2023, the uninsured balance was \$14,056. Boston Partners in Education has not experienced any loss in accounts and believes it is not exposed to any significant credit risk on its cash balances.

SUPPORT AND REVENUE

Grants and contributions from two sources represented 36% of Boston Partners in Education's total support and revenue for the year ended August 31, 2023, and outstanding promises from four donors represented 100% of the outstanding promises to give.

BOSTON PARTNERS IN EDUCATION, INC.

Notes to Financial Statements (Continued)

August 31, 2023

11. AVAILABILITY AND LIQUIDITY

The following represents Boston Partners in Education's financial assets that are available to meet general expenses over the next 12 months:

Financial assets at year end:	
Cash and cash equivalents	\$ 263,286
Promises to give, net	<u>742,242</u>
Total financial assets	<u>1,005,528</u>
Less amounts not available for use within one year:	
Promises to give, non current, net	<u>306,232</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 699,296</u>

Boston Partners in Education's liquidity management policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of an unanticipated liquidity need, Boston Partners in Education can draw upon its \$50,000 line of credit, which was unused at August 31, 2023.

12. SUBSEQUENT EVENTS

Boston Partners in Education has evaluated subsequent events through December 15, 2023, which is the date the financial statements were available to be issued.