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September 25, 2019

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

We have reviewed the audit report of Steuben County Literacy Coalition, Inc. which was opined upon by Baden, Gage & Schroeder, LLC, Independent Public Accountants, for the period January 1, 2018 to December 31, 2018. 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, 2018 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 the audit report in accordance with guidelines established by the State Board of Accounts.

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

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

Financial Statements

**Steuben County Literacy
Coalition, Inc.**

December 31, 2018 and 2017

STEUBEN COUNTY LITERACY COALITION, INC.



Financial Statements
December 31, 2018 and 2017

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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, 2018 and 2017, 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.

Auditors' 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 auditors' 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, 2018 and 2017, 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 9, 2019

STEUBEN COUNTY LITERACY COALITION, INC.



Statements of Financial Position December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 148,964	\$ 65,930
Contributions receivable	5,212	3,835
Grants receivable - federal	27,715	30,033
Grants receivable - state and local	-	10,623
Pledges receivable - net of allowance of \$0 and \$50,000 at December 31, 2018 and 2017, respectively	-	44,388
Prepaid expenses	<u>22,445</u>	<u>9,188</u>
Total Current Assets	204,336	163,997
PROPERTY AND EQUIPMENT		
Land	15,000	15,000
Building	219,340	219,340
Building improvements	99,645	99,645
Furniture and equipment	<u>39,954</u>	<u>47,170</u>
	373,939	381,155
Less: Accumulated depreciation	<u>142,469</u>	<u>141,052</u>
Net Property and Equipment	231,470	240,103
OTHER ASSETS		
Pledges receivable - noncurrent	<u>-</u>	<u>38,973</u>
TOTAL ASSETS	<u>\$ 435,806</u>	<u>\$ 443,073</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 8,018	\$ 7,346
Accrued payroll and related taxes	<u>17,175</u>	<u>17,810</u>
Total Current Liabilities	25,193	25,156
NET ASSETS		
Net assets without donor restrictions	409,735	296,198
Net assets with donor restrictions	<u>878</u>	<u>121,719</u>
Total Net Assets	<u>410,613</u>	<u>417,917</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 435,806</u>	<u>\$ 443,073</u>

See Notes to Financial Statements.

STEUBEN COUNTY LITERACY COALITION, INC.



Statement of Activities
Year Ended December 31, 2018

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 48,604	\$ -	\$ 48,604
Special event	16,742	-	16,742
Grants:			
Federal	613,007	-	613,007
State and local	33,484	-	33,484
Enrollment fees	9,307	-	9,307
Other revenue	23	-	23
Donor bad debt	44,519	(44,519)	-
Contributions returned to donors	12,205	(12,205)	-
Net assets released from restrictions	<u>64,117</u>	<u>(64,117)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	842,008	(120,841)	721,167
EXPENSES			
Program services			
BASE	599,421	-	599,421
Other programs	<u>27,333</u>	<u>-</u>	<u>27,333</u>
Total program services	626,754	-	626,754
Supporting activities			
Management and general	37,246	-	37,246
Fundraising	<u>64,471</u>	<u>-</u>	<u>64,471</u>
Total supporting activities	<u>101,717</u>	<u>-</u>	<u>101,717</u>
TOTAL EXPENSES	<u>728,471</u>	<u>-</u>	<u>728,471</u>
CHANGE IN NET ASSETS	113,537	(120,841)	(7,304)
NET ASSETS, BEGINNING OF YEAR	<u>296,198</u>	<u>121,719</u>	<u>417,917</u>
NET ASSETS, END OF YEAR	<u>\$ 409,735</u>	<u>\$ 878</u>	<u>\$ 410,613</u>

See Notes to Financial Statements.

STEUBEN COUNTY LITERACY COALITION, INC.



Statement of Activities
Year Ended December 31, 2017

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 25,505	\$ 84,450	\$ 109,955
Special event	17,589	-	17,589
Grants:			
Federal	566,860	-	566,860
State and local	49,528	-	49,528
Enrollment fees	13,834	-	13,834
Other revenue	14	-	14
Donor bad debt	50,000	(50,000)	-
Net assets released from restrictions	<u>2,911</u>	<u>(2,911)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	726,241	31,539	757,780
EXPENSES			
Program services			
BASE	587,364	-	587,364
Other programs	<u>49,919</u>	<u>-</u>	<u>49,919</u>
Total program services	637,283	-	637,283
Supporting activities			
Management and general	60,696	-	60,696
Fundraising	<u>56,603</u>	<u>-</u>	<u>56,603</u>
Total supporting activities	<u>117,299</u>	<u>-</u>	<u>117,299</u>
TOTAL EXPENSES	<u>754,582</u>	<u>-</u>	<u>754,582</u>
CHANGE IN NET ASSETS	(28,341)	31,539	3,198
NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY STATED	433,504	90,180	523,684
PRIOR PERIOD ADJUSTMENT	<u>(108,965)</u>	<u>-</u>	<u>(108,965)</u>
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	<u>324,539</u>	<u>90,180</u>	<u>414,719</u>
NET ASSETS, END OF YEAR	<u>\$ 296,198</u>	<u>\$ 121,719</u>	<u>\$ 417,917</u>

See Notes to Financial Statements.

STEUBEN COUNTY LITERACY COALITION, INC.



Statements of Cash Flows Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (7,304)	\$ 3,198
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided By (Used In) Operating Activities:		
Depreciation	8,633	8,633
Write off of construction in progress	-	13,000
Contributions received for long-term assets	-	(79,846)
Bad debt expense	44,519	50,000
(Increase) Decrease in Assets:		
Contributions receivable	(1,377)	(2,213)
Grants receivable - federal	2,318	(12,529)
Grants receivable - state and local	10,623	4,876
Prepaid expenses	(13,257)	(6,254)
Increase (Decrease) in Liabilities:		
Accounts payable	672	2,627
Accrued payroll and related taxes	(636)	10,064
	<u>44,191</u>	<u>(8,445)</u>
Net Cash Provided By (Used In) Operating Activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on bank line of credit	-	(41,000)
Proceeds from bank line of credit	-	41,000
Collection of contributions restricted to long-term purposes	<u>38,843</u>	<u>26,195</u>
NET INCREASE IN CASH	83,034	17,750
CASH, BEGINNING OF YEAR	<u>65,930</u>	<u>48,180</u>
CASH, END OF YEAR	<u>\$ 148,964</u>	<u>\$ 65,930</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ -	\$ 325

See Notes to Financial Statements.

STEUBEN COUNTY LITERACY COALITION, INC.



Statement of Functional Expenses Year Ended December 31, 2018

	<u>BASE</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	\$ 364,556	\$ 21,200	\$ 385,756	\$ 19,637	\$ 4,014	\$ 409,407
Employee benefits	685	-	685	7,264	120	8,069
Payroll taxes	<u>27,959</u>	<u>-</u>	<u>27,959</u>	<u>2,630</u>	<u>319</u>	<u>30,908</u>
Total employment expenses	393,200	21,200	414,400	29,531	4,453	448,384
Other expenses						
Bad debt expense	-	-	-	-	44,519	44,519
Bank charges	10	-	10	200	-	210
Contributions returned to donors	-	-	-	-	12,205	12,205
Dues and subscriptions	2,546	382	2,928	177	-	3,105
Events and fundraising expense	-	-	-	-	3,294	3,294
Food and snacks	14,550	14	14,564	-	-	14,564
Insurance	4,976	-	4,976	418	-	5,394
Miscellaneous	1,800	-	1,800	45	-	1,845
Postage and shipping	2,854	51	2,905	-	-	2,905
Printing	-	185	185	-	-	185
Professional development	11,229	-	11,229	1,509	-	12,738
Professional services	59,482	-	59,482	-	-	59,482
Repairs and maintenance	1,247	304	1,551	50	-	1,601
Small equipment	11,629	3,000	14,629	-	-	14,629
Student transportation	47,724	-	47,724	3,241	-	50,965
Supplies - program	24,104	212	24,316	961	-	25,277
Telephone	1,221	-	1,221	-	-	1,221
Travel	4,536	-	4,536	-	-	4,536
Utilities	<u>10,301</u>	<u>1,985</u>	<u>12,286</u>	<u>493</u>	<u>-</u>	<u>12,779</u>
Expenses before depreciation	591,409	27,333	618,742	36,625	64,471	719,838
Depreciation	<u>8,012</u>	<u>-</u>	<u>8,012</u>	<u>621</u>	<u>-</u>	<u>8,633</u>
Total Expenses	<u>\$ 599,421</u>	<u>\$ 27,333</u>	<u>\$ 626,754</u>	<u>\$ 37,246</u>	<u>\$ 64,471</u>	<u>\$ 728,471</u>

See Notes to Financial Statements.

STEUBEN COUNTY LITERACY COALITION, INC.



Statement of Functional Expenses

Year Ended December 31, 2017

	BASE	Other Programs	Total Program Services	Manage- ment and General	Fund- raising	Total Expenses
Employment expenses						
Salaries, including contractual labor	\$ 327,561	\$ 39,166	\$ 366,727	\$ 31,137	\$ 3,528	\$ 401,392
Employee benefits	820	-	820	6,769	104	7,693
Payroll taxes	<u>24,737</u>	<u>529</u>	<u>25,266</u>	<u>2,377</u>	<u>278</u>	<u>27,921</u>
Total employment expenses	353,118	39,695	392,813	40,283	3,910	437,006
Other expenses						
Advertising and promotion	195	104	299	15	-	314
Bad debt expense	-	-	-	-	50,000	50,000
Bank charges	-	-	-	258	-	258
Dues and subscriptions	2,167	494	2,661	759	-	3,420
Events and fundraising expense	-	-	-	-	2,693	2,693
Food and snacks	11,921	46	11,967	769	-	12,736
Insurance	3,642	-	3,642	1,078	-	4,720
Interest	-	-	-	325	-	325
Miscellaneous	383	-	383	2,202	-	2,585
Postage and shipping	973	96	1,069	1,048	-	2,117
Professional development	53,976	690	54,666	722	-	55,388
Professional services	62,480	1,162	63,642	8,454	-	72,096
Repairs and maintenance	695	362	1,057	8	-	1,065
Small equipment	14,975	-	14,975	388	-	15,363
Student transportation	41,783	-	41,783	589	-	42,372
Supplies - program	23,427	533	23,960	2,059	-	26,019
Telephone	961	-	961	2	-	963
Travel	2,422	-	2,422	-	-	2,422
Utilities	<u>8,635</u>	<u>4,061</u>	<u>12,696</u>	<u>1,391</u>	<u>-</u>	<u>14,087</u>
Expenses before depreciation	581,753	47,243	628,996	60,350	56,603	745,949
Depreciation	<u>5,611</u>	<u>2,676</u>	<u>8,287</u>	<u>346</u>	<u>-</u>	<u>8,633</u>
Total Expenses	<u>\$ 587,364</u>	<u>\$ 49,919</u>	<u>\$ 637,283</u>	<u>\$ 60,696</u>	<u>\$ 56,603</u>	<u>\$ 754,582</u>

See Notes to Financial Statements.

STEUBEN COUNTY LITERACY COALITION, INC.



Notes to the Financial Statements
December 31, 2018 and 2017

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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Nets Assets Without Donor Restrictions: Net assets without donor restrictions include expendable resources over which the Organization's Board of Directors has discretionary control and are used to carry out the Organization's operations in accordance with its bylaws.

Nets Assets With Donor Restrictions: Net assets with donor restrictions include resources expendable only for those purposes specified by the donor or grantor. The restrictions are satisfied either by the passage of time or by actions of the Organization. Other donor restrictions on net assets include those subject to 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.

Contributions Receivable:

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. The amount of the allowance is based on management's evaluation of the collectibility of the accounts, including credit concentrations, trends in historical loss experience, specific impaired pledges receivable, and economic conditions.

STEUBEN COUNTY LITERACY COALITION, INC.



Notes to the Financial Statements (Continued)
December 31, 2018 and 2017

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.

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, 2018 and 2017, was \$8,633 for both years.

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 increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, (that is, when a stipulated time restriction ends or purpose of the restriction is accomplished) net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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.

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.

STEUBEN COUNTY LITERACY COALITION, INC.



Notes to the Financial Statements (Continued)
December 31, 2018 and 2017

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

Functional Allocation of Expenses:

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that has been consistently applied. Occupancy expenses, including, insurance, repairs and maintenance, telephone, and utilities, are allocated on a square footage basis. Salaries, employee benefits and payroll taxes are based on estimates of time and effort of employees by program. Professional services, office expenses, and other expenses are allocated directly to the related programs.

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, 2018 and 2017. The Organization is generally no longer subject to examination by the Internal Revenue Service for years prior to 2015.

New Accounting Standard:

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The standard replaced 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 added the requirement for all not-for-profits to present operating expenses by both nature and function. It also required 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. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

STEUBEN COUNTY LITERACY COALITION, INC.



Notes to the Financial Statements (Continued)
December 31, 2018 and 2017

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

Recently Issued Accounting Standard:

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with initial terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statements of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will affect the pattern of expense recognition in the statements of activities. This standard is effective for the calendar year ending December 31, 2020. The Organization is currently in the process of evaluating the impact of adoption of this ASU on its financial statements.

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 July 9, 2019, the date the financial statements were available to be issued.

Note 2. Prior Period Adjustment

During the year ended December 31, 2018, the Organization discovered that it did not have variance power over the fund at the Steuben County Community Foundation, Inc., resulting in the removal of the fund from the statements of financial position. The prior period adjustment caused net assets to decrease \$108,965, as of January 1, 2017. In addition, total support and revenue and the change in net assets decreased \$10,963 from that previously reported for the year ended December 31, 2017. The full affect of the prior period adjustment was reflected in net assets without donor restrictions.

Note 3. Contributions and Pledges Receivable

At December 31, 2018 and 2017, the Organization had contributions and pledges receivable that are related to the following:

	<u>2018</u>	<u>2017</u>
Capital campaign	\$ -	\$ 138,925
Operations	<u>5,212</u>	<u>3,835</u>
	5,212	142,760
Less discount (4.75% at December 31, 2017) to net present value	-	5,564
Less allowance for uncollectible accounts	<u>-</u>	<u>50,000</u>
Net contributions and pledges receivable	<u>\$ 5,212</u>	<u>\$ 87,196</u>

STEBEN COUNTY LITERACY COALITION, INC.



Notes to the Financial Statements (Continued)
December 31, 2018 and 2017

Note 3. Contributions and Pledges Receivable (Continued)

	<u>2018</u>	<u>2017</u>
Amounts due in:		
Less than one year	\$ 5,212	\$ 98,223
One to five years	-	44,537
	<u>\$ 5,212</u>	<u>\$ 142,760</u>

As of December 31, 2017, \$83,925 of contributions and pledges receivable are due from board members and employees.

Note 4. Investments

The Steuben County Community Foundation, Inc. (the Foundation) holds investment assets, with a value of \$117,499 and \$119,928 for the years ended 2018 and 2017, respectively, for the benefit of the Organization for which the Foundation has retained variance power. These assets are not recorded as assets of the Organization.

Note 5. Liquidity and Availability of Resources

The Organization's financial assets available for general expenditures, that is, without donor or other restrictions limiting use, within one year of the statements of financial position date, comprise the following:

	<u>2018</u>	<u>2017</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 148,964	\$ 65,930
Contributions receivable	5,212	3,835
Grants receivable - federal	27,715	30,033
Grants receivable - state and local	-	10,623
Pledges receivable - net of allowance of \$0 and \$50,000 at December 31, 2018 and 2017, respectively	-	83,361
Total financial assets	181,891	193,782
Less: Financial assets not available to be used within one year:		
Pledges receivable not due within one year	-	38,973
Restricted by donors with purpose and time restrictions	878	121,719
Total financial assets not available for general expenditures within one year	878	160,692
Total financial assets available for general expenditures within one year	<u>\$ 181,013</u>	<u>\$ 33,090</u>

STEUBEN COUNTY LITERACY COALITION, INC.



Notes to the Financial Statements (Continued)
December 31, 2018 and 2017

Note 5. Liquidity and Availability of Resources (Continued)

The Organization's policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of the Organization's liquidity management plan, excess cash is deposited in checking accounts in area banks, so it is accessible as needed. The Organization has a \$50,000 line of credit available to meet cash flow needs.

Note 6. Line of Credit

The Organization has a line of credit agreement with Star Financial Bank that provides for loans up to \$50,000. The loan agreement provides for monthly interest payments at the bank's index rate plus 1% (6.50% at December 31, 2018), with a 4% minimum rate. The line of credit matures on August 31, 2019 and is secured by all accounts, equipment, contracts, instruments and intangibles of the Organization. At December 31, 2018 and 2017, there were no amounts outstanding on the line of credit.

Note 7. Net Assets

Net assets with donor restrictions as of December 31, 2018 and 2017, consisted of the following:

	<u>2018</u>	<u>2017</u>
ABC program	\$ -	\$ 825
Capital campaign (time and purpose restriction)	-	119,471
Capital campaign (security)	-	445
Capital campaign (legal consulting)	<u>878</u>	<u>978</u>
	<u>\$ 878</u>	<u>\$ 121,719</u>

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

	<u>2018</u>	<u>2017</u>
ABC program	\$ 1,325	\$ -
Capital campaign (time and purpose restriction)		
Release of restriction by donor	62,247	-
Donor bad debt	44,519	50,000
Contributions returned to donors	12,205	-
Capital campaign (security)	445	2,283
Capital campaign (legal consulting)	<u>100</u>	<u>628</u>
	<u>\$ 120,841</u>	<u>\$ 52,911</u>

There were no net assets restricted in perpetuity at December 31, 2018 and 2017.

STEUBEN COUNTY LITERACY COALITION, INC.



Notes to the Financial Statements (Continued)
December 31, 2018 and 2017

Note 8. Federal, State and Local Grant Awards

Federal, State and local grant awards received and spent during the years ended December 31, 2018 and 2017, were as follows:

	<u>2018</u>	<u>2017</u>
Federal grants, passed through the State of Indiana:		
21st Century Community Learning Centers (CFDA 84.287)	\$ 596,097	\$ 557,135
Child and Adult Care Food Program	<u>16,910</u>	<u>9,725</u>
Total Federal Awards	613,007	566,860
Local:		
City of Angola	1,500	1,500
Clear Lake Township	300	300
Jamestown Township	3,000	2,300
Otsego Township	600	500
Pleasant Township	5,000	5,000
Salem Township	500	500
Scott Township	300	300
Steuben Township	<u>250</u>	<u>250</u>
Total Local Awards	11,450	10,650
Other Local, Non-governmental Grants	<u>22,034</u>	<u>38,878</u>
Total Federal, State and Local Revenue	<u>\$ 646,491</u>	<u>\$ 616,388</u>

Note 9. 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 10. Concentrations

The Organization received 85% and 80% of its support from the federal government through the U.S. Department of Education for the years ended December 31, 2018 and 2017, 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.