

NASHVILLE ADULT LITERACY COUNCIL, INC.

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED JUNE 30, 2023

NASHVILLE ADULT LITERACY COUNCIL, INC.
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
YEAR ENDED JUNE 30, 2023

CONTENTS

	<u>Page</u>
Independent auditors' report	3-4
Financial statements:	
Statement of financial position.....	5
Statement of activities	6
Statement of functional expenses.....	7
Statement of cash flows.....	8
Notes to financial statements.....	9-12



2715 Bransford Avenue, Nashville, TN 37204 | 615-242-0067
701 West 7th Street, Columbia, TN 38401 | 931-388-3008
3050 Business Park Circle Ste. 501, Goodlettsville, TN 37072 | 615-851-6160

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Nashville Adult Literacy Council, Inc.
Nashville, Tennessee

Opinion

We have audited the accompanying financial statements of Nashville Adult Literacy Council, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities 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 the Organization as of June 30, 2023, and the results of its operations 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 the Organization 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 the Organization'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, including omissions, 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.

(Continued)

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 the Organization'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 the Organization'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.

Brown & Maguire CPAs, PLLC

Brown & Maguire CPAs, PLLC

September 29, 2023

NASHVILLE ADULT LITERACY COUNCIL, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023

ASSETS

Current Assets:

Cash	\$ 426,097
Unconditional promises to give	161,000
Prepaid expenses	<u>635</u>
Total current assets	<u>587,732</u>

Property and equipment:

Property and equipment	113,919
Less: accumulated depreciation	<u>(105,519)</u>
Total property and equipment, net	<u>8,400</u>

Total assets	<u><u>\$ 596,132</u></u>
--------------	--------------------------

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 17,390
Payroll liabilities	20,987
Accrued expenses	<u>931</u>
Total current liabilities	<u>39,308</u>

Net Assets:

Without donor restrictions	406,824
With donor restrictions	<u>150,000</u>
Total net assets	<u>556,824</u>

Total liabilities and net assets	<u><u>\$ 596,132</u></u>
----------------------------------	--------------------------

The accompanying notes are an integral part of these financial statements.

NASHVILLE ADULT LITERACY COUNCIL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Foundation contributions	\$ 456,416	\$ -	\$ 456,416
United Way contributions	-	151,245	151,245
Church and individual contributions	140,052	-	140,052
Special events, net of direct costs of \$15,656	118,576	-	118,576
In-kind revenue	42,000	-	42,000
Miscellaneous income	2,436	-	2,436
Realized loss on investments	(708)	-	(708)
Interest income	167	-	167
Net assets released from restrictions	106,245	(106,245)	-
Total support and revenue	<u>865,184</u>	<u>45,000</u>	<u>910,184</u>
Expenses			
Literacy program services	625,267	-	625,267
Management and general	121,793	-	121,793
Fundraising	75,087	-	75,087
Total expenses	<u>822,147</u>	<u>-</u>	<u>822,147</u>
Change in net assets	43,037	45,000	88,037
Net assets at beginning of year	<u>363,787</u>	<u>105,000</u>	<u>468,787</u>
Net assets at end of year	<u><u>\$ 406,824</u></u>	<u><u>\$ 150,000</u></u>	<u><u>\$ 556,824</u></u>

The accompanying notes are an integral part of these financial statements.

NASHVILLE ADULT LITERACY COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services	Supporting Services		
	Adult Literacy	Management and General	Fundraising	Total
Personnel expenses	\$ 517,937	\$ 52,199	\$ 72,787	\$ 642,923
Occupancy	6,237	42,000	-	48,237
Professional services	26,387	18,980	-	45,367
Books and materials	29,346	-	-	29,346
Computers & technology	28,133	-	-	28,133
Advertising	1,109	456	2,300	3,865
Conferences and training	3,506	250	-	3,756
Depreciation	-	3,381	-	3,381
Telephone & internet	3,370	-	-	3,370
Travel	2,966	13	-	2,979
Insurance	1,635	635	-	2,270
Bank fees	-	2,059	-	2,059
Copier	2,023	-	-	2,023
Office supplies	1,327	365	-	1,692
Miscellaneous	-	1,107	-	1,107
Dues and subscriptions	556	298	-	854
Postage & delivery	616	-	-	616
Licenses and fees	119	50	-	169
Total expenses	<u>\$ 625,267</u>	<u>\$ 121,793</u>	<u>\$ 75,087</u>	<u>\$ 822,147</u>

The accompanying notes are an integral part of these financial statements.

NASHVILLE ADULT LITERACY COUNCIL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

Cash flows from operating activities:	
Increase in net assets	\$ 88,037
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,381
Increase in unconditional promises to give	(4,300)
Decrease in prepaid expenses	3,402
Decrease in accounts payable and accrued payroll	<u>(25,131)</u>
Net cash provided by operating activities	<u>65,389</u>
Cash flows from investing activities:	
Net cash provided by (used in) investing activities	<u>-</u>
Cash flows from financing activities:	
Net cash provided by (used in) financing activities	<u>-</u>
Net increase in cash and cash equivalents	65,389
Cash and cash equivalents, at beginning of the period	<u>360,708</u>
Cash and cash equivalents, at end of the period	<u>\$ 426,097</u>
 Cash paid for interest	 <u>\$ -</u>
Cash paid for taxes	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

NASHVILLE ADULT LITERACY COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

1. Description of the Organization and Summary of Significant Accounting Policies

The Nashville Adult Literacy Council, Inc. (the “Organization”) teaches adults to read, as well as adult immigrants to read, write, speak, and understand English in the Nashville, Tennessee area. The Organization uses volunteer tutors to give individual instruction. The Organization also operates small groups and classes to teach specialized needs in the community. The Organization is supported primarily through donor contributions (both individual and corporate), grants, and the United Way.

Basis of Presentation

The accompanying financial statements were prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all cash funds and cash bank accounts with an original maturity of three months or less to be cash and cash equivalents. As of June 30, 2023 the Organization had no cash equivalents.

Contributions and Support

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restrictions 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. Approximately 41.6% of the Organization’s support for the year ended June 30, 2023 came from three donors. Unconditional promises to give were considered fully collectible and current as of June 30, 2023.

Property and Depreciation

Property and equipment are recorded at cost or at fair value as of the date purchased or contributed. Costs of maintenance and repairs are charged to expense as incurred. Depreciation is provided on the straight-line method over the estimated lives of the respective assets ranging from three to five years for computers and software.

Donated Materials and Services

Donated materials and equipment, if any, are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Additionally, a number of unpaid volunteers have made significant contributions of their time to assist in tutoring, fund-raising and special projects. However, these services do not meet the requirements above and have not been recorded.

Income Taxes

The Organization, which is not a private foundation, is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made. Additionally, as of June 30, 2023 the Organization has accrued no interest and no penalties related to uncertain tax positions. It is the Organization's policy to recognize interest and/or penalties related to income tax matters in income tax expense.

Program and Supporting Services

The following program and supporting services were included in the accompanying financial statements.

Program Services—Includes activities carried out to fulfill the Organization's mission to teach U.S.-born adults to read and English skills to adult immigrants.

Management and General—Includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program. Includes costs associated with providing coordination and articulation of the Organization's program strategy, business management, general record keeping, budgeting and related purposes.

Fundraising—Includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitation and creation and distribution of fundraising materials.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis as program, management and fundraising expenses in the statements of functional expenses. Additionally, the statement of activities and functional expense reports salaries as being attributable to both program and fundraising functions. Accordingly, the expense has been allocated among program and fundraising services based on estimates by management.

Advertising Costs

Advertising costs are expensed as incurred. There was \$3,865 of advertising costs incurred during the year ended June 30, 2023.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management of the Organization to make estimates and assumptions that affect the reported assets and liabilities and contingency disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

2. Accrued Expenses

Accrued expenses at June 30, 2023 consisted of the following:

Payroll liabilities payable.....	\$ 20,987
Other accrued expenses.....	931
	<hr/>
Total accrued expenses	\$ 21,918
	<hr/>

3. Net Assets with Donor Restrictions

Changes in temporarily restricted net assets for the year ended June 30, 2023 were as follows:

	Beginning of Year	Restricted Contributions	Released from Restriction	End of Year
United Way	\$ 105,000	\$ 151,245	\$ (106,245)	\$ 150,000
Totals	<u>\$ 105,000</u>	<u>\$ 151,245</u>	<u>\$ (106,245)</u>	<u>\$ 150,000</u>

4. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of June 30, 2023, reduced by any amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial assets	\$ 426,097
	<hr/>
Financial assets available to meet cash needs for general expenditures within one year.....	\$ 426,097
	<hr/>

As part of the Organization's liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

5. Contributed Rent

The Organization recognized in-kind donations for rent during the year ended June 30, 2023. The contribution and related expense were recorded at their estimated fair market value on the date of receipt. For the year ended June 30, 2023, the Organization received in-kind rent contributions of \$42,000.

6. Recent Accounting Pronouncements

In January 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842) ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize in the balance sheet a liability to make payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842): *Effective Dates for Certain Entities*, which amended the

effective date to reporting periods beginning after December 15, 2021, for nonpublic reporting entities. The adoption of ASU 2016-02 did not impact the Organization's financial statements.

7. Concentrations of Credit Risk

From time-to-time, the Organization maintains cash balances in bank accounts in excess of amounts federally insured. Accounts at the institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000.

8. Subsequent Events

The Organization has evaluated all events or transactions that occurred after June 30, 2023, through September 29, 2023, the date these financial statements were issued. The Organization did not have any material recognizable events that required recognition or disclosure in the June 30, 2023 financial statements.
