LITERACY ACTION, INC.

FINANCIAL REPORT

JUNE 30, 2016

LITERACY ACTION, INC.

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MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Literacy Action, Inc.
Atlanta, Georgia

We have audited the accompanying financial statements of **Literacy Action, Inc.** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows 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 Literacy Action, Inc. as of June 30, 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
September 2, 2016

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LITERACY ACTION, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

Assets	2016	2015
Current assets		
Cash - unrestricted	**$ 249,008**	$ 397,055
Cash - temporarily restricted	**2,754**	31,799
Total cash	**251,762**	428,854
Grants receivable - temporarily restricted	**135,674**	60,664
Pledges receivable, net - temporarily restricted	**189,847**	54,000
Prepaid expenses and other assets	**10,612**	21,265
Inventories	**5,481**	5,481
Investments	**194,321**	196,951
Total current assets	**787,697**	767,215
Property and equipment, net	**69,795**	88,472
Total assets	**$ 857,492**	$ 855,687

Liabilities and Net Assets	2016	2015
Current liabilities		
Accounts payable and accrued expenses	**$ 41,301**	$ 30,965
Total current liabilities	**41,301**	30,965
Noncurrent liabilities		
Long term deferred rent	**178,928**	127,714
Total noncurrent liabilities	**178,928**	127,714
Total liabilities	**220,229**	158,679
Net assets		
Unrestricted	**308,988**	550,545
Temporarily restricted	**328,275**	146,463
	637,263	697,008
Total liabilities and net assets	**$ 857,492**	$ 855,687

See Notes to Financial Statements.

LITERACY ACTION, INC.

STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2016 AND 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues, gains, and other support						
Contributions	$ 1,230,566	$ 252,847	$ 1,483,413	$ 1,791,675	$ 98,163	$ 1,889,838
Grants	210,661	135,674	346,335	203,963	60,664	264,627
Investment income (loss)	(1,216)	-	(1,216)	6,685	-	6,685
Special events	242,393	-	242,393	40,131	-	40,131
Other income	26,807	-	26,807	8,985	-	8,985
Net assets released from restrictions:						
Satisfaction of program and time restrictions	206,709	(206,709)	-	130,817	(130,817)	-
Total revenues, gains, and other support	1,915,920	181,812	2,097,732	2,182,256	28,010	2,210,266
Program and support services						
Program services	1,607,099	-	1,607,099	1,534,595	-	1,534,595
Support services						
Management and general	197,642	-	197,642	188,726	-	188,726
Fundraising	352,736	-	352,736	332,533	-	332,533
Total support services	550,378	-	550,378	521,259	-	521,259
Total program and support services	2,157,477	-	2,157,477	2,055,854	-	2,055,854
Excess of fair value of net assets over consideration in the acquisition of the acquired entity	-	-	-	55,194	-	55,194
Change in net assets	(241,557)	181,812	(59,745)	181,596	28,010	209,606
Net assets, beginning of year	550,545	146,463	697,008	368,949	118,453	487,402
Net assets, end of year	$ 308,988	$ 328,275	$ 637,263	$ 550,545	$ 146,463	$ 697,008

See Notes to Financial Statements.

LITERACY ACTION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016

	Program Services	Support Services: Management and General	Support Services: Fundraising	Total Support Services	Total Program and Support Services
Personnel and contract labor	$ 1,029,142	$ 126,565	$ 223,006	$ 349,570	$ 1,378,712
Supplies and instructional materials	19,188	2,360	4,158	6,518	25,706
Travel, entertainment, and meetings	39,676	4,879	8,597	13,477	53,153
Rent	223,603	27,499	48,453	75,951	299,554
Professional services	37,926	4,664	8,218	12,882	50,808
Marketing	95,726	11,772	20,743	32,515	128,241
Depreciation	16,202	1,993	3,511	5,504	21,706
Fundraising	-	-	4,492	4,492	4,492
Postage and shipping	1,770	218	384	601	2,371
Equipment rental and maintenance	3,582	441	776	1,217	4,799
Printing and production	15,352	1,888	3,327	5,214	20,566
Events	9,486	1,167	2,056	3,222	12,708
Other expenses	115,447	14,198	25,016	39,214	154,661
Total expenses	$ 1,607,099	$ 197,642	$ 352,736	$ 550,378	$ 2,157,477

See Notes to Financial Statements.

LITERACY ACTION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015

	Program Services	Support Services: Management and General	Support Services: Fundraising	Total Support Services	Total Program and Support Services
Personnel and contract labor	$ 990,170	$ 121,772	$ 214,561	$ 336,333	$ 1,326,503
Supplies and instructional materials	27,875	3,428	6,040	9,469	37,344
Travel, entertainment, and meetings	36,093	4,439	7,821	12,260	48,353
Rent	223,585	27,497	48,449	75,945	299,530
Professional services	106,282	13,071	23,030	36,101	142,383
Computer and technology expenses	16,549	2,035	3,586	5,621	22,170
Marketing	11,759	1,446	2,548	3,994	15,753
Depreciation	16,099	1,980	3,489	5,469	21,568
Fundraising	16,525	2,032	3,581	5,613	22,138
Equipment rental and maintenance	10,294	1,266	2,231	3,496	13,790
Printing and production	31,493	3,873	6,824	10,697	42,190
Events	11,192	1,376	2,425	3,801	14,993
Other expenses	36,680	4,511	7,948	12,459	49,139
Total expenses	$ 1,534,595	$ 188,726	$ 332,533	$ 521,259	$ 2,055,854

See Notes to Financial Statements.

LITERACY ACTION, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
OPERATING ACTIVITIES		
Change in net assets	$ **(59,745)**	$ 209,606
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	**21,706**	21,568
Unrealized loss on investments	**9,182**	4,426
Realized (gain) on acquisition of net assets of nonprofit organization	**-**	(55,194)
Realized (gain) on investments	**(3,974)**	(7,643)
Change in prepaid expenses	**10,653**	52
Change in grants receivable	**(75,010)**	(49,797)
Change in pledges receivable	**(135,847)**	3,800
Change in accounts payable and accrued expenses	**10,336**	(715)
Change in long term deferred rent	**51,214**	95,785
	(111,740)	12,282
Net cash provided by (used in) operating activities	**(171,485)**	221,888
INVESTING ACTIVITIES		
Purchase of property and equipment	**(3,029)**	(7,208)
Net cash received in acquisition of nonprofit organization	**-**	55,194
Purchase of investments	**(46,379)**	(34,901)
Proceeds from sale of investments	**43,801**	36,469
Net cash provided by (used in) investing activities	**(5,607)**	49,554
Net increase (decrease) in cash	**(177,092)**	271,442
Cash, beginning of year	**428,854** *	157,412 *
Cash, end of year	$ **251,762** *	$ 428,854 *

* Includes temporarily restricted funds.

See Notes to Financial Statements.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Literacy Action, Inc. (the "Organization") was incorporated on June 12, 1968, for the purpose of teaching adults the basic skills they will need to reach their full potential as individuals and citizens. The Organization is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. The Organization is supported primarily by donor contributions. The Organization concentrates its services in the Atlanta, Georgia area.

Significant Accounting Policies

The significant accounting policies adopted by the Organization are set forth below.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization presents its financial statements in accordance with *Financial Statements for Not-For-Profit Organizations,* as promulgated by the Financial Accounting Standards Board (FASB). Under this guidance, the Organization is required to report information regarding its financial position and activities according to three categories of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Organization had no permanently restricted net assets at June 30, 2016 or 2015.

Contributions

In accordance with *Financial Statements for Not-For-Profit Organizations*, contributions received are recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets, depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose 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.

Donated Services and In-Kind Support

The Organization receives services, equipment and other nonfinancial items without payment or compensation. Donated goods and services are recognized as contributions in accordance with *Financial Statements for Not-For-Profit Organizations*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. Volunteers provide a significant amount of services to the Organization throughout the year that are not recognized as contributions since the recognition criteria under this standard were not met.

Donated services and in-kind support for the years ended June 30, 2016 and 2015, was $237,789 and $350,280, respectively.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Contributions Receivable

Contributions receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts using management's estimates of probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivables.

The provision for bad debts relating to contributions is charged to expense based on an evaluation of the potentially uncollectible portion of accounts. The allowance for doubtful accounts represents the estimate of the uncollectible portion of accounts receivable.

Revenue Recognition

Unconditional promises to give are recognized as support in the period in which the promise is made by the donor. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose 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. Grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Investments

Under FASB's Accounting Standards Codification (ASC) *Fair Value Measurement*, investments in marketable securities with readily determinable fair values, based on quoted market prices, are reported at their fair values in the statement of financial position. All non-cash contributions are recorded at fair value on the date of receipt. Unrealized gains and losses are included in the change in net assets.

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Property and Equipment

Assets are recorded at cost, or if donated, at the approximate fair value at the date of donation and are depreciated using the straight-line method over their estimated useful lives ranging from 3 to 7 years. All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets in excess of $1,000 are capitalized. Maintenance and repairs are charged to expense. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts and any gain or loss is reflected in changes in net assets.

Concentrations of Credit Risk

The Organization maintains cash balances at a financial institution and at an investment company located in Atlanta, Georgia. Accounts at the financial institution are insured by the Federal Deposit Insurance Corporation for up to $250,000. The Organization does not have any uninsured cash or investment balances at June 30, 2016.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes at June 30:

	2016	2015
Literacy programs	**$ 328,275**	$ 146,463
	$ 328,275	$ 146,463

Functional Allocation of Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 reported amounts of support and expenses during the report period. Accordingly, actual results may vary from these estimates.

Income Tax Status

The Organization is exempt from governmental income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. In addition, the Organization is classified as other than a private foundation and qualifies for the charitable contribution deduction. However, income from certain activities not directly related to the Organization's tax-exempt purpose would be subject to taxation as unrelated business income. The Organization had no activities which would result in unrelated business income for the years ended June 30, 2016 and 2015. Accordingly, no income taxes have been considered in determining its change in net assets. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Management is not aware of any circumstances or transactions that would jeopardize its tax exempt status.

All tax exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. There currently are no audits of the Organization's returns in progress.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Fair Value of Financial Instruments

FASB's *Fair Value Measurement* and disclosure guidance provides a framework for measuring fair value under generally accepted accounting principles. This standard applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in FASB's *Fair Value Measurement*, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization used various methods including market, income and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the assets or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable inputs. The Organization utilizes valuation techniques that maximizes the use of observable inputs and minimizes the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 **–** Valuations for assets and liabilities traded in active markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 **–** Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services identical or similar assets or liabilities.

Level 3 **–** Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

For the years ended June 30, 2016 and 2015, the application of valuation techniques applied to similar assets has been consistent. The fair value of investment securities is the market value based on quoted market prices, when available or market prices provided by recognized broker-dealers.

NOTE 2. INVESTMENTS

The following table sets forth by level, within the fair value hierarchy described in Note 1, the Organization's investments at fair value as of June 30, 2016:

	Level 1	Level 2	Level 3	Total
Money markets	**$ 7,190**	**$ -**	**$ -**	**$ 7,190**
Fixed income funds:				
Municipal bonds	**20,782**	**-**	**-**	**20,782**
Corporate bonds	**26,733**	**-**	**-**	**26,733**
Equity funds	**139,616**	**-**	**-**	**139,616**
Total investments at fair value	**$ 194,321**	**$ -**	**$ -**	**$ 194,321**

The following table sets forth by level, within the fair value hierarchy described in Note 1, the Organization's investments at fair value as of June 30, 2015:

	Level 1	Level 2	Level 3	Total
Money markets	$ 21,380	$ -	$ -	$ 21,380
Fixed income funds:				
Municipal bonds	21,436	-	-	21,436
Corporate bonds	36,113	-	-	36,113
Equity funds	118,022	-	-	118,022
Total investments at fair value	$ 196,951	$ -	$ -	$ 196,951

Investment expense incurred totaled $1,139 and $1,328 for the years ended June 30, 2016 and 2015, respectively.

Total investment return reported in the statement of activities for the year ended June 30, 2016, is as follows:

	Unrestricted
Interest and dividend income - on investments*	**$ 3,992**
Net realized gains	**3,974**
Net unrealized (losses)	**(9,182)**
	$ (1,216)

* This does not include interest earnings on cash.

Total investment return reported in the statement of activities for the year ended June 30, 2015, is as follows:

	Unrestricted
Interest and dividend income - on investments*	$ 3,468
Net realized gains	7,643
Net unrealized (losses)	(4,426)
	$ 6,685

* This does not include interest earnings on cash.

NOTE 2. INVESTMENTS (CONTINUED)

Investments are comprised of the following at June 30, 2016:

	Cost	Fair Value
Money market	**$ 7,190**	**$ 7,190**
Bonds:		
Municipal bonds	**20,025**	**20,782**
Corporate bonds	**26,054**	**26,733**
Equities:		
Consumer goods	**20,156**	**27,321**
Energy	**15,202**	**15,628**
Financials	**20,806**	**22,906**
Health care & industrials	**25,688**	**31,710**
Information technology	**22,738**	**26,559**
Telecommunication services	**4,597**	**6,312**
Materials & utilities	**7,914**	**9,180**
	$ 170,370	**$ 194,321**

Investments are comprised of the following at June 30, 2015:

	Cost	Fair Value
Money market	$ 21,380	$ 21,380
Bonds:		
Municipal bonds	20,025	21,436
Corporate bonds	36,341	36,113
Equities:		
Consumer goods	14,595	20,214
Energy	8,504	10,260
Financials	16,154	21,253
Health care & industrials	17,983	27,898
Information technology	17,161	24,573
Telecommunication services	4,597	5,227
Materials & utilities	7,687	8,597
	$ 164,427	$ 196,951

NOTE 3. LEASES

The Organization leases certain office space and equipment under operating lease agreements expiring at various times through 2020. The minimum future lease payments under the leases are summarized as follows:

For the year ending June 30:

2017	$	291,630
2018		270,396
2019		276,568
2020		187,424
	$	1,026,018

NOTE 4. COMMUNITY FOUNDATION RESTRICTED FUNDS

The Community Foundation for Greater Atlanta, as of June 30, 2016 and 2015, has a restricted fund with Literacy Action, Inc. as the designated beneficiary for the use of the funds in the amount of $309,776 and $343,482 respectively. The Community Foundation for Greater Atlanta maintains variance power over the restricted funds, and therefore, the funds are not recorded on the financial statements of the Organization. The purpose of the restricted endowment fund is to aid and assist Literacy Action, Inc. in carrying out its charitable programs and pursuing its long-term financial stability. This fund is subject to The Community Foundation for Greater Atlanta's governing instruments. It is the general policy of the Foundation that a substantial part of its restricted funds shall remain as a permanent endowment of the Foundation.

It also is a general policy of the Foundation that the net earnings of the fund shall be distributed annually during the fiscal year in which such earnings are realized or before the end of the next fiscal year, unless it is determined that it is in the best interest of the Foundation and Literacy Action, Inc. to accumulate the net earnings for a specific project. Consistent with the policies of the Foundation, the earnings and so much of the principal of the fund as the Foundation and Literacy Action, Inc. in their discretion shall determine shall be expended.

If at any time the Foundation and Literacy Action, Inc. are unable to agree on distributions of principal, the Board of Directors of the Foundation shall make the final determination in its absolute discretion. During the years ended June 30, 2016 and 2015, $18,895 and $18,049 was received from The Community Foundation for Greater Atlanta and was recorded in contributions in the statements of activities.

NOTE 5. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the years ended June 30, 2016 and 2015, by incurring expenses satisfying the restricted purposes specified by donors as follows:

		2016		2015
Supplies	**$**	**114,664**	$	130,817
Payment to Literacy Alliance of Metro Atlanta		**92,045**		-
	$	**206,709**	$	130,817

NOTE 6. FLEXIBLE BENEFIT PLAN

Effective May 1, 2000, the Organization adopted a flexible benefit plan that is a “premium payment plan” which allows eligible employees to pay for insurance coverage with a portion of their pay before federal income, state income or social security taxes are withheld. The plan applies only to the Organization’s group medical plan and the insured dental plan. All full time employees are eligible to join upon the date of employment. The plan begins on May 1st and ends on April 30th each year.

NOTE 7. PLEDGES RECEIVABLE

As of June 30, 2016 and 2015, unconditional promises to give consisted of the following:

	June 30,	
	2016	2015
Temporarily-restricted pledges	**$ 189,847**	$ 54,000
Less allowance for doubtful accounts	**-**	-
	$ 189,847	$ 54,000
Amount due in:		
Less than one year	**$ 189,847**	$ 54,000
One to five years	**-**	-
	$ 189,847	$ 54,000

NOTE 8. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. A summary of the amounts and the related accumulated depreciation at June 30, 2016 and 2015 are as follows:

	2016	2015
Furniture and fixtures	**$ 68,908**	$ 68,908
Equipment and software	**182,363**	179,324
Leasehold improvements	**114,129**	114,129
	365,400	362,361
Accumulated depreciation	**(295,605)**	(273,889)
	$ 69,795	$ 88,472

Depreciation expense for the years ended June 30, 2016 and 2015 amounted to $21,706 and $21,568, respectively.

NOTE 9. ACQUISITION OF LITERACY VOLUNTEERS OF ATLANTA, INC.

The Organization entered into an "Agreement and Plan of Merger" with Literacy Volunteers of Atlanta, Inc. ("LVA") on June 5, 2014, to merge at the effective time of July 1, 2014. The state of Georgia issued a Certificate of Merger on June 26, 2014, certifying that Literacy Action, Inc. would be the surviving entity and Literacy Volunteers of Atlanta, Inc. would be the nonsurviving entity. The merger resulted in the successions and possession of all rights, privileges and powers of LVA by the Organization. Per the signed Merger Agreement, LVA has no knowledge of any liabilities of any nature whatsoever other than the liabilities reflected in the Balance Sheet or that were incurred since the Balance Sheet Date in the ordinary course of business. There were $55,194 in total assets, no liabilities and $55,194 in total unrestricted net assets acquired by the Organization as of July 1, 2014.

NOTE 10. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring through September 2, 2016, the date on which the financial statements were available to be issued.