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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa


January 23, 2018

Board of Directors
Steuben County Literacy Coalition, Inc.
1208 S. Wayne St.
Angola, IN 46703

We have reviewed the report prepared by Steuben County Literacy Coalition, Inc. and opined upon by Baden, Gage & Schroeder, LLC, Independent Public Accountants, for the period January 1, 2015 to December 31, 2015. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Steuben County Literacy Coalition, Inc. as of December 31, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Baden, Gage & Schroeder, LLC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.


Paul D. Joyce, CPA
State Examiner

Financial Statements

**Steuben County Literacy
Coalition, Inc.**

December 31, 2015 and 2014

STEUBEN COUNTY LITERACY COALITION, INC.



Financial Statements
December 31, 2015 and 2014

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Certified Public Accountants • Business Consultants

Independent Auditors' Report

Board of Directors
Steuben County Literacy Coalition, Inc.
Angola, Indiana

We have audited the accompanying financial statements of Steuben County Literacy Coalition, Inc., which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Steuben County Literacy Coalition, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Baden, Gage & Schroeder, LLC

BADEN, GAGE & SCHROEDER, LLC

Fort Wayne, Indiana
July 12, 2016

STEUBEN COUNTY LITERACY COALITION, INC.



Statements of Financial Position December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 38,826	\$ 15,756
Contributions receivable	68,280	-
Grants receivable - federal	9,039	11,189
Grants receivable - state and local	15,919	9,023
Prepaid expenses	<u>29,071</u>	<u>19,228</u>
Total Current Assets	161,135	55,196
PROPERTY AND EQUIPMENT		
Land	15,000	15,000
Building	219,340	219,340
Building improvements	99,645	99,645
Furniture and equipment	<u>47,170</u>	<u>47,170</u>
	381,155	381,155
Less: Accumulated depreciation	<u>123,655</u>	<u>112,822</u>
Net Property and Equipment	257,500	268,333
OTHER ASSETS		
Beneficial interest in trust	104,749	119,293
Contributions receivable - noncurrent	<u>27,247</u>	<u>-</u>
Total Other Assets	<u>131,996</u>	<u>119,293</u>
TOTAL ASSETS	<u>\$ 550,631</u>	<u>\$ 442,822</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Bank line of credit	\$ -	\$ 10,000
Accounts payable	2,729	-
Accrued payroll and related taxes	<u>10,238</u>	<u>6,483</u>
Total Current Liabilities	12,967	16,483
NET ASSETS		
Unrestricted	437,725	426,339
Temporarily restricted	<u>99,939</u>	<u>-</u>
Total Net Assets	<u>537,664</u>	<u>426,339</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 550,631</u>	<u>\$ 442,822</u>

See Notes to Financial Statements.

STEUBEN COUNTY LITERACY COALITION, INC.



Statement of Activities Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 25,694	\$ 99,939	\$ 125,633
Special event	22,687	-	22,687
Grants:			
Federal	328,383	-	328,383
State and local	48,424	-	48,424
Enrollment fees	17,355	-	17,355
Change in value of beneficial interest in trust	(179)	-	(179)
Other revenue	<u>10</u>	<u>-</u>	<u>10</u>
TOTAL SUPPORT AND REVENUE	442,374	99,939	542,313
EXPENSES			
Program services			
BASE	323,310	-	323,310
Other programs	<u>64,450</u>	<u>-</u>	<u>64,450</u>
Total program services	<u>387,760</u>	<u>-</u>	<u>387,760</u>
Supporting activities			
Management and general	36,849	-	36,849
Fundraising	<u>6,379</u>	<u>-</u>	<u>6,379</u>
Total supporting activities	<u>43,228</u>	<u>-</u>	<u>43,228</u>
TOTAL EXPENSES	<u>430,988</u>	<u>-</u>	<u>430,988</u>
CHANGE IN NET ASSETS	11,386	99,939	111,325
NET ASSETS, BEGINNING OF YEAR	<u>426,339</u>	<u>-</u>	<u>426,339</u>
NET ASSETS, END OF YEAR	<u>\$ 437,725</u>	<u>\$ 99,939</u>	<u>\$ 537,664</u>

See Notes to Financial Statements.

STEUBEN COUNTY LITERACY COALITION, INC.



Statement of Activities
Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 138,324	\$ -	\$ 138,324
Special event	19,544	-	19,544
Grants:			
Federal	243,685	-	243,685
State and local	51,333	-	51,333
Enrollment fees	21,862	-	21,862
Change in value of beneficial interest in trust	5,609	-	5,609
Other revenue	9	-	9
Net assets released from restrictions	<u>2,355</u>	<u>(2,355)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	482,721	(2,355)	480,366
EXPENSES			
Program services			
BASE	142,188	-	142,188
SLAM Dunk	100,719	-	100,719
Other programs	<u>81,216</u>	<u>-</u>	<u>81,216</u>
Total program services	324,123	-	324,123
Supporting activities			
Management and general	54,841	-	54,841
Fundraising	<u>7,338</u>	<u>-</u>	<u>7,338</u>
Total supporting activities	<u>62,179</u>	<u>-</u>	<u>62,179</u>
TOTAL EXPENSES	<u>386,302</u>	<u>-</u>	<u>386,302</u>
CHANGE IN NET ASSETS	96,419	(2,355)	94,064
NET ASSETS, BEGINNING OF YEAR	<u>329,920</u>	<u>2,355</u>	<u>332,275</u>
NET ASSETS, END OF YEAR	<u>\$ 426,339</u>	<u>\$ -</u>	<u>\$ 426,339</u>

See Notes to Financial Statements.

STEUBEN COUNTY LITERACY COALITION, INC.



Statements of Cash Flows Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 111,325	\$ 94,064
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	10,833	11,683
Change in beneficial interest in trust	179	(5,609)
Distribution from beneficial interest in trust	14,365	-
Contributions of beneficial interest in trust	-	(94,329)
Contributions restricted for long-term purposes	(94,164)	-
(Increase) Decrease in Assets:		
Contributions receivable	(1,363)	1,275
Grants receivable - federal	2,150	(2,982)
Grants receivable - state and local	(6,896)	2,305
Prepaid expenses	(9,843)	(19,228)
Increase (Decrease) in Liabilities:		
Accounts payable	2,729	(929)
Accrued payroll and related taxes	3,755	207
Deferred grant revenue	-	(2,964)
Net Cash Provided By (Used In) Operating Activities	<u>33,070</u>	<u>(16,507)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(3,115)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayments on) bank line of credit	<u>(10,000)</u>	<u>10,000</u>
NET INCREASE (DECREASE) IN CASH	23,070	(9,622)
CASH, BEGINNING OF YEAR	<u>15,756</u>	<u>25,378</u>
CASH, END OF YEAR	<u><u>\$ 38,826</u></u>	<u><u>\$ 15,756</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ 200	\$ 333

See Notes to Financial Statements.

STEUBEN COUNTY LITERACY COALITION, INC.



Statement of Functional Expenses Year Ended December 31, 2015

	<u>BASE</u>	<u>Other Programs</u>	<u>Total Program Services</u>	<u>Manage- ment and General</u>	<u>Fund- raising</u>	<u>Total Expenses</u>
Employment expenses						
Salaries, including contractual labor	\$ 196,124	\$ 49,773	\$ 245,897	\$ 15,320	\$ 3,374	\$ 264,591
Employee benefits	-	-	-	5,880	97	5,977
Payroll taxes	<u>15,261</u>	<u>1,271</u>	<u>16,532</u>	<u>3,484</u>	<u>275</u>	<u>20,291</u>
Total employment expenses	211,385	51,044	262,429	24,684	3,746	290,859
Other expenses						
Advertising and promotion	254	159	413	66	-	479
Bank charges	-	-	-	300	-	300
Dues and subscriptions	1,261	471	1,732	419	-	2,151
Events and fundraising expense	-	-	-	-	2,633	2,633
Food and snacks	10,757	-	10,757	-	-	10,757
Insurance	3,687	306	3,993	998	-	4,991
Interest	-	-	-	200	-	200
Miscellaneous	-	-	-	924	-	924
Postage and shipping	1,366	24	1,390	613	-	2,003
Professional development	4,339	986	5,325	485	-	5,810
Professional services	24,604	1,646	26,250	1,798	-	28,048
Repairs and maintenance	683	417	1,100	198	-	1,298
Small equipment	742	-	742	-	-	742
Student transportation	23,624	-	23,624	-	-	23,624
Supplies - other	7,650	113	7,763	190	-	7,953
Supplies - program	17,496	1,297	18,793	2,135	-	20,928
Telephone	838	-	838	-	-	838
Travel	1,976	306	2,282	386	-	2,668
Utilities	<u>7,068</u>	<u>4,083</u>	<u>11,151</u>	<u>1,798</u>	<u>-</u>	<u>12,949</u>
Expenses before depreciation	317,730	60,852	378,582	35,194	6,379	420,155
Depreciation	<u>5,580</u>	<u>3,598</u>	<u>9,178</u>	<u>1,655</u>	<u>-</u>	<u>10,833</u>
Total Expenses	<u>\$ 323,310</u>	<u>\$ 64,450</u>	<u>\$ 387,760</u>	<u>\$ 36,849</u>	<u>\$ 6,379</u>	<u>\$ 430,988</u>

See Notes to Financial Statements.

STEUBEN COUNTY LITERACY COALITION, INC.



Statement of Functional Expenses Year Ended December 31, 2014

	<u>BASE</u>	<u>SLAM Dunk</u>	<u>Other Programs</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total Expenses</u>
Employment expenses							
Salaries, including contractual labor	\$ 92,171	\$ 61,136	\$ 62,445	\$ 215,752	\$ 35,914	\$ 3,253	\$ 254,919
Employee benefits	347	-	54	401	4,902	94	5,397
Payroll taxes	<u>6,497</u>	<u>5,545</u>	<u>1,753</u>	<u>13,795</u>	<u>3,709</u>	<u>265</u>	<u>17,769</u>
Total employment expenses	99,015	66,681	64,252	229,948	44,525	3,612	278,085
Other expenses							
Advertising and promotion	175	161	282	618	191	-	809
Dues and subscriptions	289	419	338	1,046	450	-	1,496
Events and fundraising expense	-	-	-	-	-	3,726	3,726
Food and snacks	10,353	755	-	11,108	70	-	11,178
Insurance	1,312	682	1,034	3,028	1,975	-	5,003
Interest	-	-	-	-	333	-	333
Miscellaneous	79	828	247	1,154	467	-	1,621
Postage and shipping	277	586	32	895	49	-	944
Professional development	898	706	465	2,069	50	-	2,119
Professional services	5,748	10,497	1,643	17,888	1,141	-	19,029
Repairs and maintenance	316	872	959	2,147	335	-	2,482
Small equipment	109	-	18	127	23	-	150
Student transportation	6,787	6,406	-	13,193	-	-	13,193
Supplies - other	1,115	318	215	1,648	297	-	1,945
Supplies - program	5,731	8,560	2,757	17,048	77	-	17,125
Telephone	505	275	-	780	-	-	780
Travel	753	397	302	1,452	372	-	1,824
Utilities	<u>3,628</u>	<u>2,576</u>	<u>4,495</u>	<u>10,699</u>	<u>2,078</u>	<u>-</u>	<u>12,777</u>
Expenses before depreciation	137,090	100,719	77,039	314,848	52,433	7,338	374,619
Depreciation	<u>5,098</u>	<u>-</u>	<u>4,177</u>	<u>9,275</u>	<u>2,408</u>	<u>-</u>	<u>11,683</u>
Total Expenses	<u>\$ 142,188</u>	<u>\$ 100,719</u>	<u>\$ 81,216</u>	<u>\$ 324,123</u>	<u>\$ 54,841</u>	<u>\$ 7,338</u>	<u>\$ 386,302</u>

See Notes to Financial Statements.

STEBEN COUNTY LITERACY COALITION, INC.



Notes to the Financial Statements
December 31, 2015 and 2014

Note 1. Organization and Summary of Significant Accounting Policies

Nature of Activities:

Steuben County Literacy Coalition, Inc. (the Organization) is a not-for-profit corporation which promotes lifelong learning and improved literacy skills through accessible educational opportunities and information for children and adults in Steuben County, Indiana.

Basis of Preparation:

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations and may be used at the discretion of management to support the Organization's purposes and operations.

Temporarily Restricted Net Assets: Net assets that are available for use, but expendable only for those purposes specified by the donor. Unconditional promises to give that are due in future periods and are not permanently restricted are classified as temporarily restricted net assets.

Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Accordingly, actual results could differ from those estimates.

Promises to Give:

Unconditional promises to give are recognized as revenues or gains in the period promised and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at present value if expected to be collected in more than one year. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. The Organization uses the allowance method to determine uncollectible contributions receivable. Management of the Organization has not provided an allowance for uncollectible contributions because the estimate of any loss has been deemed immaterial to the financial statements.

STEBEN COUNTY LITERACY COALITION, INC.



Notes to the Financial Statements (Continued)
December 31, 2015 and 2014

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Grants receivable:

The Organization considers grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

Support and Revenue:

Contribution revenue is recognized when assets or commitments of unconditional promises to give are received. Grant revenue is recognized as it is expended. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, (that is, when a stipulated time restriction ends or purpose of the restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Property and Equipment:

Property and equipment is recorded at cost or, if received by donation, at fair value at the date of the gift. Items with a cost or value of \$1,000 or more and a useful life of one year or more are capitalized. Depreciation is computed using the straight-line method for financial reporting purposes based on estimated useful lives of the related assets. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Estimated useful lives are as follows:

Building and improvements	10-39 years
Furniture and equipment	5-7 years

Depreciation expense for the years ended December 31, 2015 and 2014, was \$10,833 and \$11,683, respectively.

Beneficial Interest in Trust:

The Fund held by Steuben County Community Foundation, Inc. (the Foundation) is valued based on the underlying investments held by and reported to the Organization by the Foundation. The changes in the difference between market value and cost are reflected in the statements of activities as change in beneficial interest in trust.

STEUBEN COUNTY LITERACY COALITION, INC.



Notes to the Financial Statements (Continued)
December 31, 2015 and 2014

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Donated Services:

Contributions of services are recognized in the financial statements of Steuben County Literacy Coalition, Inc. only if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Functional Allocation of Expenses:

The costs of providing the Organization's programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

Income Taxes:

The Organization is a tax-exempt not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is included in these statements. The Organization has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

The accounting standard which provides guidance on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended December 31, 2015 and 2014. The Organization is generally no longer subject to examination by the Internal Revenue Service for years prior to 2012.

Subsequent events:

Management of the Organization has evaluated events and transactions for possible recognition or disclosure through July 12, 2016, the date the financial statements were available to be issued.

STEUBEN COUNTY LITERACY COALITION, INC.



Notes to the Financial Statements (Continued)
December 31, 2015 and 2014

Note 2. Contributions Receivable

At December 31, 2015 and 2014, the Organization has contributions receivable that are related to the following:

	<u>2015</u>	<u>2014</u>
Capital campaign	\$ 98,300	\$ -
Operations	538	-
ABC program	<u>825</u>	<u>-</u>
	99,663	-
Less discount (at 4.5%) to net present value	4,136	-
Less allowance for uncollectible accounts	<u>-</u>	<u>-</u>
Net contributions receivable	<u>\$ 95,527</u>	<u>\$ -</u>
Amounts due in:		
Less than one year	\$ 68,280	\$ -
One to five years	31,383	-
More than five years	<u>-</u>	<u>-</u>
	<u>\$ 99,663</u>	<u>\$ -</u>

Note 3. Beneficial Interest in Trust

The beneficial interest consists of funds held by the Foundation which are the result of a designated endowment whereby the Organization was specified as the beneficiary of the assets. The Organization may draw up to a certain percent of the value of the assets each year, but may only obtain a return of the full value of the assets upon consent of the Foundation.

During 2014, the Foundation's board approved the combination of two funds, which increased the Organization's beneficial interest by \$94,329.

Note 4. Fair Value Measurements

Fair value measurements are based upon the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, and are determined by either the principal market or the most advantageous market.

Inputs used in the valuation techniques to derive fair values are classified based on a three-level hierarchy to prioritize the inputs used in the valuation techniques to derive fair values. The basis for fair value measurements for each level within the hierarchy is described below with Level 1 measurements having the highest priority and Level 3 measurements having the lowest priority.

STEUBEN COUNTY LITERACY COALITION, INC.



Notes to the Financial Statements (Continued)
December 31, 2015 and 2014

Note 4. Fair Value Measurements (Continued)

- Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market that the Organization has the ability to access at the measurement date.
- Level 2: Fair value is based on quoted prices in markets that are not active, quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3: Fair value is based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

The asset's or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation techniques and inputs used for each major class of assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014.

Beneficial Interest in Trust: Valued based on the underlying investments held by and reported to the Organization by the Foundation.

The following table shows assets and liabilities measured at fair value on a recurring basis using:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
As of December 31, 2015:				
Beneficial interest in trust	\$ -	\$ -	\$ 104,749	\$ 104,749
As of December 31, 2014:				
Beneficial interest in trust	\$ -	\$ -	\$ 119,293	\$ 119,293

The table below presents information about the changes in the beneficial interest in trust, which is measured at fair value on a recurring basis using significant unobservable inputs:

	<u>2015</u>	<u>2014</u>
Beginning balance	\$ 119,293	\$ 19,354
Transfer from other Foundation fund	-	94,329
Contributions	705	25
Net realized and unrealized gains (losses)	(2,798)	647
Interest and dividends	2,997	5,526
Grants	(14,365)	-
Fees	(1,083)	(588)
Ending balance	\$ 104,749	\$ 119,293

Gains and losses (realized and unrealized) included in changes in net assets for the periods in the preceding paragraph are reported in the statements of activities.

STEUBEN COUNTY LITERACY COALITION, INC.



Notes to the Financial Statements (Continued)
December 31, 2015 and 2014

Note 5. Bank Line of Credit

The Organization has a line of credit agreement with Star Financial Bank that provides for loans up to \$40,000. The loan agreement provides for monthly interest payments at the bank's index rate plus 1% (4.50% at December 31, 2015), with a 4% minimum rate. The line of credit matures on March 31, 2016 and is secured by all accounts, equipment, contracts, instruments and intangibles of the Organization. At December 31, 2015 and 2014, the outstanding balance on the note payable was \$0 and \$10,000, respectively. Subsequent to year end, the line of credit agreement was renewed through March 31, 2017. The renewal changed the maximum borrowing to \$20,000.

Note 6. Net Assets

Temporarily restricted net assets as of December 31, 2015 and 2014, consisted of the following:

	<u>2015</u>	<u>2014</u>
ABC program	\$ 825	\$ -
Capital campaign (time and purpose restriction)	94,164	-
Capital campaign (purpose restriction)	<u>4,950</u>	<u>-</u>
	<u>\$ 99,939</u>	<u>\$ -</u>

Net assets were released from donor restrictions by satisfying the restriction specified by donors:

	<u>2015</u>	<u>2014</u>
SLAM Dunk program	<u>\$ -</u>	<u>\$ 2,355</u>

There were no permanently restricted net assets at December 31, 2015 and 2014.

Note 7. In-Kind Contributions and Donated Services

The Organization relies on a substantial number of non-professional volunteers to operate various programs. The value of this service is not reflected in financial statements as it does not meet the recognition criteria.

Note 8. Concentrations

The Organization received 61% and 51% of its support from the federal government through the U.S. Department of Education for the years ended December 31, 2015 and 2014, respectively. A significant reduction in the level of this support, if this were to occur, may have an effect on the operations of the Organization.