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February 2, 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, 2016 to December 31, 2016. 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, 2016 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, 2016 and 2015

STEUBEN COUNTY LITERACY COALITION, INC.

Financial Statements
December 31, 2016 and 2015



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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, 2016 and 2015, 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, 2016 and 2015, 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
June 14, 2017

STEUBEN COUNTY LITERACY COALITION, INC.



Statements of Financial Position December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 48,180	\$ 38,826
Contributions receivable	1,622	1,363
Grants receivable - federal	17,504	9,039
Grants receivable - state and local	15,499	15,919
Pledges receivable	68,575	66,917
Prepaid expenses	<u>2,934</u>	<u>29,071</u>
Total Current Assets	154,314	161,135
PROPERTY AND EQUIPMENT		
Land	15,000	15,000
Building	219,340	219,340
Building improvements	99,645	99,645
Furniture and equipment	47,170	47,170
Construction in progress	<u>13,000</u>	<u>-</u>
	394,155	381,155
Less: Accumulated depreciation	<u>132,419</u>	<u>123,655</u>
Net Property and Equipment	261,736	257,500
OTHER ASSETS		
Beneficial interest in trust	108,965	104,749
Contributions receivable - noncurrent	<u>11,135</u>	<u>27,247</u>
Total Other Assets	<u>120,100</u>	<u>131,996</u>
TOTAL ASSETS	<u>\$ 536,150</u>	<u>\$ 550,631</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 4,719	\$ 2,729
Accrued payroll and related taxes	<u>7,747</u>	<u>10,238</u>
Total Current Liabilities	12,466	12,967
NET ASSETS		
Unrestricted	433,504	437,725
Temporarily restricted	<u>90,180</u>	<u>99,939</u>
Total Net Assets	<u>523,684</u>	<u>537,664</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 536,150</u>	<u>\$ 550,631</u>

See Notes to Financial Statements.

STEUBEN COUNTY LITERACY COALITION, INC.



Statement of Activities Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 31,514	\$ 5,228	\$ 36,742
Special event	21,747	-	21,747
Grants:			
Federal	261,986	-	261,986
State and local	55,323	-	55,323
In-kind contributions	1,240	-	1,240
Enrollment fees	16,119	-	16,119
Change in value of beneficial interest in trust	6,854	-	6,854
Other revenue	11	-	11
Net assets released from restrictions	<u>14,987</u>	<u>(14,987)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	409,781	(9,759)	400,022
EXPENSES			
Program services			
BASE	293,475	-	293,475
Other programs	<u>60,340</u>	<u>-</u>	<u>60,340</u>
Total program services	353,815	-	353,815
Supporting activities			
Management and general	51,196	-	51,196
Fundraising	<u>8,991</u>	<u>-</u>	<u>8,991</u>
Total supporting activities	<u>60,187</u>	<u>-</u>	<u>60,187</u>
TOTAL EXPENSES	<u>414,002</u>	<u>-</u>	<u>414,002</u>
CHANGE IN NET ASSETS	(4,221)	(9,759)	(13,980)
NET ASSETS, BEGINNING OF YEAR	<u>437,725</u>	<u>99,939</u>	<u>537,664</u>
NET ASSETS, END OF YEAR	<u>\$ 433,504</u>	<u>\$ 90,180</u>	<u>\$ 523,684</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	\$ 20,449	\$ 99,939	\$ 120,388
Special event	22,687	-	22,687
Grants:			
Federal	328,383	-	328,383
State and local	53,669	-	53,669
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	387,760	-	387,760
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.



Statements of Cash Flows Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (13,980)	\$ 111,325
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation	8,764	10,833
Change in beneficial interest in trust	(6,854)	179
Distribution from beneficial interest in trust	2,638	14,365
Contributions received for long-term assets	(5,322)	(94,164)
(Increase) Decrease in Assets:		
Contributions receivable	(259)	(1,363)
Grants receivable - federal	(8,465)	2,150
Grants receivable - state and local	420	(6,896)
Prepaid expenses	26,137	(9,843)
Increase (Decrease) in Liabilities:		
Accounts payable	1,990	2,729
Accrued payroll and related taxes	<u>(2,490)</u>	<u>3,755</u>
Net Cash Provided By Operating Activities	2,579	33,070
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(13,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on bank line of credit	-	(10,000)
Contributions for long-term assets	<u>19,775</u>	<u>-</u>
NET INCREASE IN CASH	9,354	23,070
CASH, BEGINNING OF YEAR	<u>38,826</u>	<u>15,756</u>
CASH, END OF YEAR	<u>\$ 48,180</u>	<u>\$ 38,826</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ 51	\$ 200

See Notes to Financial Statements.

STEUBEN COUNTY LITERACY COALITION, INC.



Statement of Functional Expenses Year Ended December 31, 2016

	BASE	Other Programs	Total Program Services	Manage- ment and General	Fund- raising	Total Expenses
Employment expenses						
Salaries, including contractual labor	\$ 171,899	\$ 47,371	\$ 219,270	\$ 29,252	\$ 3,506	\$ 252,028
Employee benefits	2,405	-	2,405	5,111	101	7,617
Payroll taxes	<u>12,842</u>	<u>647</u>	<u>13,489</u>	<u>647</u>	<u>278</u>	<u>14,414</u>
Total employment expenses	187,146	48,018	235,164	35,010	3,885	274,059
Other expenses						
Advertising and promotion	227	164	391	128	-	519
Bank charges	-	-	-	151	-	151
Dues and subscriptions	1,263	454	1,717	97	-	1,814
Events and fundraising expense	-	-	-	-	5,106	5,106
Food and snacks	9,830	-	9,830	-	-	9,830
Insurance	3,529	-	3,529	1,968	-	5,497
Interest	-	-	-	51	-	51
Miscellaneous	-	-	-	472	-	472
Postage and shipping	1,148	42	1,190	1,216	-	2,406
Professional development	1,750	270	2,020	122	-	2,142
Professional services	17,430	894	18,324	3,264	-	21,588
Repairs and maintenance	658	416	1,074	243	-	1,317
Small equipment	1,102	-	1,102	-	-	1,102
Student transportation	15,589	-	15,589	-	-	15,589
Supplies - other	-	-	-	107	-	107
Supplies - program	37,398	2,654	40,052	4,538	-	44,590
Telephone	801	-	801	-	-	801
Travel	4,946	556	5,502	170	-	5,672
Utilities	<u>6,649</u>	<u>3,729</u>	<u>10,378</u>	<u>2,047</u>	<u>-</u>	<u>12,425</u>
Expenses before depreciation	289,466	57,197	346,663	49,584	8,991	405,238
Depreciation	<u>4,009</u>	<u>3,143</u>	<u>7,152</u>	<u>1,612</u>	<u>-</u>	<u>8,764</u>
Total Expenses	<u>\$ 293,475</u>	<u>\$ 60,340</u>	<u>\$ 353,815</u>	<u>\$ 51,196</u>	<u>\$ 8,991</u>	<u>\$ 414,002</u>

See Notes to Financial Statements.

STEUBEN COUNTY LITERACY COALITION, INC.



Statement of Functional Expenses

Year Ended December 31, 2015

	BASE	Other Programs	Total Program Services	Manage- ment and General	Fund- raising	Total Expenses
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.

STEBEN COUNTY LITERACY COALITION, INC.



Notes to the Financial Statements
December 31, 2016 and 2015

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.

STEUBEN COUNTY LITERACY COALITION, INC.



Notes to the Financial Statements (Continued)
December 31, 2016 and 2015

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, 2016 and 2015, was \$8,764 and \$10,833, 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.

Donated Services:

In-kind contributions and donated services, which are donations of materials, supplies, equipment, and services, are recognized as support and expenses in the Statements of Activities. In-kind contributions are recorded at their estimated fair market value at the date of receipt.

STEUBEN COUNTY LITERACY COALITION, INC.



Notes to the Financial Statements (Continued)
December 31, 2016 and 2015

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

Donated Services (Continued):

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 that 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, 2016 and 2015. The Organization is generally no longer subject to examination by the Internal Revenue Service for years prior to 2013.

Recently Issued Accounting Standards:

In August 2016, the FASB issued ASU 2016-14, Presentation of Financial Statement of Not-for-Profit Entities. The standard will replace the existing three classes of net assets with two classes; net assets with donor restrictions (combination of temporarily and permanently restricted net assets) and net assets without donor restrictions. The standard will also give the Organization the option of presenting the statement of cash flows using the direct method, without presenting the indirect method reconciliation, and require all not-for-profits to present operating expenses by both nature and function. Additional requirements will include improved disclosures related to board-designated net assets, under-water endowments, cost allocation methods, management and general activities and quantitative and qualitative disclosures related to liquidity. This standard is effective for fiscal years beginning after December 15, 2017. The Organization is currently in the process of evaluating the impact of adoption of this ASU on its financial statements.

STEUBEN COUNTY LITERACY COALITION, INC.



Notes to the Financial Statements (Continued)
December 31, 2016 and 2015

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

Reclassification

Certain prior year amounts have been reclassified to conform with current year presentation.

Subsequent Events:

Management of the Organization has evaluated events and transactions for possible recognition or disclosure through June 14, 2017, the date the financial statements were available to be issued.

Note 2. Contributions and Pledges Receivable

At December 31, 2016 and 2015, the Organization has contributions receivable that are related to the following:

	<u>2016</u>	<u>2015</u>
Capital campaign	\$ 82,150	\$ 98,300
Operations	797	538
ABC program	<u>825</u>	<u>825</u>
	83,772	99,663
Less discount (at 4.5%) to net present value	2,440	4,136
Less allowance for uncollectible accounts	<u>-</u>	<u>-</u>
Net contributions receivable	<u>\$ 81,332</u>	<u>\$ 95,527</u>
Amounts due in:		
Less than one year	\$ 70,197	\$ 68,280
One to five years	<u>13,575</u>	<u>31,383</u>
	<u>\$ 83,772</u>	<u>\$ 99,663</u>

Note 3. Beneficial Interest in Trust

The beneficial interest consists of funds held by the Foundation that 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.

STEUBEN COUNTY LITERACY COALITION, INC.



Notes to the Financial Statements (Continued)
December 31, 2016 and 2015

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.

- 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, 2016 and 2015.

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, 2016:				
Beneficial interest in trust	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 108,965</u>	\$ <u> 108,965</u>
As of December 31, 2015:				
Beneficial interest in trust	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 104,749</u>	\$ <u> 104,749</u>

STEUBEN COUNTY LITERACY COALITION, INC.



Notes to the Financial Statements (Continued)
December 31, 2016 and 2015

Note 4. Fair Value Measurements (Continued)

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>2016</u>	<u>2015</u>
Beginning balance	\$ 104,749	\$ 119,293
Contributions	600	705
Net realized and unrealized gains (losses)	5,077	(2,798)
Interest and dividends	2,211	2,997
Grants	(2,638)	(14,365)
Fees	<u>(1,034)</u>	<u>(1,083)</u>
Ending balance	<u>\$ 108,965</u>	<u>\$ 104,749</u>

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.

Note 5. Bank Line of Credit

The Organization has a line of credit agreement with Star Financial Bank that provides for loans up to \$20,000. The loan agreement provides for monthly interest payments at the bank's index rate plus 1% (4.75% at December 31, 2016), with a 4% minimum rate. The line of credit matures on March 31, 2017 and is secured by all accounts, equipment, contracts, instruments and intangibles of the Organization. At December 31, 2016 and 2015, the outstanding balance on the note payable was \$0. Subsequent to year end, the line of credit agreement was renewed through March 31, 2018.

Note 6. Net Assets

Temporarily restricted net assets as of December 31, 2016 and 2015, consisted of the following:

	<u>2016</u>	<u>2015</u>
ABC program	\$ 825	\$ 825
Capital campaign (time and purpose restriction)	79,710	94,164
Capital campaign (purpose restriction)	8,039	4,950
Capital campaign (legal consulting)	<u>1,606</u>	<u>-</u>
	<u>\$ 90,180</u>	<u>\$ 99,939</u>

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

	<u>2016</u>	<u>2015</u>
ABC program	\$ 825	\$ -
Capital campaign (time and purpose restriction)	<u>14,162</u>	<u>-</u>
	<u>\$ 14,987</u>	<u>\$ -</u>

There were no permanently restricted net assets at December 31, 2016 and 2015.

STEUBEN COUNTY LITERACY COALITION, INC.



Notes to the Financial Statements (Continued)
December 31, 2016 and 2015

Note 7. Federal, State and Local Grant Awards

Federal, State and local grant awards received and spent during the years ended December 31, 2016 and 2015, was as follows:

	<u>2016</u>	<u>2015</u>
Federal grants, passed through the State of Indiana:		
21st Century Community Learning Centers (CFDA 84.287)	\$ 252,718	\$ 316,095
Child and Adult Care Food Program	<u>9,268</u>	<u>12,288</u>
Total Federal Awards	261,986	328,383
Local:		
City of Angola	3,000	1,500
Clear Lake Township	300	250
Jamestown Township	2,250	2,195
Otsego Township	-	500
Pleasant Township	5,000	5,000
Salem Township	500	500
Scott Township	300	300
Steuben Township	<u>200</u>	<u>-</u>
Total Local Awards	11,550	10,245
Other Local, Non-governmental Grants	<u>43,773</u>	<u>43,424</u>
Total Federal, State and Local Revenue	<u>\$ 317,309</u>	<u>\$ 382,052</u>

Note 8. 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.

Donated facility rental and food service has been included in the financial statements at fair market value as contributions in-kind in the amount of \$1,240 for the year ended December 31, 2016.

Note 9. Concentrations

The Organization received 65% and 61% of its support from the federal government through the U.S. Department of Education for the years ended December 31, 2016 and 2015, 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.