

# 2022

## Financial Statements

**DIVERSE LEARNERS COOPERATIVE**

**FINANCIAL STATEMENTS**

**JUNE 30, 2022**

(With Independent Auditor's Report Thereon)

**DIVERSE LEARNERS COOPERATIVE**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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## **PATTERSON, HARDEE & BALLENTINE, P.C.**

Certified Public Accountants  
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of Diverse Learners Cooperative

### **Opinion**

We have audited the accompanying financial statements of Diverse Learners Cooperative (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 Diverse Learners Cooperative Organization 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 Diverse Learners Cooperative 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 Diverse Learners Cooperative'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 Diverse Learners Cooperative'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 Diverse Learners Cooperative'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.

*Patterson Handley & Bellentine*

November 16, 2022

DIVERSE LEARNERS COOPERATIVE  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2022

ASSETS

Cash	\$	145,268	
Accounts receivable		51,576	
Deposits		<u>2,000</u>	
Total assets			<u>\$ 198,844</u>

LIABILITIES AND NET ASSETS

Liabilities:			
Accrued expenses		<u>27,643</u>	
Total liabilities			27,643
Net Assets:			
Without donor restrictions		171,201	
With donor restrictions		<u>-</u>	
Total net assets			<u>171,201</u>
Total Liabilities and Net Assets			<u>\$ 198,844</u>

See accompanying notes to the financial statements.

**DIVERSE LEARNERS COOPERATIVE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues:			
Service Revenues	\$ 362,246	\$ -	\$ 362,246
Contributions	227,379	-	227,379
In-kind revenue	4,793	-	4,793
	<u>594,418</u>	<u>-</u>	<u>594,418</u>
Total support and revenue			
Expenses:			
Program services	420,990	-	420,990
Management and general	94,841	-	94,841
Fundraising expenses	34,781	-	34,781
	<u>550,612</u>	<u>-</u>	<u>550,612</u>
Total expenses			
Change in net assets	43,806	-	43,806
Net assets - beginning of year	127,395	-	127,395
Net assets - end of year	<u>\$ 171,201</u>	<u>\$ -</u>	<u>\$ 171,201</u>

See accompanying notes to the financial statements.

**DIVERSE LEARNERS COOPERATIVE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

		Supporting Services		
	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Services</u>	<u>and General</u>	<u>Expenses</u>	<u>Expenses</u>
Salary and wages	\$ 362,153	\$ 58,850	\$ 31,688	452,691
Employees benefits	16,110	2,618	1,410	20,138
Advertising	-	599	-	599
Bookkeeping	-	1,690	-	1,690
Contract labor	5,520	897	483	6,900
Employee development	19,847	7,337	-	27,184
Fundraising	-	-	1,200	1,200
Hiring	-	6,685	-	6,685
Insurance	-	1,604	-	1,604
Misc	13,984	-	-	13,984
Professional fees	-	67	-	67
Rent	-	4,819	-	4,819
Supplies	-	5,613	-	5,613
Technology	-	4,062	-	4,062
Travel	3,376	-	-	3,376
Total operating expenses	<u>\$ 420,990</u>	<u>\$ 94,841</u>	<u>\$ 34,781</u>	<u>\$ 550,612</u>

See accompanying notes to the financial statements.

**DIVERSE LEARNERS COOPERATIVE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30 2022**

Cash Flows From Operating Activities:

Change in net assets		\$ 43,806
Changes in:		
Accounts receivable	(38,451)	
Deposits	(2,000)	
Undeposited funds	29,225	
Accrued expenses	10,169	
Deferred revenue	(21,123)	
Total adjustments		<u>(22,180)</u>
Net cash from operating activities		21,626
Cash - beginning of year		<u>123,642</u>
Cash - end of year		<u><u>\$ 145,268</u></u>

See accompanying notes to the financial statements.

**DIVERSE LEARNERS COOPERATIVE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 - Nature of Activities**

In these notes, the terms "Organization", "we", "us" or "our" mean Diverse Learners Cooperative. We equip and empower school teams to serve all learners.

Our Mission is to create purposeful networks of educators, providing them with high quality resources and collaborative learning experiences that increase best practices for diverse learners and teacher retention.

**NOTE 2 - Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, our net assets and changes, therein, are classified and reported 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. These net assets may be used at the discretion of the Organization's management and the board of directors. Restrictions fulfilled in the same accounting period in which the contributions are received are reported in the Statement of Activities as unrestricted.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, we consider cash equivalents to be items that have an original maturity date of ninety days or less from the date of issuance or are liquid investments such as money market funds. At June 30, 2022, we had no cash equivalents.

**Receivables**

Receivables consist of amounts for contracts in which work towards completion of the performance obligations of the contract has commenced and been billed, but not yet received. At June 30, 2022, no allowance was considered necessary for uncollectible receivables based upon our analysis of past collection expense with clients.

**Revenue Recognition**

Contributions are recognized as revenues in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the time of the contribution. Contributions are considered to be available for general purposes unless restricted by the donor for specific purposes.



**DIVERSE LEARNERS COOPERATIVE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

NOTE 2 - Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Performance obligations are determined based on the nature of the goods or services provided by the Organization in accordance with the contract. Revenue for performance obligations satisfied over time is recognized ratably over the period based on time elapsed. The Organization believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Revenues from consulting are recognized as the services are performed. Revenues and expenses relating to training, seminars, workshops, and education programs are recognized at the time the events occur. Receipts received prior to events occurring or before revenues are earned are classified as deferred revenue in the accompanying statements of financial position. Revenue for performance obligations satisfied at a point in time is generally recognized when goods or services are provided to customers at a single point in time and the Organization does not believe it is required to provide additional goods or services related to that sale. The Organization determines the transaction price based on standard charges for goods and services provided. The Organization's revenue streams do not have significant financing components or contract costs. Revenues are recorded net of any sales taxes charged.

At year ended Jun 30, 2021, the Organization had \$21,123 in deferred revenues from contracts, during the year ended June 30, 2022, the full amount of these contracts were recognized. We had no deferred revenues ay year ended June 30, 2022.

Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses and support services that can be identified with a specific program are allocated directly to their natural expenditure classification. Other expenses that are common to several programs or supporting functions are allocated based on various relationships.

Equipment contracts, office supplies, licenses and permits, printing, professional fees, repairs and maintenance are allocated on an expenditure-by-expenditure basis and allocated to the direct program benefited or to management and general if no programs are benefited. Leased employees and outreach are allocated based on time and effort. Utilities and occupancy and insurance are based on the size of the space used that benefit the program or management's use.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Taxes

We are a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and are classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements. We do not believe there are any uncertain tax positions. Further, we do not believe that we have any unrelated business income, which would be subject to federal taxes.



**DIVERSE LEARNERS COOPERATIVE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

NOTE 2 - Summary of Significant Accounting Policies (continued)

Fair Values of Financial Instruments

The carrying values of current assets, current liabilities and restricted cash approximate fair values due to short maturities of these instruments. The carrying value of long-term contributions receivable approximates fair value within an insignificant amount.

Concentrations of Credit Risk

At June 30, 2022, we were due 76% of our receivable from four clients.

NOTE 3 - Availability and Liquidity

Financial assets available for general expenditure within one year of the statement of financial position, consist of the following:

Financial assets for the year ended June 30, 2022:

Cash	\$ 145,268
Accounts receivable	<u>51,576</u>
	<u>\$ 196,844</u>

In the next fiscal year, we plan to receive the same level of contributions, and consider contributions for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. We manage our liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. If our analysis of liquid assets reveals inadequate funds for near-term operating needs, we will immediately reduce spending of program and management and general expenditures.

NOTE 4 - Accrued Expenses

Accrued expenses consisted of the following at June 30, 2022:

Accrued payroll	\$ 26,127
Accrued payroll taxes	1,299
Other accruals	<u>217</u>
	<u>\$ 27,643</u>

NOTE 5 - New Pronouncements

In February 2016, FASB issued Accounting Standards Update 2016-02, *Leases (Topic 842)*. The Update provides guidance about recording lease transactions on an organization's statements of financial position and activities. The amendments in this Update were recently deferred to become effective January of 2021. We are currently evaluating the impact of adopting this statement.

NOTE 6 - Subsequent Events

We have evaluated events subsequent to the year ending June 30, 2022. As of November 16, 2022, the date the financial statements were available to be issued, no events subsequent to June 30, 2022, are considered necessary to be included in the accompanying financial statements.