

LEE COUNTY LITERACY COALITION

FINANCIAL STATEMENTS

DECEMBER 31, 2019

LEE COUNTY LITERACY COALITION

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
Lee County Literacy Coalition  
Auburn, Alabama

We have reviewed the accompanying financial statements of Lee County Literacy Coalition (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets - cash basis as of December 31, 2019, and the related statements of revenues, expenses, and other changes in net assets - cash basis and functional expenses - cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible 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.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the cash basis of accounting.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

*Machen McChesney, LLP*

Auburn, Alabama  
August 3, 2020

LEE COUNTY LITERACY COALITION  
STATEMENT OF ASSETS, LIABILITIES, AND  
NET ASSETS - CASH BASIS

DECEMBER 31, 2019

ASSETS	
Current assets	
Cash	<u>\$ 57,330</u>
LIABILITIES AND NET ASSETS	
Current liabilities	
Payroll taxes payable	\$ 4,272
Credit card payable	<u>137</u>
Total current liabilities	4,409
Net assets without donor restrictions	<u>52,921</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 57,330</u>

See accompanying notes and independent accountants' review report.

LEE COUNTY LITERACY COALITION  
 STATEMENT OF REVENUES, EXPENSES, AND  
 OTHER CHANGES IN NET ASSETS - CASH BASIS  
 YEAR ENDED DECEMBER 31, 2019

<b>REVENUE AND OTHER SUPPORT</b>	
Direct public support	\$ 9,968
Fundraising income	24,895
Donated services	7,200
Grants	39,000
Interest income	<u>353</u>
Total revenue and other support	<u>81,416</u>
<b>EXPENSES</b>	
Program services:	
Literacy workshops and tutoring	<u>40,151</u>
Supporting services:	
Fundraising	42,029
Management and general	<u>19,053</u>
Total supporting services	<u>61,082</u>
Total expenses	<u>101,233</u>
Change in net assets - cash basis	(19,817)
Net assets, beginning of year	<u>72,738</u>
Net assets, end of year	<u>\$ 52,921</u>

See accompanying notes and independent accountants' review report.

LEE COUNTY LITERACY COALITION  
STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS  
YEAR ENDED DECEMBER 31, 2019

	Program Services	<u>Supporting Services</u>		<u>Total</u>
	Literacy Workshops and Tutoring	Fundraising	Management and General	
<b>Employee costs</b>				
Salaries	\$ 24,173	\$ 31,687	\$ 10,562	\$ 66,422
Payroll taxes	1,849	2,290	808	4,947
<b>Total employee costs</b>	<u>26,022</u>	<u>33,977</u>	<u>11,370</u>	<u>71,369</u>
<b>Operating expenses</b>				
Advertising	1,011	-	-	1,011
Dues and subscriptions	5,329	-	-	5,329
Fundraising	-	7,743	-	7,743
Insurance	-	-	967	967
Occupancy	3,600	-	3,600	7,200
Office supplies	-	-	1,341	1,341
Other program expenses	41	-	-	41
Paypal fees	-	309	-	309
Program events	1,268	-	-	1,268
Program supplies	166	-	-	166
Repairs and maintenance	247	-	247	494
Travel	940	-	-	940
Utilities	1,527	-	1,527	3,055
<b>Total operating expenses</b>	<u>14,129</u>	<u>8,052</u>	<u>7,683</u>	<u>29,864</u>
<b>Total functional expenses</b>	<u>\$ 40,151</u>	<u>\$ 42,029</u>	<u>\$ 19,053</u>	<u>\$ 101,233</u>

See accompanying notes and independent accountants' review report.

LEE COUNTY LITERACY COALITION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. Summary of Significant Accounting Policies

Nature of activities - Lee County Literacy Coalition (the Organization) is a nonprofit that was incorporated in 1989 under the laws of the state of Alabama. The Organization's purpose is to help adults learn to read, write, and use mathematics and computers at a level necessary to succeed and thrive in society.

Basis of accounting - The accompanying financial statements have been prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Income tax status - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. The Organization prepares IRS Form 990 using the cash method.

Contributions in-kind - The Organization has the use of office facilities contributed by East Alabama Medical Center. The estimated fair rental value for these facilities is \$7,200 annually. This amount has been recorded in these financial statements as donated service revenue and rent expense. The Organization received catering and printing services for a fundraiser and advertising services. The estimated value for these services was \$1,565. This amount has been recorded in these financial statements as fundraising income and fundraising expense.

Estimates - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

Date of management's review of subsequent events - Management has evaluated subsequent events through August 3, 2020, the date the financial statements were available to be issued.

Advertising costs - Management expenses advertising costs as incurred. During the year ended December 31, 2019, advertising costs totaled \$1,011.

Functional expenses - The costs of providing various activities have been detailed on a functional basis in the statement of functional expenses - cash basis. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on a time and effort basis.



LEE COUNTY LITERACY COALITION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

2. Availability and liquidity

Management operates using budgets to ensure that the Organization has enough resources from donations and fees to cover general expenses. The Organization maintains adequate reserves to supplement cash flows as needed.