

LITERACY ACTION, INC.

FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

with
INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

Board of Trustees of Literacy Action, Inc.

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, 2019 and 2018, and the related statements of activities and changes in net assets, 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.

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 audits to obtain reasonable assurance about whether the financial statements are free of 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 Literacy Action, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Smith + Howard

September 12, 2019

LITERACY ACTION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 494,719	\$ 586,220
Investments	232,114	206,295
Accounts receivable	998	-
Grants and pledges receivable	199,777	40,171
Prepaid expenses	23,927	23,049
Property and equipment, net	88,695	110,781
Other assets	<u>22,969</u>	<u>22,969</u>
Total Assets	<u>\$ 1,063,199</u>	<u>\$ 989,485</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 93,155	\$ 49,367
Deferred rent	<u>44,702</u>	<u>26,013</u>
Total Liabilities	<u>137,857</u>	<u>75,380</u>
Net Assets		
Without donor restrictions	727,221	914,105
With donor restrictions	<u>198,121</u>	<u>-</u>
Total Net Assets	<u>925,342</u>	<u>914,105</u>
	<u>\$ 1,063,199</u>	<u>\$ 989,485</u>

The accompanying notes are an integral part of these financial statements.

LITERACY ACTION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support						
Contributions	\$ 592,349	\$ 36,000	\$ 628,349	\$ 368,133	\$ 64,879	\$ 433,012
Grants	370,446	553,751	924,197	824,092	-	824,092
Investment income, net	17,725	-	17,725	15,132	-	15,132
Special events	-	-	-	106,487	-	106,487
Other income	77,322	-	77,322	51,090	-	51,090
Net assets released from restrictions	<u>391,630</u>	<u>(391,630)</u>	<u>-</u>	<u>620,979</u>	<u>(620,979)</u>	<u>-</u>
 Total Revenue, Gains, and Other Support	 <u>1,449,472</u>	 <u>198,121</u>	 <u>1,647,593</u>	 <u>1,985,913</u>	 <u>(556,100)</u>	 <u>1,429,813</u>
Expenses						
Program services	1,129,929	-	1,129,929	1,500,154	-	1,500,154
Management and general	325,374	-	325,374	556,477	-	556,477
Fundraising	<u>181,053</u>	<u>-</u>	<u>181,053</u>	<u>208,586</u>	<u>-</u>	<u>208,586</u>
 Total Expenses	 <u>1,636,356</u>	 <u>-</u>	 <u>1,636,356</u>	 <u>2,265,217</u>	 <u>-</u>	 <u>2,265,217</u>
 Change in Net Assets	 (186,884)	 198,121	 11,237	 (279,304)	 (556,100)	 (835,404)
 Net Assets, Beginning of Year	 <u>914,105</u>	 <u>-</u>	 <u>914,105</u>	 <u>1,193,409</u>	 <u>556,100</u>	 <u>1,749,509</u>
 Net Assets, End of Year	 <u>\$ 727,221</u>	 <u>\$ 198,121</u>	 <u>\$ 925,342</u>	 <u>\$ 914,105</u>	 <u>\$ -</u>	 <u>\$ 914,105</u>

The accompanying notes are an integral part of these financial statements.

LITERACY ACTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Services</u>	<u>and General</u>		
Personnel and contract labor	\$ 665,436	\$ 162,487	\$ 106,965	\$ 934,888
Rent	247,881	50,938	5,037	303,856
Professional services	50,012	80,979	25,600	156,591
Supplies and instructional materials	45,184	4,144	-	49,328
Supporting services	35,388	261	39	35,688
Fundraising	-	205	32,295	32,500
Telephone and internet	10,570	4,422	776	15,768
Travel, entertainment, and meetings	17,080	902	106	18,088
Depreciation	17,006	4,748	331	22,085
Dues and subscriptions	16,087	4,014	2,366	22,467
Printing and production	2,023	647	4,009	6,679
Marketing	1,332	894	142	2,368
Insurance and compliance	5,543	2,740	284	8,567
Equipment rental and maintenance	191	1,715	-	1,906
Postage and shipping	284	504	971	1,759
Other expenses	<u>15,912</u>	<u>5,774</u>	<u>2,132</u>	<u>23,818</u>
 Total Expenses	 <u>\$ 1,129,929</u>	 <u>\$ 325,374</u>	 <u>\$ 181,053</u>	 <u>\$ 1,636,356</u>

The accompanying notes are an integral part of these financial statements.

LITERACY ACTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Services</u>	<u>and General</u>		
Personnel and contract labor	\$ 850,205	\$ 314,206	\$ 74,577	\$ 1,238,988
Rent	274,860	76,747	5,354	356,961
Professional services	11,024	56,910	86,189	154,123
Supplies and instructional materials	50,052	10,713	146	60,911
Supporting services	60,026	-	-	60,026
Fundraising	-	-	30,682	30,682
Telephone and internet	23,599	6,589	460	30,648
Travel, entertainment, and meetings	24,357	4,565	32	28,954
Depreciation	14,610	8,625	206	23,441
Dues and subscriptions	11,384	8,761	518	20,663
Printing and production	3,591	3,158	4,485	11,234
Marketing	6,021	2,238	680	8,939
Insurance and compliance	5,009	1,611	191	6,811
Equipment rental and maintenance	4,821	1,364	309	6,494
Postage and shipping	364	521	1,005	1,890
Other expenses	<u>160,231</u>	<u>60,469</u>	<u>3,752</u>	<u>224,452</u>
 Total Expenses	 <u>\$ 1,500,154</u>	 <u>\$ 556,477</u>	 <u>\$ 208,586</u>	 <u>\$ 2,265,217</u>

The accompanying notes are an integral part of these financial statements.

LITERACY ACTION, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 11,237	\$ (835,404)
Adjustments to Reconcile Change in Net Assets to Net Cash Required by Operating Activities:		
Depreciation	22,085	23,441
Change in straight-line deferred rent	18,689	26,013
Net realized and unrealized gain on investments	(12,352)	(11,848)
Loss on disposal of property and equipment	-	10,681
Bad debt expense	500	-
Change in operating assets and liabilities:		
Accounts receivable and other receivables	(998)	233,204
Grants and pledges receivable	(160,106)	218,144
Prepaid expenses and other assets	(878)	129,389
Accounts payable and accrued expenses	43,788	8,990
Unearned revenue	-	(15,000)
Net Cash Required by Operating Activities	<u>(78,035)</u>	<u>(212,390)</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	-	(61,034)
Purchase of investments	(69,916)	(108,718)
Proceeds from sale of investments	<u>56,450</u>	<u>28,696</u>
Net Cash Required by Investing Activities	<u>(13,466)</u>	<u>(141,056)</u>
Net Decrease in Cash and Cash Equivalents	(91,501)	(353,446)
Cash and Cash Equivalents at Beginning of Year	<u>586,220</u>	<u>939,666</u>
Cash and Cash Equivalents at End of Year	<u>\$ 494,719</u>	<u>\$ 586,220</u>

The accompanying notes are an integral part of these financial statements.

LITERACY ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE A – DESCRIPTION OF THE 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 supported primarily by donor contributions and grants from various organizations and foundations. The Organization concentrates its services in the Atlanta, Georgia area.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The Organization follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“GAAP”).

Accounting Pronouncement Adopted

In August 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a nonprofit’s liquidity and availability of resources, expenses and investment returns, and cash flows. Main provisions of this guidance include: (a) presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restriction”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring that all nonprofits present an analysis of expenses by function and nature and disclose a summary of the allocation methods used to allocate costs, (d) presenting investment return net of external and direct internal investment expenses, and (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources.

The Organization opted to not disclose liquidity and availability information for 2018 as permitted under the ASU in the year of adoption.

LITERACY ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In accordance with GAAP, the net assets of the Organization and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.
- Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

Revenue Recognition

Contributions and grants (including unconditional promises to give, i.e., pledges) are recognized as revenue in the year they are received or pledged, with allowances provided by pledges estimated to be uncollectible. Unconditional pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts on unconditional pledges is included in contributions in the accompanying statement of activities and changes in net assets. Conditional pledges are not included as support until the conditions are substantially met.

The Organization recognizes contributions and grants as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor-imposed restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and presented in the accompanying statement of activities and changes in net assets as net assets released from restrictions.

LITERACY ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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, 2019 and 2018 was approximately \$107,000 and \$4,000, respectively.

Cash and Cash Equivalents

Cash and cash equivalents include cash deposits in checking, money market accounts, and all other highly liquid investments that mature within three months of the statement of financial position date.

Investments

Investments consist of bonds and equity securities. Investments are carried at their estimated fair values. Realized and unrealized gains and losses from investments are reflected in the accompanying statement of activities and changes in net assets.

Interest income and investment earnings available for use are recorded in unrestricted net assets. Interest income and investment earnings derived from contributions with donor restrictions are recorded in net assets with donor restrictions.

Property and Equipment

Donations of land, buildings, and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Purchased property and equipment are recorded at cost. Property and equipment are depreciated using accelerated and straight-line methods over their estimated useful lives, which range from three to ten years.

LITERACY ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

FASB establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs in which little or no market data exists (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurement

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

LITERACY ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Assets measured at fair value on a recurring basis at June 30, 2019 and 2018 were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
		2019		
Money Market:	\$ 7,000	\$ -	\$ -	\$ 7,000
Bonds:				
Corporate bonds	35,999	-	-	35,999
Government bonds	20,795	-	-	20,795
	<u>56,794</u>	<u>-</u>	<u>-</u>	<u>56,794</u>
Equities:				
Consumer goods	13,776	-	-	13,776
Preferred equities	4,969	-	-	4,969
Energy	11,445	-	-	11,445
Financials	17,525	-	-	17,525
Healthcare and industrials	52,673	-	-	52,673
Information technology	31,637	-	-	31,637
Telecommunication services	23,345	-	-	23,345
Real estate	4,126	-	-	4,126
Materials and utilities	8,824	-	-	8,824
	<u>168,320</u>	<u>-</u>	<u>-</u>	<u>168,320</u>
Total Investments at Fair Value	<u>\$ 232,114</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 232,114</u>

LITERACY ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

	<u>2018</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Bonds:				
Corporate bonds	\$ 33,763	\$ -	\$ -	\$ 33,763
Government bonds	19,923	-	-	19,923
	<u>53,686</u>	<u>-</u>	<u>-</u>	<u>53,686</u>
Equities:				
Consumer goods	23,379	-	-	23,379
Preferred equities	4,731	-	-	4,731
Energy	15,128	-	-	15,128
Financials	15,102	-	-	15,102
Healthcare and industrials	46,483	-	-	46,483
Information technology	31,232	-	-	31,232
Telecommunication services	8,381	-	-	8,381
Real estate	4,765	-	-	4,765
Materials and utilities	3,408	-	-	3,408
	<u>152,609</u>	<u>-</u>	<u>-</u>	<u>152,609</u>
Total Investments at Fair Value	<u>\$ 206,295</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 206,295</u>

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the basis of square footage, payroll, or other relevant bases.

Concentration of Credit Risk

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, investments, and receivables. At times, cash and cash equivalent balances exceed federally insured amounts. The Organization's cash accounts include both interest and non-interest-bearing accounts. The Organization believes it reduces risks associated with balances in excess of federally insured amounts by maintaining its cash with major financial institutions with sound financial standing. Management continually monitors investments and receivable balances, and believes that its exposure to credit risk is limited.

**LITERACY ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk (Continued)

If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying financial statements.

Income Taxes

The Organization is a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code (the “Code”). Only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to income taxes.

The Organization annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Organization takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification. In general, the Organization is no longer subject to tax examinations for tax years ending before June 30, 2016.

Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Furniture and fixtures	\$ 5,648	\$ 5,648
Equipment and software	55,561	55,561
Leasehold improvements	<u>105,129</u>	<u>105,129</u>
	166,338	166,338
Less: accumulated depreciation	<u>(77,643)</u>	<u>(55,557)</u>
	<u><u>\$ 88,695</u></u>	<u><u>\$ 110,781</u></u>

Depreciation expense totaled \$22,086 and \$23,441 for the year ending June 30, 2019 and 2018, respectively.

**LITERACY ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE D – LINE OF CREDIT

The Organization has a line a credit bearing interest at the Prime Rate (an effective rate of 5.50% at June 30, 2019) which matures in October 2019. Maximum borrowings under this line of credit are \$150,000. At June 30, 2019 and 2018, there were no outstanding borrowings under this line of credit. The line of credit is collateralized by certain assets of the Organization.

NOTE E – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions includes assets subject to certain spending and appropriation policies. The components of these net assets at June 30, 2019 were as follows:

Subject to expenditure for a specified purpose:	
Adult Basic Education	\$ 1,160
Westside Works	158,265
Vision Clinic	849
Student Success Center	36,000
GED Fast Track	1,847
	<u>\$ 198,121</u>

At June 30, 2018 there were no net assets with donor restrictions.

NOTE F – OPERATING LEASES

The Organization entered into a new office space lease agreement that began on July 1, 2017 and was amended effective July 1, 2019. The office space lease is for a 7-year period, expiring on September 30, 2024. Approximate future payments on the office space lease agreement for the years ending June 30 are as follows:

2020	\$ 292,000
2021	301,000
2022	310,000
2023	319,000
2024	329,000
Thereafter	82,000
	<u>\$ 1,633,000</u>

Rent expense under the aforementioned operating lease for the year ended June 30, 2019 and 2018 was approximately \$304,000 and 357,000, respectively.

LITERACY ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE G – COMMUNITY FOUNDATION FOR GREATER ATLANTA RESTRICTED FUNDS

The Community Foundation for Greater Atlanta (the “Foundation”), as of June 30, 2019 and 2018, has a restricted fund with the Organization as the designated beneficiary for the use of the funds in the amount of approximately \$330,000 and \$318,000, respectively. The Foundation 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 the Organization in carrying out its charitable programs and pursuing its long-term financial stability. This fund is subject to the Foundation’s governing instruments. It is the general policy of the Foundation that a substantial part of its restricted funds shall remain as an endowment of the Foundation and therefore classified as with donor restriction.

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 the Organization to accumulate the net earnings for a specific project. Appropriation of earnings and principal of the fund are at the discretion of the Foundation and Organization, consistent with the policies of the Foundation.

If at any time, the Foundation and the Organization 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 year ended June 30, 2019 and 2018, \$15,186 and \$15,150, respectively, was received from the Foundation and was recorded in contributions in the accompanying statements of activities and changes in net assets.

**LITERACY ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE H – LIQUIDITY AND AVAILABILITY

For purposes of analyzing resources available to meet general expenditures for 2020, the Organization considers financial assets that will be collected and available for 2020 programs to the Organization. Financial assets available for general expenditures, within one year are as follows:

Cash and cash equivalents	\$	494,719
Investments		232,114
Accounts receivable		998
Grants and pledges receivable		<u>199,777</u>
Total Financial Assets		927,608
Less those unavailable for general expenditures within one year, due to donor-imposed restrictions		<u>(198,121)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>729,487</u></u>

The Organization is substantially supported by contributions and program service fees. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to donors. Therefore, certain financial assets may not be available for general expenditures within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a line of credit totaling \$150,000, which it could draw upon.