

MOORE COUNTY LITERACY COUNCIL, INC.

**Reviewed Financial Statements
June 30, 2019 and 2018**

MOORE COUNTY LITERACY COUNCIL, INC.
Reviewed Financial Statements
June 30, 2019 and 2018

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Moore County Literacy Council, Inc.
Southern Pines, North Carolina

We have reviewed the accompanying statements of financial position of Moore County Literacy Council, Inc. (a nonprofit organization) as of June 30, 2019 and 2018, and the related statements of activities and cash flows for the years 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 Organization 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 the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review 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 accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's 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 conformity with generally accepted accounting principles in the United States of America.

Busby & Co.

Busby & Co.
February 17, 2020

MOORE COUNTY LITERACY COUNCIL, INC.
Statements of Financial Position
June 30, 2019 and 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 22,797	\$ 12,782
Sales tax receivable	418	98
Prepaid expenses	1,938	1,188
Total Current Assets	25,153	14,068
Fixed Assets		
Property and equipment	32,696	28,487
Less accumulated depreciation	(22,957)	(21,385)
Total Fixed Assets	9,739	7,102
Other Assets		
Investment	3,458	2,251
Security deposit	675	675
Total Other Assets	4,133	2,926
TOTAL ASSETS	\$ 39,025	\$ 24,096
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 666	\$ 525
Payroll liabilities	2,818	2,484
Accrued payroll	4,965	3,989
Deferred revenue	10,316	-
Total Current Liabilities	18,765	6,998
Net Assets		
Without donor restrictions	20,260	17,098
Total Net Assets	20,260	17,098
TOTAL LIABILITIES AND NET ASSETS	\$ 39,025	\$ 24,096

See accompanying notes and independent accountant's review report.

MOORE COUNTY LITERACY COUNCIL, INC.

Statements of Activities

For the Years Ended June 30, 2019 and 2018

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Contributions	\$ 75,980	\$ -	\$ 75,980
Fundraising activities	50,877	-	50,877
Grants	104,023	-	104,023
Interest/Dividends	199	-	199
Unrealized gain (loss)	(2)	-	(2)
Realized gain (loss)	-	-	-
Net assets released from restrictions			
Satisfaction of program restrictions	-	-	-
Total Revenue and Other Support	231,077	-	231,077
Expenses			
Program services	165,303	-	165,303
Supporting services			
General and administrative	29,095	-	29,095
Fundraising	33,517	-	33,517
Total Expenses	227,915	-	227,915
INCREASE (DECREASE) IN NET ASSETS	3,162	-	3,162
NET ASSETS, BEGINNING OF YEAR	17,098	-	17,098
NETS ASSETS, END OF YEAR	\$ 20,260	\$ -	\$ 20,260

See accompanying notes and independent accountant's review report.

MOORE COUNTY LITERACY COUNCIL, INC.

Statements of Activities

For the Years Ended June 30, 2019 and 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Contributions	\$ 51,620	\$ -	\$ 51,620
Fundraising activities	71,051	-	71,051
Grants	68,386	-	68,386
Interest/Dividends	113	-	113
Unrealized gain (loss)	(107)	-	(107)
Realized gain (loss)	18	-	18
Net assets released from restrictions			
Satisfaction of program restrictions	860	(860)	-
Total Revenue and Other Support	191,941	(860)	191,081
Expenses			
Program services	112,315	-	112,315
Supporting services			
General and administrative	35,104	-	35,104
Fundraising	49,695	-	49,695
Total Expenses	197,114	-	197,114
INCREASE (DECREASE) IN NET ASSETS	(5,173)	(860)	(6,033)
NET ASSETS, BEGINNING OF YEAR	22,271	860	23,131
NETS ASSETS, END OF YEAR	\$ 17,098	\$ -	\$ 17,098

See accompanying notes and independent accountant's review report.

MOORE COUNTY LITERACY COUNCIL, INC.
Statements of Functional Expenses
For the Years Ended June 30, 2019 and 2018

	2019			
	PROGRAM SERVICES	SUPPORTING SERVICES		TOTAL
		MANAGEMENT AND GENERAL	FUNDRAISING	
Adult program	\$ 5,556	\$ -	\$ -	\$ 5,556
Motheread program	17,020	-	-	17,020
Third grade program	677	-	-	677
Summer program	23,528	-	-	23,528
Salaries	81,441	15,508	15,508	112,457
Advertising	-	-	-	-
Professional fees	3,100	5,078	-	8,178
Rent	10,560	2,640	-	13,200
Payroll taxes	7,340	1,294	1,294	9,928
Office expenses	2,791	690	-	3,481
Bank service charges	-	573	-	573
Dues and subscriptions	3,129	-	-	3,129
Telephone	1,841	460	-	2,301
Utilities	3,013	753	-	3,766
Insurance	1,463	366	-	1,829
Postage	729	243	-	972
Supplies	1,260	192	-	1,452
Equipment maintenance	640	160	-	800
Travel	633	148	-	781
Fundraising	-	-	16,715	16,715
Total expenses before depreciation	164,721	28,105	33,517	226,343
Depreciation	582	990	-	1,572
Total Expenses	<u>\$ 165,303</u>	<u>\$ 29,095</u>	<u>\$ 33,517</u>	<u>\$ 227,915</u>

See accompanying notes and independent accountant's review report.

MOORE COUNTY LITERACY COUNCIL, INC.
Statements of Functional Expenses
For the Years Ended June 30, 2019 and 2018

	2018			
	SUPPORTING SERVICES			
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Adult program	\$ -	\$ -	\$ -	\$ -
Motheread program	18,012	-	-	18,012
Third grade program	-	-	-	-
Summer program	-	-	-	-
Salaries	58,263	19,200	19,200	96,663
Advertising	-	-	13,100	13,100
Professional fees	3,100	7,009	-	10,109
Rent	10,560	2,640	-	13,200
Payroll taxes	5,458	1,601	1,601	8,660
Office expenses	5,048	1,177	-	6,225
Bank service charges	-	694	-	694
Dues and subscriptions	953	-	-	953
Telephone	2,463	616	-	3,079
Utilities	2,413	603	-	3,016
Insurance	1,421	355	-	1,776
Postage	103	309	-	412
Supplies	3,104	176	-	3,280
Equipment maintenance	831	69	-	900
Travel	201	-	-	201
Fundraising	-	-	15,794	15,794
Total expenses before depreciation	111,930	34,449	49,695	196,074
Depreciation	385	655	-	1,040
Total Expenses	\$ 112,315	\$ 35,104	\$ 49,695	\$ 197,114

See accompanying notes and independent accountant's review report.

MOORE COUNTY LITERACY COUNCIL, INC.
Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 3,162	\$ (6,033)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	1,572	1,040
Unrealized (gain) loss of investments	2	107
Realized (gain) loss of investments	-	(18)
Decrease (increase) in current assets		
Receivables	(320)	1,123
Prepaid expenses	(750)	1,248
Increase (decrease) in current liabilities		
Accounts payable	142	(662)
Accrued payroll	976	277
Payroll liabilities	334	273
Deferred revenue	10,316	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	15,434	(2,645)
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(4,209)	(2,584)
Purchase of investments	(1,210)	(263)
Sale of investments	-	250
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(5,419)	(2,597)
NET INCREASE (DECREASE) IN CASH	10,015	(5,242)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	12,782	18,024
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 22,797	\$ 12,782

See accompanying notes and independent accountant's review report.

MOORE COUNTY LITERACY COUNCIL, INC.
Notes to Financial Statements
June 30, 2019 and 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF ACTIVITIES

Moore County Literacy Council, Inc. (the Organization) was incorporated as a nonprofit organization in 1987. Its purpose is to provide literacy training for children and adults with grants from public, private and governmental agencies.

FINANCIAL STATEMENT PRESENTATION

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified 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. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantor. Some donor restrictions are temporary in nature: those restrictions will be met by actions of Moore County Literacy Council, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Generally, the donors of such assets permit Moore County Literacy Council, Inc. to use all or part of the income earned on the assets.

CONTRIBUTED SERVICES

During the year ended June 30, 2019 and 2018, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

MOORE COUNTY LITERACY COUNCIL, INC.
Notes to Financial Statements
June 30, 2019 and 2018

ESTIMATES

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

PROPERTY AND EQUIPMENT

It is the Organization's policy to capitalize property and equipment over \$200. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions 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 property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method.

Equipment	5 – 10 years
Furniture and fixtures	5 – 10 years

INVESTMENTS

Investments in marketable securities are stated at fair market value. Securities not publicly traded are stated at estimated fair market values. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

CONTRIBUTIONS

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions support depending on the existence or nature of any donor restrictions.

INCOME TAXES

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

MOORE COUNTY LITERACY COUNCIL, INC.
Notes to Financial Statements
June 30, 2019 and 2018

CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flow, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

FAIR VALUE MEASUREMENTS

FASB ASC 820, *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Organization utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique.

The Organization's assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of fair value of assets and liabilities and their placement within the fair value hierarchy levels.

FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, maximizes the use of observable inputs, and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

Level 1 inputs: Valuation based on quoted prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs: Valuation based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets, or liabilities in markets that are not active, that is, markets in which there are few transactions, prices are not current, or prices vary substantially over time.

MOORE COUNTY LITERACY COUNCIL, INC.
Notes to Financial Statements
June 30, 2019 and 2018

FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 inputs: Valuation based on inputs that are unobservable for an asset or liability and should be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measure date. This input, therefore, reflects the entity's assumptions about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Financial assets carried at fair value measured on a recurring basis as of June 30, 2019 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Stocks	\$ 3,458	\$ -	\$ -	\$ 3,458

NOTE 1 – PREPAID EXPENSES

Prepaid expenses included prepaid insurance, prepaid rent, and expenses incurred to prepare for events that will occur in the subsequent fiscal year.

NOTE 2 – ADVERTISING COSTS

All advertising costs are expensed when incurred. Advertising costs totaled \$0 in 2019 and \$13,100 in 2018.

NOTE 3 – PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 23,454	\$ 19,245
Furniture and fixtures	7,034	7,034
Books	<u>2,208</u>	<u>2,208</u>
	32,696	28,487
Less accumulated depreciation	<u>22,957</u>	<u>21,385</u>
Property and equipment - net	<u>\$ 9,739</u>	<u>\$ 7,102</u>

MOORE COUNTY LITERACY COUNCIL, INC.
Notes to Financial Statements
June 30, 2019 and 2018

NOTE 3 – PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense for 2019 and 2018 was \$1,572 and \$1,040, respectively.

NOTE 4 - INVESTMENTS

Investments as of June 30, 2019 are summarized as follows:

	<u>Cost</u>	<u>Market Value</u>
Stocks	\$ 3,297	\$ 3,458

The following schedule summarized the investment return of the preceding investments and its classification in the statements of activities for the year then ended June 30, 2019.

Dividends	\$	199
Realized gain (loss)		-
Unrealized gain (loss)		<u>(2)</u>
Total investment return	\$	<u>197</u>

NOTE 5 – OPERATING LEASES

The Organization leases office space on a month to month basis. Total lease expense on all leases for 2019 and 2018 was \$13,200 and \$13,200, respectively.

There are no future minimum lease payments as of June 30, 2019.

NOTE 6 - DEFERRED REVENUE

Deferred revenue results from the Organization recognizing fundraising revenue in the period in which the related fundraiser is performed. Accordingly, fundraising revenues received for the next fiscal period are deferred until the event occurs.

MOORE COUNTY LITERACY COUNCIL, INC.
Notes to Financial Statements
June 30, 2019 and 2018

NOTE 8 – LIQUIDITY

Moore County Literacy Council, Inc.'s financial assets available within one year of the statement of position date for general expenditures are as follow:

Cash and cash equivalents	\$ 22,797
Investments, at cost	3,297
Sales tax receivable	418
Prepaid expenses	1,938
Security deposit	<u>675</u>
	<u>\$ 29,125</u>

NOTE 7 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events through February 17, 2020, which is the date the financial statements were available to be issued. No subsequent events were identified that required adjustment to or disclosure within the financial statements.