



**Literacy Services of  
Indian River County, Inc.**  
**FINANCIAL STATEMENTS**  
**Year Ended June 30, 2024**

# Literacy Services of Indian River County, Inc.

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## McCain Samons & Fiorini

Certified Public Accountants

### INDEPENDENT AUDITORS' REPORT

November 6, 2024

To the Board of Directors of  
Literacy Services of Indian River County, Inc.  
Vero Beach, Florida

#### **Opinion**

We have audited the accompanying financial statements of Literacy Services of Indian River County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Literacy Services of Indian River County, Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Literacy Services of Indian River County, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Literacy Services of Indian River County, Inc. ability to continue as a going concern within one year after the date the financial statements are issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Literacy Services of Indian River County, Inc. internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Literacy Services of Indian River County, Inc. ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*McCain Samons and Fiorini, LLC*

Vero Beach, FL

# Literacy Services of Indian River County, Inc.

## STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

### ASSETS

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 56,849	\$ 64,148
Investments	431,839	376,787
Grant receivable	-	25,000
Prepaid expenses	3,077	2,750
Interest Accrued	-	5,604
Deposits	-	1,000
Net property and equipment	<u>11,207</u>	<u>4,721</u>
<b>Total assets</b>	<b><u>\$ 502,972</u></b>	<b><u>\$ 480,010</u></b>

### LIABILITIES AND NET ASSETS

<b>Liabilities</b>		
Accounts payable	\$ 1,550	\$ 1,304
Accrued payroll	<u>6,745</u>	<u>10,013</u>
<b>Total liabilities</b>	<u>8,295</u>	<u>11,317</u>
<b>Net assets</b>		
Without donor restriction	493,787	467,693
With donor restriction	<u>890</u>	<u>1,000</u>
<b>Total net assets</b>	<u>494,677</u>	<u>468,693</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 502,972</u></b>	<b><u>\$ 480,010</u></b>

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

# Literacy Services of Indian River County, Inc.

## STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2024 AND 2023

	2024			2023
	Without donor restriction	With donor restriction	Total	Total
<b>Revenues and grants</b>				
Contributions and grants	\$ 122,206	\$ 140,490	\$ 262,696	\$ 222,912
Special events	47,683	-	47,683	47,520
Investment income	16,905	-	16,905	12,060
In-kind donation	4,500	-	4,500	4,500
Net assets released from donor restrictions	140,600	(140,600)	-	-
<b>Total public support and revenue</b>	<b>331,894</b>	<b>(110)</b>	<b>331,784</b>	<b>286,992</b>
<b>Expenses</b>				
<b>Program services</b>				
Literacy program	206,883	-	206,883	169,752
<b>Total program services</b>	<b>206,883</b>	<b>-</b>	<b>206,883</b>	<b>169,752</b>
<b>Support services</b>				
Management and general	60,418	-	60,418	56,283
Fundraising expenses	38,499	-	38,499	37,998
<b>Total support services</b>	<b>98,917</b>	<b>-</b>	<b>98,917</b>	<b>94,281</b>
<b>Total expenses</b>	<b>305,800</b>	<b>-</b>	<b>305,800</b>	<b>264,033</b>
<b>Change in net assets</b>	<b>26,094</b>	<b>(110)</b>	<b>25,984</b>	<b>22,959</b>
<b>Net assets, beginning of year</b>	<b>467,693</b>	<b>1,000</b>	<b>468,693</b>	<b>445,734</b>
<b>Net assets, end of year</b>	<b>\$ 493,787</b>	<b>\$ 890</b>	<b>\$ 494,677</b>	<b>\$ 468,693</b>

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

# Literacy Services of Indian River County, Inc.

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2024 AND 2023

	2024			2023	
	Program Services	Support Services		Total	Total
	Literacy	Management and General	Fundraising		
Compensation					
Salaries	\$ 147,289	\$ 26,226	\$ 26,226	\$ 199,741	\$ 172,317
Payroll taxes & fringes	22,650	2,005	2,005	26,660	20,049
Total compensation	169,939	28,231	28,231	226,401	192,366
Business licenses and permits	-	275	-	275	266
Charitable contribution	-	-	-	-	100
Contract labor	4,075	-	-	4,075	-
Credit card and bank fees	-	469	-	469	714
Depreciation	-	1,461	-	1,461	1,891
Dues and subscriptions	4,650	4,008	-	8,658	6,922
Equipment leased	-	4,293	-	4,293	3,460
Fundraising	-	-	8,652	8,652	10,857
Insurance	-	2,560	-	2,560	2,590
Marketing	-	3,314	-	3,314	2,069
Meals	2,024	62	-	2,086	2,046
Office expenses	-	3,027	1,616	4,643	2,660
Occupancy expense	7,650	900	-	8,550	5,700
Professional fees	-	9,600	-	9,600	11,250
Repairs and maintenance	-	-	-	-	1,500
Supplies and skill books	17,420	-	-	17,420	16,988
Telephone and internet	-	2,218	-	2,218	2,084
Travel and seminars	1,125	-	-	1,125	570
<b>Total expenses</b>	<b>\$ 206,883</b>	<b>\$ 60,418</b>	<b>\$ 38,499</b>	<b>\$ 305,800</b>	<b>\$ 264,033</b>

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

# Literacy Services of Indian River County, Inc.

## STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 25,984	\$ 22,959
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,461	1,891
Investment adjustment	(4,052)	(1,829)
Changes in operating assets and liabilities which (used) provided cash:		
Grant receivable	25,000	(25,000)
Prepaid insurance	(327)	(352)
Interest accrued	5,604	(5,300)
Deposits	1,000	(1,000)
Accounts payable	246	653
Accrued payroll	(3,268)	(4,084)
<b>Net cash provided/used by operating activities</b>	<u>51,648</u>	<u>(12,062)</u>
<b>Cash flows from investing activities</b>		
Purchase of furniture and equipment	(7,947)	-
Purchase of certified deposits	(25,000)	(200,000)
Purchase of marketable securities	(26,000)	-
<b>Net cash used in investing activities</b>	<u>(58,947)</u>	<u>(200,000)</u>
<b>Net increase in cash and cash equivalents</b>	(7,299)	(212,062)
Cash and cash equivalents, beginning of year	<u>64,148</u>	<u>276,210</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 56,849</u></u>	<u><u>\$ 64,148</u></u>

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



# Literacy Services of Indian River County, Inc.

## NOTES TO FINANCIAL STATEMENTS

### 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Nature of Business**

The Literacy Services of Indian River County, Inc. (the Organization) is a Florida nonprofit organization incorporated on October 16, 1975. The Organization's mission is to deliver comprehensive and innovative learning opportunities to local adults seeking English language and literacy skills to achieve their goals. The Organization's vision is that all adults are empowered with the literacy skills they need to thrive in our community. The Organization's support comes primarily from private foundations and individual donors' contributions.

#### **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. Net assets and revenues, expenses, gains, and losses are classified based on the existence of absence of donor-imposed restrictions. Accordingly, net assets of Literacy Services of Indian River County, Inc. and changes therein are classified and reported as follows:

**Without donor restriction** – Net assets that are not subject to donor-imposed stipulations. Assets without donor restriction are resources available to support operations. The only limits on the use of assets without donor restrictions are the broad limits resulting for the nature of the organization, the environment in which it operates, the purpose specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

**With donor restriction** – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, assets with donor restrictions are reclassified to assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. This category also includes net assets subject to donor-imposed stipulations that neither expire by being used in accordance with a donor's restriction nor by the passage of time

#### **Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits in banks, cash on hand and time deposits with original maturities of three months or less. The market value of the fixed income securities and money market investments approximates cost.

#### **Investments**

Purchased investments are reported at fair value. Donated investments are recorded at fair value market value on the date of the donation and adjusted for changes in market value at year end. Investment interest, dividends and realized and unrealized gains and losses are reported on the statement of activities.

# Literacy Services of Indian River County, Inc.

## NOTES TO FINANCIAL STATEMENTS

### **Property and Equipment**

Property and equipment acquisition greater than \$500 are capitalized and stated at cost less accumulated depreciation. Donated property and equipment are capitalized at fair market value at the date of the gift. Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. Management annually reviews these assets to determine whether carrying values have been impaired.

### **Depreciation**

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from 5 to 15 years.

### **Revenue Recognition**

Contributions, including unconditional promises to give, are recorded when received. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restrictions support that increases this net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the entity reports the support as without donor restriction.

Contributed property and equipment are recorded at fair market value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as with donor restriction support; otherwise, the contributions are recorded as without donor restriction support.

### **Functional Allocation of Expenses**

Literacy Services of Indian River County, Inc. allocates expenses on a functional basis among its program and support services. Expenses that can be identified with a specific program or support service are charged directly according to their natural expense classification. Costs common to multiple functions have been allocated among the various functions benefited on the basis of periodic time or usage studies.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for overall support and direction of the organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities.

### **Donated Services**

In accordance with SFAS 116, Literacy Services of Indian River County, Inc. does not record donated services for any volunteers working in a nonprofessional capacity.

# Literacy Services of Indian River County, Inc.

## NOTES TO FINANCIAL STATEMENTS

### 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 certain reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Accordingly, actual results may differ from those estimates. Significant estimates include but are not limited to allowance for bad debts, present value discounts, and the carrying value of assets required.

### Income Taxes

Literacy Services of Indian River County, Inc. is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Although the Organization was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to “unrelated business taxable income.” Such income, pursuant to the Internal Revenue Code and related regulations, includes investment income. The Organization has been classified as not a private foundation. The Organization’s income tax filings are subject to audit by various taxing authorities.

The Organization has evaluated the provisions of ASC Topic 740 regarding accounting for uncertainty in income taxes. The evaluation was performed for the fiscal years 2021 through 2024, the years which remain subject to examination by major tax jurisdictions as of June 30, 2024. The Organization concluded that there are no significant uncertain tax positions requiring recognition in the financial statements. The Organization does not expect the total of unrecognized tax benefits (“UTB”) (e.g., tax deductions, exclusions, or credits claimed, or expected to be claimed) to significantly change in the next twelve months. The Organization does not have any amounts accrued for interest and penalties related to UTBs at June 30, 2024, and it is not aware of any claims for such amounts by federal or state tax authorities other than listed in the preceding paragraph.

The Organization form 990 related to the year ended June 30, 2024 was due on November 15, 2024. The Organization requested a six-month extension, so form 990 will be filed on a timely basis.

### Subsequent Events

In preparing these financial statements, Literacy Services of Indian River County, Inc. has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2024, the most recent statement of financial position presented herein, through November 6, 2024, the date these financial statements were available to be issued. No significant such events or transactions were identified.

## 2. CREDIT RISK

Literacy Services of Indian River County, Inc. maintains its cash accounts at several financial institutions. Cash balances at each institution are insured by the FDIC up to \$250,000. Literacy Services of Indian River County, Inc. had uninsured cash of \$37,330 and \$38,580 at a money market account for the fiscal year ended June 30, 2024 and 2023 respectively.

# Literacy Services of Indian River County, Inc.

## NOTES TO FINANCIAL STATEMENTS

### 3. PROPERTY AND EQUIPMENT

Net property and equipment consist of the following at June 30, 2024:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
Equipment	\$ 17,935	\$ 7,947	\$ (10,108)	\$ 15,774
Furniture and fixtures	10,940		(4,214)	6,726
Total property and equipment	28,875	7,947	(14,322)	22,500
Less: Accumulated depreciation	(24,154)	(1,461)	14,322	(11,293)
Net property and equipment	<u>\$ 4,721</u>	<u>\$ 6,486</u>	<u>\$ -</u>	<u>\$ 11,207</u>

Depreciation expense was \$1,461 and \$1,891 for the years ended June 30, 2024 and 2023, respectively.

### 4. INVESTMENTS

The following is a summary of investments at June 30, 2024:

Certified deposits	\$ 374,659
IRCF Endowment fund	<u>57,180</u>
Total investments	<u>\$ 431,839</u>

The Organization invested in seven different certified deposits with original maturities of over three months but less than a year. On fiscal year ended June 30, 2022 the Board of Directors voted to establish an Endowment Fund with Indian River Community Foundation (IRCF) with an initial contribution of \$25,000. During fiscal year ended June 30, 2024, the Organization received donations to contribute an additional \$26,000 towards the endowment. The Organization's IRCF endowment is invested in five individual funds established for general charitable purposes. Since the endowment consist of funds designated by the board, it is classified as net asset without donor restrictions.

### 5. DONATED OFFICE SPACE

The Organization is provided with office space from the Indian River County Library, Brackett Library and North County Library in which to operate. The estimated fair market value of these in-kind contributions and offsetting rental expenses is \$4,500 for years ended June 30, 2024 and 2023.

# Literacy Services of Indian River County, Inc.

## NOTES TO FINANCIAL STATEMENTS

### 6. AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS

The Organization is substantially supported by unrestricted contributions. Thus, financial assets will be available for general expenditure within one year. The Organization does not have any long term or short-term debt that needs to be paid monthly; therefore, financial assets are available for general expenditures and current liabilities. In addition to unrestricted contributions, the Organization receives donations with donor's restrictions. 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 its donors.

The following reflects the Organization's financial assets as of June 30, 2024, reduced by amounts not available for general use because of donor-imposed restrictions or not available within one year of the balance sheet date:

Financial assets at year end:		
Cash and cash equivalents	\$	56,849
Investments		431,839
Prepaid expenses		<u>3,077</u>
Total financial assets		491,765
Less amounts not available to be used within one year:		
Endowment fund		<u>57,180</u>
		<u>57,180</u>
Financial assets available to meet general expenditures over the next twelve months	\$	<u><u>434,585</u></u>

### 7. 403(b) PLAN

The Organization initiated a 403(b) plan during fiscal year ending June 30, 2008. The plan is not subject to ERISA rules and regulations. Employees may make elective contributions to the plan. No contributions have been made to date by the Organization pursuant to the plan.

### 8. NET ASSETS WITH DONOR RESTRICTION

Donations with donor restrictions received during the fiscal year ended June 30, 2024 were \$140,490. The Organization expended and released all of prior fiscal year June 30, 2023 net asset with donor restriction funds and most of current fiscal year June 30, 2024 net asset with donor restriction funds received. As of June 30, 2024 the Organization had \$890 of net assets with donor restriction.