

LAFAYETTE COUNTY LITERACY COUNCIL

REVIEWED FINANCIAL STATEMENTS

DECEMBER 31, 2017

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Lafayette County Literacy Council
P. O. Box 3177
Oxford, MS 38655

We have reviewed the accompanying financial statements of Lafayette County Literacy Council (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Ronnie S. Windham, CPA

Ronnie S. Windham, CPA, PLLC
Oxford, MS 38655
November 1, 2018

FINANCIAL STATEMENTS

Lafayette County Literacy Council
Comparative Statements of Financial Position
as of December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	84,807.68	57,620.92
Grants Receivable	7,075.00	9,788.00
Inventory - Books (Note 2)	821.35	821.35
Total Current Assets	92,504.03	68,230.27
Fixed Assets		
Furniture & Fixtures	5,989.38	4,215.32
Accumulated Depreciation	-4,002.00	-3,564.00
Total Fixed Assets	1,987.38	651.32
TOTAL ASSETS	94,491.41	68,881.59
LIABILITIES AND NET ASSETS		
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable	1,582.75	1,582.75
Total Accounts Payable	1,582.75	1,582.75
Other Current Liabilities		
Payroll Liabilities	1,665.13	1,435.43
Total Other Current Liabilities	1,665.13	1,435.43
Total Current Liabilities	3,247.88	3,018.18
Total Liabilities	3,247.88	3,018.18
NET ASSETS		
Unrestricted Net Assets		
Designated Net Assets (Note 4)	3,130.00	3,130.00
Undesignated Net Assets	88,113.53	62,733.41
Total Net Assets	91,243.53	65,863.41
TOTAL LIABILITIES AND NET ASSETS	94,491.41	68,881.59

**Lafayette County Literacy Council
Comparative Statements of Activities
For the Years Ended December 31, 2017 and 2016**

	Unrestricted	
	2017	2016
Unrestricted Support		
Direct Public Support		
Corporate Contributions	0.00	2,200.00
Individ, Business Contributions	77,108.53	43,030.49
Total Direct Public Support	77,108.53	45,230.49
Indirect Public Support		
United Way, CFC Contributions	18,304.50	31,246.00
Indirect Public Support - Other	0.00	5,441.56
Total Indirect Public Support	18,304.50	36,687.56
Investments		
Interest-Savings, Short-term CD	32.89	10.42
Total Investments	32.89	10.42
Other Types of Income		
Auction Items	315.00	12,138.04
Ticket Sales	395.00	3,435.00
Miscellaneous Revenue	12,837.79	6,863.04
Total Other Types of Income	13,547.79	22,436.08
Program Income		
Program Service Fees	60.00	330.00
Total Program Income	60.00	330.00
Total Support and Revenues	109,053.71	104,694.55
Expenses		
Contribution	250.00	0.00
Business Expenses		
Bank Service Charges	27.87	10.00
Business Registration Fees	0.00	53.14
Total Business Expenses	27.87	63.14
Contract Services		
Accounting Fees	1,753.14	1,700.00
Legal Fees	0.00	0.00
Outside Contract Services	0.00	3,320.00
Total Contract Services	1,753.14	5,020.00
Facilities and Equipment		
Depreciation	438.00	261.00
Equip Rental and Maintenance	1,505.28	0.00
Rent, Parking, Utilities	0.00	2,075.00
Total Facilities and Equipment	1,943.28	2,336.00
Operations		
Marketing	359.19	1,348.23
Dues	399.00	399.00
PayPal Fees	864.15	686.76
Books, Subscriptions, Reference	20,678.37	24,699.37

See accompanying notes and independent accountant's review report

**Lafayette County Literacy Council
Comparative Statements of Activities
For the Years Ended December 31, 2017 and 2016**

	Unrestricted	
	2017	2016
Postage, Mailing Service	657.39	1,159.27
Printing and Copying	4,462.04	2,343.70
Supplies	8,759.78	1,979.08
Telephone, Telecommunications	683.28	734.29
Other	8,257.50	0.00
Total Operations	45,120.70	33,349.70
Other Types of Expenses		
Insurance - Liability, D and O	1,677.56	1,650.75
Other Costs	0.00	10.00
Total Other Types of Expenses	1,677.56	1,660.75
Payroll Expenses	32,721.85	26,586.04
Travel and Meetings		
Conference, Convention, Meeting	179.19	681.25
Travel	0.00	0.00
Total Travel and Meetings	179.19	681.25
Total Expense	83,673.59	69,696.88
Change in Unrestricted Net Assets	25,380.12	34,997.67
Unrestricted Net Assets at Beginning of Year	65,863.41	30,865.74
Unrestricted Net Assets at End of Year	91,243.53	65,863.41

Lafayette County Literacy Council
Comparative Statement of Functional Expenses
For The Years Ended December 31, 2017 and 2016

Year ended December 31, 2017

PROGRAM SERVICES

	<u>Adult Literacy</u>	<u>Childrens Book Fest</u>	<u>Imagination Library</u>	<u>LOU Reads</u>	<u>More Than A Meal</u>
Contribution					
Business Expenses					
Business Registration Fees	0.00	0.00	0.00	0.00	0.00
Total Business Expenses	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Contract Services					
Accounting Fees	0.00	0.00	0.00	0.00	0.00
Legal Fees	0.00	0.00	0.00	0.00	0.00
Outside Contract Services	0.00	0.00	0.00	0.00	0.00
Total Contract Services	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Facilities and Equipment					
Depr and Amort - Allowable	0.00	0.00	0.00	0.00	0.00
Equip Rental and Maintenance	0.00	0.00	0.00	0.00	0.00
Rent, Parking, Utilities	0.00	0.00	0.00	0.00	0.00
Total Facilities and Equipment	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Operations					
Marketing	25.00	0.00	18.85	0.00	0.00
Dues	0.00	0.00	0.00	0.00	0.00
Honorariums	0.00	0.00	0.00	0.00	0.00
PayPal Fees	0.00	0.00	0.00	0.00	0.00
Books, Subscriptions, Reference	509.90	0.00	19,526.90	841.57	0.00
Postage, Mailing Service	11.13	0.00	0.00	0.00	0.00
Printing and Copying	78.62	0.00	0.00	0.00	0.00
Supplies	668.33	2,716.60	365.00	3,368.00	6.42
Telephone, Telecommunications	0.00	0.00	0.00	0.00	0.00
Operations-Other	0.00	0.00	0.00	0.00	0.00
Total Operations	<u>1,292.98</u>	<u>2,716.60</u>	<u>19,900.75</u>	<u>4,009.57</u>	<u>6.42</u>
Other Types of Expenses					
Insurance - Liability, D and O	0.00	0.00	0.00	0.00	0.00
Total Other Types of Expenses	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Payroll Expenses	15,984.85	4,185.00	5,230.00	2,000.00	0.00
Travel and Meetings					
Conference, Convention, Meeting	0.00	179.19	0.00	0.00	0.00
Travel	0.00	0.00	0.00	0.00	0.00
Total Travel and Meetings	<u>0.00</u>	<u>179.19</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Expenses	<u>17,277.83</u>	<u>7,080.79</u>	<u>25,130.75</u>	<u>6,009.57</u>	<u>6.42</u>

Lafayette County Literacy Council
Comparative Statement of Functional Expenses
For The Years Ended December 31, 2017 and 2016

<u>Year ended December 31, 2017</u>	<u>SUPPORTING SERVICES</u>				<u>COMBINED</u>
	Management and General	Give The Gift	Trivia Night	Events	TOTAL
Contribution	250.00				250.00
Business Expenses					
Business Registration Fees	27.87	0.00	0.00	0.00	27.87
Total Business Expenses	27.87	0.00	0.00	0.00	27.87
Contract Services					
Accounting Fees	1,753.14	0.00	0.00	0.00	1,753.14
Legal Fees	0.00	0.00	0.00	0.00	0.00
Outside Contract Services	0.00	0.00	0.00	0.00	0.00
Total Contract Services	1,753.14	0.00	0.00	0.00	1,753.14
Facilities and Equipment					
Depr and Amort - Allowable	438.00	0.00	0.00	0.00	438.00
Equip Rental and Maintenance	1,505.28	0.00	0.00	0.00	1,505.28
Rent, Parking, Utilities	0.00	0.00	0.00	0.00	0.00
Total Facilities and Equipment	1,943.28	0.00	0.00	0.00	1,943.28
Operations					
Marketing	155.00	110.34	0.00	50.00	359.19
Dues	399.00	0.00	0.00	0.00	399.00
Honorariums	367.41	18.35	0.00	476.22	861.98
PayPal Fees	0.00	0.00	2.17	0.00	2.17
Books, Subscriptions, Reference	0.00	0.00	0.00	0.00	20,678.37
Postage, Mailing Service	146.85	0.00	0.00	499.41	657.39
Printing and Copying	137.42	1,908.33	0.00	2,337.67	4,462.04
Supplies	477.70	0.00	8.51	1,159.22	8,759.78
Telephone, Telecommunications	683.28	0.00	0.00	0.00	683.28
Operations-Other	0.00	0.00	0.00	8,257.50	8,257.50
Total Operations	2,366.66	2,037.02	10.68	12,780.02	45,120.70
Other Types of Expenses					
Insurance - Liability, D and O	1,677.56	0.00	0.00	0.00	1,677.56
Total Other Types of Expenses	1,677.56	0.00	0.00	0.00	1,677.56
Payroll Expenses	5,322.00	0.00	0.00	0.00	32,721.85
Travel and Meetings					
Conference, Convention, Meeting	0.00	0.00	0.00	0.00	179.19
Travel	0.00	0.00	0.00	0.00	0.00
Total Travel and Meetings	0.00	0.00	0.00	0.00	179.19
Total Expenses	13,090.51	2,037.02	10.68	12,780.0	83,673.59

Lafayette County Literacy Council
Comparative Statement of Functional Expenses
For the Years Ended December 31, 2017 and 2016

Year ended December 31, 2016	PROGRAM SERVICES			
	<u>Adult Literacy</u>	<u>Childrens Book Fest</u>	<u>Imagination Library</u>	<u>LOU Reads</u>
Business Expenses				
Bank Service Charges	0.00	0.00	0.00	0.00
Business Registration Fees	0.00	0.00	0.00	0.00
Total Business Expenses	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Contract Services				
Accounting Fees	0.00	0.00	0.00	0.00
Outside Contract Services	750.00	0.00	0.00	0.00
Total Contract Services	<u>750.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Facilities and Equipment				
Depreciation				
Rent, Parking, Utilities	0.00	0.00	0.00	0.00
Total Facilities and Equipment	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Operations				
Marketing	0.00	0.00	377.20	0.00
Dues	0.00	0.00	0.00	0.00
PayPal Fees	0.00	0.00	0.00	0.00
Books, Subscriptions, Reference	643.00	2,815.66	21,240.71	0.00
Postage, Mailing Service	95.14	0.00	0.00	0.00
Printing and Copying	202.17	186.47	0.00	44.26
Supplies	962.41	73.62	0.00	9.63
Telephone, Telecommunications	0.00	0.00	0.00	0.00
Total Operations	<u>1,902.72</u>	<u>3,075.75</u>	<u>21,617.91</u>	<u>53.79</u>
Other Types of Expenses				
Insurance -- Liability, D and O	0.00	0.00	0.00	0.00
Other Costs	0.00	0.00	0.00	0.00
Total Other Types of Expenses	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Payroll Expenses	12,555.73	4,676.77	4,676.77	0.00
Travel and Meetings				
Conference, Convention, Meeting	67.58	118.81	0.00	494.86
Total Travel and Meetings	<u>67.58</u>	<u>118.81</u>	<u>0.00</u>	<u>494.86</u>
TOTAL	<u><u>15,276.03</u></u>	<u><u>7,871.33</u></u>	<u><u>26,294.68</u></u>	<u><u>548.65</u></u>

Lafayette County Literacy Council
Comparative Statement of Functional Expenses
For the Years Ended December 31, 2017 and 2016

<u>Year ended December 31, 2016</u>	<u>SUPPORTING SERVICES</u>			<u>COMBINED</u>
	<u>Management and General</u>	<u>Give The Gift</u>	<u>EVENT</u>	<u>Total</u>
Business Expenses				
Bank Service Charges	10.00	0.00	0.00	10.00
Business Registration Fees	53.14	0.00	0.00	53.14
Total Business Expenses	<u>63.14</u>	<u>0.00</u>	<u>0.00</u>	<u>63.14</u>
Contract Services				
Accounting Fees	1,700.00	0.00	0.00	1,700.00
Outside Contract Services	70.00	0.00	2,500.00	3,320.00
Total Contract Services	<u>1,770.00</u>	<u>0.00</u>	<u>2,500.00</u>	<u>5,020.00</u>
Facilities and Equipment				
Depreciation	261.00			261.00
Rent, Parking, Utilities	75.00	0.00	2,000.00	2,075.00
Total Facilities and Equipment	<u>336.00</u>	<u>0.00</u>	<u>2,000.00</u>	<u>2,336.00</u>
Operations				
Marketing	742.56	72.54	155.93	1,348.23
Dues	399.00	0.00	0.00	399.00
PayPal Fees	365.53	20.36	280.87	666.76
Books, Subscriptions, Reference	0.00	0.00	0.00	24,699.37
Postage, Mailing Service	163.23	463.55	437.35	1,159.27
Printing and Copying	43.26	968.80	898.74	2,343.70
Supplies	731.21	0.00	202.31	1,979.08
Telephone, Telecommunications	734.29	0.00	0.00	734.29
Total Operations	<u>3,199.08</u>	<u>1,525.25</u>	<u>1,975.20</u>	<u>33,349.70</u>
Other Types of Expenses				
Insurance - Liability, D and O	1,650.75	0.00	0.00	1,650.75
Other Costs	0.00	0.00	10.00	10.00
Total Other Types of Expenses	<u>1,650.75</u>	<u>0.00</u>	<u>10.00</u>	<u>1,660.75</u>
Payroll Expenses	4,676.77	0.00	0.00	26,566.04
Travel and Meetings				
Conference, Convention, Meeting	0.00	0.00	0.00	681.25
Total Travel and Meetings	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>681.25</u>
TOTAL	<u><u>11,695.74</u></u>	<u><u>1,525.25</u></u>	<u><u>6,485.20</u></u>	<u><u>69,696.88</u></u>

**Lafayette County Literacy Council
Comparative Statement of Cash Flows
For Years Ended December 31, 2017 and 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase (decrease) in Net Assets	25,380.12	34,997.67
Adjustments to reconcile changes in net assets to net cash provided by operations:		
Accounts Payable	0.00	1,582.75
Grants Receivable	2,713.00	(2,298.75)
Payroll Liabilities	229.70	714.82
	28,322.82	34,996.49
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES		
Fixed Asset Purchase	(1,774.06)	0.00
Accumulated Depreciation	438.00	261.00
Security Deposits Asset	0.00	2,000.00
	(1,336.06)	2,261.00
Net cash provided by Investing Activities	26,986.76	37,257.49
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	57,620.92	20,363.43
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	84,607.68	57,620.92
CASH AND CASH EQUIVALENTS AT END OF YEAR	84,607.68	57,620.92

Lafayette County Literacy Council
Notes to Financial Statements
December 31, 2017

Note 1: Summary of Significant Accounting Policies

Organization and Nature of Activities

Lafayette County Literacy Council is a non-profit, volunteer-based corporation organized under the laws of the State of Mississippi. Lafayette County Literacy Council is a United Way agency and is a partner of Dollar General Literacy Foundation, P Beta Phi and Pro Literacy America. The mission of Lafayette County Literacy Council is to improve the quality of life in Oxford and Lafayette County through literacy and reading. The Council's four priorities are to:

Provide professionally developed and administered literacy education programs.

Promote a love of reading to children and families.

Serve as a literacy resource and information clearinghouse for the community.

Become an excellent organization with which to work and volunteer.

Basis of Accounting

The financial statements of the council have been prepared on the accrual basis.

Revenue Recognition

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net positions. The Council reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor restriction expires, a stipulated time restriction ends or purpose of restriction is accomplished and temporarily restricted net positions are reclassified to unrestricted net positions and reported in the statement of activities as net positions released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period, are reported as unrestricted support.

The Council reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Lafayette County Literacy Council
Notes to Financial Statements (Cont.)
December 31, 2017

Note 1 (Cont.): Summary of Significant Accounting Policies

Property and Equipment

Property and equipment are recorded at cost if purchased and fair value if donated. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that extend the life of the asset are capitalized. Depreciation is computed under the straight-line method over estimated useful lives of five to ten years.

Income Taxes

The Council is exempt from federal and state income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and similar provisions of Mississippi law; therefore, no provision for income taxes has been made.

Cash and Cash Equivalents

The Council considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents for purposes of the statement of cash flows.

Council

The Council is supported primarily through grants and donations from foundations and individuals. Historically, a significant portion of grants and donations were provided by a few major grantors and donors, including United Way. It is always considered reasonably possible that grantors or donors might be lost in the near term.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required 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 revenues and expenses during the reported period. Actual results could differ from those estimates.

Contributed Services

The Council receives a significant amount of contributed time from a number of volunteers which does not meet the criteria of Statement of Financial Accounting Standards No. 116, which states that support should be recognized if the services received create or enhance non-financial assets or require specialized skills and would otherwise be purchased. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Lafayette County Literacy Council
Notes to Financial Statements (Cont.)
December 31, 2017**

Note 1 (Cont.): Summary of Significant Accounting Policies

Prior Year Summarized Information

The financial statements include certain prior-year summarized comparative information in total but not by net position class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Note 2: Inventory

Inventory consists of books used in the literacy programs. Purchased books are recorded at cost and donated books are recorded at fair value.

Note 3: Fair Values of Financial Instruments

The following methods and assumptions were used by the Council in estimating its fair value disclosures for financial instruments:

Cash and Cash Equivalents: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.	<u>Carrying Amount</u> 84,608	<u>Fair Value</u> 84,608
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Note 4: Designated Net positions

The Board of Directors designated assets to be used for expenses in future years in the amount of \$3,130 per year.

Note 5: Fixed Assets and Depreciation

Fixed Assets are recorded at cost if purchased and fair value if donated. Depreciation is computed under the straight-line method over estimated useful lives of five to ten years. Fixed Assets consist of Office Furniture recorded at \$5,989. Depreciation expense for the year ended December 31, 2017 is \$438.

Note 6: Date of Management's Review

Management has evaluated subsequent events through November 1, 2018, the date on which the financial statements were available to be issued.