

NASHVILLE ADULT LITERACY COUNCIL, INC.

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED JUNE 30, 2024

NASHVILLE ADULT LITERACY COUNCIL, INC.
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
YEAR ENDED JUNE 30, 2024

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, 2024 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, 2024, 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 23, 2024

NASHVILLE ADULT LITERACY COUNCIL, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2024

ASSETS

Current Assets:

Cash	\$ 333,648
Unconditional promises to give	155,000
Prepaid expenses	<u>635</u>
Total current assets	<u>489,283</u>

Property and equipment:

Property and equipment	115,714
Less: accumulated depreciation	<u>(109,005)</u>
Total property and equipment, net	<u>6,709</u>

Total assets \$ 495,992

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 1,532
Payroll liabilities	19,566
Accrued expenses	<u>510</u>
Total current liabilities	<u>21,608</u>

Net Assets:

Without donor restrictions	324,384
With donor restrictions	<u>150,000</u>
Total net assets	<u>474,384</u>

Total liabilities and net assets \$ 495,992

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, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Foundation contributions	\$ 358,588	\$ -	\$ 358,588
United Way contributions	-	150,000	150,000
Other contributions	28,393	-	28,393
Special events, net of direct costs of \$11,084	82,057	-	82,057
In-kind revenue	42,000	-	42,000
Miscellaneous income	2,640	-	2,640
Realized loss on investments	6	-	6
Interest income	7,351	-	7,351
Net assets released from restrictions	150,000	(150,000)	-
Total support and revenue	<u>671,035</u>	<u>-</u>	<u>671,035</u>
Expenses			
Literacy program services	569,903	-	569,903
Management and general	96,691	-	96,691
Fundraising	86,881	-	86,881
Total expenses	<u>753,475</u>	<u>-</u>	<u>753,475</u>
Change in net assets	(82,440)	-	(82,440)
Net assets at beginning of year	406,824	150,000	556,824
Net assets at end of year	<u>\$ 324,384</u>	<u>\$ 150,000</u>	<u>\$ 474,384</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, 2024

	Program Services	Supporting Services		Total
	Adult Literacy	Management and General	Fundraising	
Personnel expenses	\$ 483,877	\$ 49,632	\$ 77,439	\$ 610,948
Occupancy	188	42,000	-	42,188
Professional services	31,759	1,403	4,010	37,172
Books and materials	31,611	-	-	31,611
Computers & technology	8,739	-	4,356	13,095
Advertising	4,189	-	216	4,405
Conferences and training	442	4	129	575
Depreciation	-	3,486	-	3,486
Telephone & internet	2,270	-	-	2,270
Travel	39	-	-	39
Insurance	2,851	89	254	3,194
Bank fees	571	55	175	801
Printing	1,053	-	-	1,053
Office supplies	1,494	16	45	1,555
Miscellaneous	-	5	-	5
Dues and subscriptions	569	-	185	754
Postage & delivery	203	-	70	273
Licenses and fees	48	1	2	51
Total expenses	\$ 569,903	\$ 96,691	\$ 86,881	\$ 753,475

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, 2024

Cash flows from operating activities:	
Decrease in net assets	\$ (82,440)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	3,486
Decrease in unconditional promises to give	6,000
Decrease in accounts payable and accrued payroll	<u>(17,700)</u>
Net cash used in operating activities	<u>(90,654)</u>
 Cash flows from investing activities:	
Purchase of property and equipment	<u>(1,795)</u>
Net cash used in investing activities	<u>(1,795)</u>
 Cash flows from financing activities:	
Net cash provided by (used in) financing activities	<u>-</u>
 Net decrease in cash and cash equivalents	
	(92,449)
Cash and cash equivalents, at beginning of the period	<u>426,097</u>
Cash and cash equivalents, at end of the period	<u>\$ 333,648</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, 2024

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, 2024 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 33.7% of the Organization’s support for the year ended June 30, 2024 came from two donors. Unconditional promises to give were considered fully collectible and current as of June 30, 2024.

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, 2024 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 \$4,405 of advertising costs incurred during the year ended June 30, 2024.

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, 2024 consisted of the following:

Payroll liabilities payable.....	\$ 19,566
Other accrued expenses.....	<u>510</u>
Total accrued expenses	<u>\$ 20,076</u>

3. Net Assets with Donor Restrictions

Changes in temporarily restricted net assets for the year ended June 30, 2024 were as follows:

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

4. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of June 30, 2024, 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	\$ 333,648
Unconditional promises to give	<u>155,000</u>
Financial assets available to meet cash needs for general expenditures within one year.....	<u>\$ 488,648</u>

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, 2024. The contribution and related expense were recorded at their estimated fair market value on the date of receipt. For the year ended June 30, 2024, the Organization received in-kind rent contributions of \$42,000.

6. 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.

7. Subsequent Events

The Organization has evaluated all events or transactions that occurred after June 30, 2024, through September 23, 2024, 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, 2024 financial statements.
