



DELAWARE COUNTY LITERACY COUNCIL

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

DELAWARE COUNTY LITERACY COUNCIL

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SINGLE AUDIT	
Single Audit available on Federal Audit Clearinghouse website	



INDEPENDENT AUDITOR'S REPORT

August 23, 2024

To the Board of Directors
Delaware County Literacy Council
Chester, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Delaware County Literacy Council, a nonprofit organization, which comprise the statement of financial position as of June 30, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Delaware County Literacy Council as of June 30, 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 Delaware County Literacy Council 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes

To the Board of Directors
Delaware County Literacy Council

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 Delaware County Literacy Council's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS and *Government 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 GAAS and *Government 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 Delaware County Literacy Council'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 Delaware County Literacy Council's ability to continue as a going concern for a reasonable period of time.

To the Board of Directors
Delaware County Literacy Council

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.

Other Matter

The financial statements of the Delaware County Literacy Council for the year ended June 30, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on April 8, 2024.

Emphasis of a Matter

As discussed in Note C to the financial statements, the Delaware County Literacy Council has adopted the requirements of Financial Accounting Standards Board Accounting Standards Codification Topic 842, "Leases." Our opinion is not modified with respect to this matter.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2024, on our consideration of the Delaware County Literacy Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of the effectiveness of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Delaware County Literacy Council's internal control over financial reporting and compliance.


BARBACANE, THORNTON & COMPANY LLP

DELAWARE COUNTY LITERACY COUNCIL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS:		
CURRENT ASSETS		
Cash and cash equivalents	\$ 363,867	\$ 516,422
Accounts receivable	20,000	27,048
Grants receivable	642,664	101,428
Deposits	-	2,108
Prepaid expenses	7,534	-
Right-to-use lease asset, net	3,594	8,988
Total Current Assets	1,037,659	655,994
NONCURRENT ASSETS		
Building, furniture, and equipment	741,589	725,110
Accumulated depreciation	(346,797)	(307,543)
Total Noncurrent Assets	394,792	417,567
TOTAL ASSETS	\$ 1,432,451	\$ 1,073,561
LIABILITIES AND NET ASSETS:		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 53,193	\$ 31,953
Grants payable	-	277,804
Mortgage payable - current	8,349	8,767
Right-to-use lease liability, net	3,397	5,219
Total Current Liabilities	64,939	323,743
NONCURRENT LIABILITIES		
Paycheck Protection Program Loan	29,533	29,533
Line of credit	160,649	-
Mortgage payable	76,281	84,664
Right-to-use lease liability, net	-	3,397
Total Noncurrent Liabilities	266,463	117,594
NET ASSETS		
Without donor restrictions	1,047,633	520,848
With donor restrictions	53,416	111,376
Total Net Assets	1,101,049	632,224
TOTAL LIABILITIES AND NET ASSETS	\$ 1,432,451	\$ 1,073,561

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

**DELAWARE COUNTY LITERACY COUNCIL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	Without Donor Restrictions	With Donor Restrictions	2023 Total	Without Donor Restrictions	With Donor Restrictions	2022 Total
PUBLIC SUPPORT AND REVENUE						
Contributions and grants	\$ 120,583	\$ 81,902	\$ 202,485	\$ 187,717	\$ 111,376	\$ 299,093
Government agency contracts and grants:						
Pennsylvania State Department of Education	900,314	-	900,314	863,299	-	863,299
Delaware County Workforce Development Board	126,492	-	126,492	241,807	-	241,807
Special events	18,438	-	18,438	27,178	-	27,178
In-kind donations	29,208	-	29,208	17,250	-	17,250
Interest income	57,819	-	57,819	994	-	994
Forgiveness of Paycheck Protection Program Loan	-	-	-	165,550	-	165,550
Employee retention credit	529,653	-	529,653	-	-	-
Net assets released from restrictions	139,862	(139,862)	-	-	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	<u>1,922,369</u>	<u>(57,960)</u>	<u>1,864,409</u>	<u>1,503,795</u>	<u>111,376</u>	<u>1,615,171</u>
EXPENSES						
Program services	1,237,798	-	1,237,798	1,249,934	-	1,249,934
General administration	110,091	-	110,091	216,361	-	216,361
Fundraising	47,695	-	47,695	80,940	-	80,940
TOTAL EXPENSES	<u>1,395,584</u>	<u>-</u>	<u>1,395,584</u>	<u>1,547,235</u>	<u>-</u>	<u>1,547,235</u>
CHANGE IN NET ASSETS	526,785	(57,960)	468,825	(43,440)	111,376	67,936
NET ASSETS, BEGINNING OF YEAR, RESTATED	<u>520,848</u>	<u>111,376</u>	<u>632,224</u>	<u>564,288</u>	<u>-</u>	<u>564,288</u>
NET ASSETS, END OF YEAR, RESTATED	<u>\$ 1,047,633</u>	<u>\$ 53,416</u>	<u>\$ 1,101,049</u>	<u>\$ 520,848</u>	<u>\$ 111,376</u>	<u>\$ 632,224</u>

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

**DELAWARE COUNTY LITERACY COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services	General Administration	Fundraising	Totals
Salaries and wages	\$ 867,496	\$ 32,759	\$ 21,120	\$ 921,375
Payroll benefits	91,893	3,241	1,497	96,631
Payroll taxes	68,330	2,410	1,113	71,853
Total Salaries and Related Expenses	<u>1,027,719</u>	<u>38,410</u>	<u>23,730</u>	<u>1,089,859</u>
Advertising	-	11,790	402	12,192
Bank and credit card fees	-	762	-	762
Depreciation	35,277	2,709	1,268	39,254
Equipment lease	3,522	544	137	4,203
Fees for service	62,997	12,734	3,194	78,925
Fundraising	-	-	708	708
Information technology and website	16,892	3,608	1,047	21,547
Insurance	7,482	777	283	8,542
Interest expense	-	9,381	-	9,381
Office supplies and expense	9,048	20,856	4,449	34,353
Printing and postage	205	156	491	852
Rent expense	14,455	-	-	14,455
Repairs and maintenance	7,285	2,973	231	10,489
Special events	-	-	10,944	10,944
Telephone	3,309	1,460	164	4,933
Textbook and materials	19,300	-	-	19,300
Training and staff development	3,006	-	-	3,006
Travel	2,061	635	-	2,696
Utilities	20,240	3,296	647	24,183
Volunteering	5,000	-	-	5,000
TOTAL EXPENSES	<u><u>\$ 1,237,798</u></u>	<u><u>\$ 110,091</u></u>	<u><u>\$ 47,695</u></u>	<u><u>\$ 1,395,584</u></u>

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

**DELAWARE COUNTY LITERACY COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Program Services</u>	<u>General Administration</u>	<u>Fundraising</u>	<u>Totals</u>
Salaries and wages	\$ 861,889	\$ 93,473	\$ 21,120	\$ 1,005,934
Payroll benefits	71,391	32,635	1,497	113,274
Payroll taxes	53,248	16,188	1,113	72,410
Total Salaries and Related Expenses	<u>986,528</u>	<u>142,296</u>	<u>23,730</u>	<u>1,191,618</u>
Advertising	2,978	190	402	5,298
Bank and credit card fees	-	2,538	-	2,761
Depreciation	26,176	8,247	1,268	35,857
Equipment lease	5,048	471	137	5,787
Fees for service	102,109	26,252	3,194	133,359
Fundraising	-	-	708	847
Information technology and website	13,543	7,955	1,047	22,171
Insurance	8,529	1,181	283	10,142
Interest expense	4,611	1,453	-	6,316
Office supplies and expense	7,262	5,900	4,449	14,167
Printing and postage	2,814	261	491	4,500
Rent expense	27,105	691	-	27,796
Repairs and maintenance	15,940	7,593	231	24,720
Special events	-	-	10,944	2,276
Telephone	3,671	1,090	164	4,924
Textbook and materials	15,772	600	-	16,372
Training and staff development	5,865	3,657	-	9,522
Travel	1,601	335	-	1,936
Utilities	17,268	5,651	647	23,752
Volunteering	3,114	-	-	3,114
TOTAL EXPENSES	<u><u>\$ 1,249,934</u></u>	<u><u>\$ 216,361</u></u>	<u><u>\$ 80,940</u></u>	<u><u>\$ 1,547,235</u></u>

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

**DELAWARE COUNTY LITERACY COUNCIL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 468,825	\$ 67,936
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	39,254	35,857
Paycheck Protection Program Loan forgiveness	-	(165,550)
Decrease (Increase) in accounts receivable	7,048	(7,570)
(Increase) Decrease in grants receivable	(541,236)	(27,871)
(Increase) Decrease in prepaid expenses	(7,534)	-
Decrease (Increase) in lease asset	5,394	-
Decrease (Increase) in deposits	2,108	(2,108)
Increase (Decrease) in accounts payable and accrued expenses	21,240	(38,188)
(Decrease) Increase in grants payable	(277,804)	184,713
(Decrease) Increase in lease liability	(5,219)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(287,924)</u>	<u>47,219</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(16,479)</u>	<u>(13,045)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(16,479)</u>	<u>(13,045)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from line of credit	160,649	-
Payments on mortgage payable	<u>(8,801)</u>	<u>(9,202)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>151,848</u>	<u>(9,202)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(152,555)	24,972
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>516,422</u>	<u>491,450</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 363,867</u>	<u>\$ 516,422</u>
SUPPLEMENTAL INFORMATION:		
Interest paid	<u>\$ 9,381</u>	<u>\$ 6,316</u>

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

DELAWARE COUNTY LITERACY COUNCIL

NOTES TO FINANCIAL STATEMENTS

NOTE A THE ORGANIZATION

The Delaware County Literacy Council ("the Council") is a private, nonprofit adult education organization that was incorporated in 1975. Adult students receive free instruction from classroom teachers or volunteer tutors in the areas of basic reading, writing, math, preparation for the high school equivalency exam, English as a second language, career services, and digital literacy.

During the 2022-2023 program year, the Council served 633 adults in Delaware County, located in Southeastern Pennsylvania. During the 2021-2022 program year, 497 adults were served. As a result of working with the Council, adult students achieved quantitative improvements in their lives, including improved basic skill, GED attainment, employment or retained employment, U.S. Citizenship, and post-secondary education enrollment. All adults serviced by the Council improve their lives in some way, including reading to children, becoming better informed citizens, and becoming engaged in their community.

The Council is led by a dedicated volunteer board of directors who work with staff to ensure agency and program goals are met while using careful financial management to progress towards its mission.

Many individuals volunteer their time and perform a variety of tasks that assist the Council with its mission. The Council has estimated that 55 volunteers donated approximately 4,272 hours for the year ended June 30, 2023, and 62 volunteers have donated approximately 2,600 hours of their time for the year ended June 30, 2022.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Council have been prepared on the accrual basis of accounting.

Financial Statement Presentation

In accordance with the section of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") regarding financial statements of not-for-profit organizations, the Council is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Contributions

In accordance with the section of the FASB ASC regarding accounting for contributions received and contributions made, contributions received are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

DELAWARE COUNTY LITERACY COUNCIL

NOTES TO FINANCIAL STATEMENTS

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Accounts Receivable

Accounts receivable are stated at net realizable value. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. Management's estimate of the allowance for uncollectible accounts receivable is based on historical collection rates and an analysis of the collectability of individual receivables. The allowance for uncollectible accounts was \$0 as of June 30, 2023 and 2022.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in net assets with or without donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

In-kind Donations

The Council recognizes in-kind donations in excess of \$500 as revenue at their estimated fair value as of the date of donation. In-kind donations are reported as contributions at their estimated fair market value on the date of receipt and reported as expenses when utilized. In-kind donations are valued based upon estimates of fair market values that would be received for selling the services in their principal market at the time the services are donated by the donor. In-kind donations include 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. Other contributions include use of space and contributions in the form of food and hotel stays. The Council received in-kind donations totaling \$29,208 and \$17,250 for the fiscal years ended June 30, 2023 and 2022, respectively.

Cash Equivalents

For purposes of the statement of cash flows, the Council considers all highly liquid debt investments purchased with an original maturity of three months or less to be cash equivalents.

Building, Furniture, Equipment, and Depreciation

Acquisitions of buildings, furniture, and equipment in excess of \$500 are capitalized. Expenditures for maintenance, repairs, minor renewals, and betterments which do not improve or extend the useful life of the respective asset are expensed. Buildings, furniture, and equipment is stated at cost if purchased.

Donated furniture and equipment is recorded at its fair market value at the date of receipt. When such assets are sold or otherwise disposed of, the cost and accumulated depreciation are removed from their respective accounts, and any gains or losses on such disposition are recognized in the statement of activities.

DELAWARE COUNTY LITERACY COUNCIL

NOTES TO FINANCIAL STATEMENTS

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Furniture and equipment are depreciated over their estimated useful lives of five years. The building is depreciated over thirty nine years. Depreciation expense for the years ended June 30, 2023 and 2022 totaled \$39,254 and \$35,857, respectively.

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and related costs are allocated based on historical time studies. Other expenses are allocated directly when possible or based on historical analysis when no direct allocation is possible.

Tax-Exempt Status

No provision has been made for income taxes since the Council qualifies as a tax-exempt organization under the Internal Revenue Code, Section 501(c)(3), and its activities do not result in any income tax liability. In accordance with the FASB ASC section regarding accounting for uncertainty in income taxes, the Council is required to recognize the financial statement effects of a tax position if it is more likely than not that the position will not be sustained upon examination. The Council has no uncertain tax positions that qualify for recognition in the financial statements.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Council's tax returns will not be challenged by the taxing authorities and that the Council will not be subject to additional tax penalties and interest as a result of such challenge.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with the FASB ASC 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.

New Accounting Pronouncement

Effective July 1, 2022, the Council implemented FASB ASC Topic 842, "Leases." The purpose of this statement is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. Though the new standard dramatically changes the presentation of lease assets and lease liabilities on an entity's financial statements, the classification criteria for distinguishing between finance leases and operating leases are

DELAWARE COUNTY LITERACY COUNCIL

NOTES TO FINANCIAL STATEMENTS

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

substantially similar to the classification criteria for distinguishing between capital leases and operating leases under the previous lease guidance ("ASC Topic 840").

The Council has elected the package of practical expedients permitted in ASC Topic 842. Additionally, the Council has made the following additional elections with regards to the implementation of this new standard:

- The accounting policy election to exclude short-term leases from the scope of ASC Topic 842. A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less and does not contain an option to purchase the underlying asset that the lessee is reasonably certain to exercise. The Council has elected to apply a simplified method of accounting for short-term leases where lease payments are recognized as expense on a straight-line basis over the lease term.
- Implementation retrospectively at the beginning of the period of adoption (July 1, 2021).

NOTE C LEASE

The Council has a lease for copiers. The lease began on March 11, 2019 and expires on February 11, 2024.

The Council calculated the present value of the rental agreement based on the five-year U.S. Treasury rate as the time the lease was signed.

Future amortization on the lease existing at June 30, 2023 are as follows:

<u>Year Ended June 30,</u>	
2024	\$ 3,832
Less: discount	<u>(435)</u>
	<u>\$ 3,397</u>

Future amortization on the lease existing at June 30, 2022 are as follows:

<u>Year Ended June 30,</u>	
2023	\$ 5,748
2024	3,832
Less: discount	<u>(964)</u>
	<u>\$ 8,616</u>

DELAWARE COUNTY LITERACY COUNCIL

NOTES TO FINANCIAL STATEMENTS

NOTE D CONCENTRATIONS

The Council received 49% and 53% of its total revenue and public support from the U.S. Department of Education which was passed through the Commonwealth of Pennsylvania Department of Education for the years ended June 30, 2023 and 2022. Revenue and public support of 7% and 15% was received from the U.S. Department of Labor, passed through the Delaware County Workforce Development Board for the years ended June 30, 2023 and 2022. The continued existence of the Council is dependent on the continuance of these relationships.

NOTE E RETIREMENT PLAN

The Council offers a contributory Simple IRA plan for its eligible employees. The plan covers employees of the Council who complete three months of service. Employees may make contributions to the plan up to a maximum amount allowed by the Internal Revenue Code. The Council matches up to 3% of employee contributions annually. Employer contributions to the plan were \$14,670 and \$15,751 for the years ended June 30, 2023 and 2022.

NOTE F CONCENTRATION OF CREDIT RISK

The Council maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits due to the timing of receipts from grantors and funders. The Council actively monitors cash held in bank deposit accounts and transfers balances between bank accounts and investment accounts as necessary to ensure balances in excess of federally insured limits are minimized. The Council has not experienced any losses in such accounts. The Council believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE G PROPERTY AND EQUIPMENT

The composition of property and equipment for the year ended June 30, 2023 consists of:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Disposals</u>	<u>End of Year</u>
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Building	94,500	-	-	94,500
Building improvements	488,825	-	-	488,825
Equipment and furniture	130,049	16,479	-	146,528
Software	1,736	-	-	1,736
Total	<u>725,110</u>	<u>16,479</u>	<u>-</u>	<u>741,589</u>
Less: accumulated depreciation	<u>307,543</u>	<u>39,254</u>	<u>-</u>	<u>346,797</u>
Property and Equipment, net	<u>\$ 417,567</u>	<u>\$ (22,775)</u>	<u>\$ -</u>	<u>\$ 394,792</u>

DELAWARE COUNTY LITERACY COUNCIL

NOTES TO FINANCIAL STATEMENTS

NOTE G PROPERTY AND EQUIPMENT (cont'd)

The composition of property and equipment for the year ended June 30, 2022 consists of:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Disposals</u>	<u>End of Year</u>
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Building	94,500	-	-	94,500
Building improvements	488,825	-	-	488,825
Equipment and furniture	117,004	13,045	-	130,049
Software	1,736	-	-	1,736
Total	<u>712,065</u>	<u>13,045</u>	<u>-</u>	<u>725,110</u>
Less: accumulated depreciation	<u>271,686</u>	<u>35,857</u>	<u>-</u>	<u>307,543</u>
Property and Equipment, net	<u>\$ 440,379</u>	<u>\$ (22,812)</u>	<u>\$ -</u>	<u>\$ 417,567</u>

NOTE H DEBT

The Council obtained a line of credit from the Franklin Mint Federal Credit Union in the amount of \$200,000 on March 10, 2023. The line of credit has a maturity date of March 10, 2026 and bears interest at a variable rate of 7.75% and is secured by the Council's building. As of June 30, 2023, the amount outstanding was \$160,649.

On August 1, 2006, the Council obtained a mortgage loan ("the mortgage") in the amount of \$180,000 from The Bryn Mawr Trust Company (acquired by WSFS Bank). The mortgage has a variable interest rate of 3.69% that resets every 5 years and requires monthly installments of \$1,062. It is due in full on August 1, 2031.

The future scheduled maturities are as follows as of June 30, 2023:

<u>Year Ending June 30,</u>	
2024	\$ 8,349
2025	9,458
2026	9,818
2027	10,191
2028	10,575
2029-2031	<u>36,239</u>
	<u>\$ 84,630</u>

DELAWARE COUNTY LITERACY COUNCIL

NOTES TO FINANCIAL STATEMENTS

NOTE I LIQUIDITY AND AVAILABILITY OF RESOURCES

The Council's financial assets consist of cash and cash equivalents, accounts receivable, and grants receivable.

The following reflects the Council's financial assets as of June 30, 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets, at year-end	\$ 1,026,531
Less those unavailable for general expenditures within one year due to:	
Donor-imposed purpose restrictions	<u>(53,416)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 973,115</u>

The following reflects the Council's financial assets as of June 30, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets, at year-end	\$ 644,898
Less those unavailable for general expenditures within one year due to:	
Donor-imposed purpose restrictions	<u>(111,376)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 533,522</u>

The Council has a goal to maintain financial assets on hand to meet, at a minimum, 90 days of normal operating expenses. The Council has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE J PAYCHECK PROTECTION PROGRAM LOAN

In July 2020, the Council obtained a Paycheck Protection Program loan totaling \$192,200. The loan accrued interest at 1% and matured in June 2022. The Council applied for forgiveness in the amount of \$162,667. Forgiveness of the entire loan in the amount of \$195,083, including interest of \$2,883, was granted on January 10, 2022. The interest and the original \$162,667 applied for were recognized as income during the year ended June 30, 2022. The Council believes the remaining portion of \$29,533 is owed to the Paycheck Protection Program and has recorded this amount as a liability at June 30, 2023 and 2022.

DELAWARE COUNTY LITERACY COUNCIL

NOTES TO FINANCIAL STATEMENTS

NOTE K SUBSEQUENT EVENTS

The Council has evaluated all subsequent events through August 23, 2024, the date the financial statements were available to be issued.