

LITERACY VOLUNTEERS OF
FORT BEND COUNTY, INC.

(dba Literacy Council of Fort Bend County, Inc.)

FINANCIAL REPORT

June 30, 2016 and 2015

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Independent Auditors' Report

To the Board of Directors
Literacy Volunteers of Fort Bend County, Inc.
Fort Bend County, Texas

We have audited the accompanying financial statements of Literacy Volunteers of Fort Bend County, Inc. (a Texas nonprofit corporation) 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

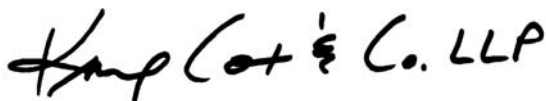
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 Volunteers of Fort Bend County, 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.



Sugar Land, Texas
August 29, 2016

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FINANCIAL STATEMENTS

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LITERACY VOLUNTEERS OF FORT BEND COUNTY, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Cash and equivalents	\$ 445,867	\$ 433,977
Accounts receivable	14,887	20,977
Prepaid Expense	8,283	3,196
Property and equipment, net of accumulated depreciation	346,385	359,623
Unconditional promises to give	3,944	2,916
	<u> </u>	<u> </u>
Total Assets	<u>\$ 819,366</u>	<u>\$ 820,689</u>
 <u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Accounts payable and accrued liabilities	\$ 87,143	\$ 103,980
Jan Schiff Scholarship - long term portion	17,844	
	<u> </u>	<u> </u>
Total Liabilities	<u>104,987</u>	<u>103,980</u>
 <u>Net Assets</u>		
Unrestricted	710,435	713,793
Temporarily restricted	3,944	2,916
	<u> </u>	<u> </u>
Total Net Assets	<u>714,379</u>	<u>716,709</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u>\$ 819,366</u>	<u>\$ 820,689</u>

LITERACY VOLUNTEERS OF FORT BEND COUNTY, INC.

STATEMENT OF ACTIVITIES

Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>Unrestricted Net Assets</u>		
Support and Revenue		
Contributions	\$ 292,797	\$ 238,858
Private foundations	176,843	202,650
Interest on investments	270	290
Total Support	<u>469,910</u>	<u>441,798</u>
<u>Net Assets Released from Restrictions</u>		
Restrictions satisfied by payments	123,676	146,139
	<u>123,676</u>	<u>146,139</u>
<u>Expenses</u>		
Program services	267,653	443,476
Management and general	238,559	128,617
Fundraising	90,732	31,154
Total Expenses	<u>596,944</u>	<u>603,247</u>
Increase (Decrease) in Unrestricted Net Assets	<u>(3,358)</u>	<u>(15,310)</u>
<u>Temporarily Restricted Net Assets</u>		
Governmental support and revenue	45,945	58,894
Private foundation support	78,759	87,463
Restrictions satisfied by payments	(123,676)	(146,139)
Increase (Decrease) in Temp. Rest. Net Assets	<u>1,028</u>	<u>218</u>
Increase (Decrease) in Net Assets	(2,330)	(15,092)
Net assets, beginning	<u>716,709</u>	<u>731,801</u>
Net Assets, Ending	<u>\$ 714,379</u>	<u>\$ 716,709</u>

LITERACY VOLUNTEERS OF FORT BEND COUNTY, INC.

STATEMENT OF CASH FLOWS

Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>Cash Flows from Operating Activities</u>		
Increase (Decrease) in Net Assets	\$ (2,330)	\$ (15,092)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	13,238	14,147
(Increase) decrease in accounts receivable	6,090	(16,908)
(Increase) decrease in prepaid expenses	(5,087)	8,591
(Increase) decrease in unconditional promises to give	(1,028)	(218)
Increase (decrease) in accounts payable and accrued liabilities	(16,837)	(7,632)
Increase (decrease) in long term liabilities	17,844	
Net Cash Provided by (Used by) Operating Activities	<u>11,890</u>	<u>(17,112)</u>
 <u>Cash Flows from Investing Activities</u>		
Purchase of property and equipment		(2,117)
Net Cash Provided by (Used by) Investing Activities		<u>(2,117)</u>
 Net Increase (Decrease) in Cash	11,890	(19,229)
 Cash and cash equivalents, beginning of year	<u>433,977</u>	<u>453,206</u>
 Cash and Cash Equivalents, End of Year	<u>\$ 445,867</u>	<u>\$ 433,977</u>

LITERACY VOLUNTEERS OF FORT BEND COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Years Ended June 30, 2016 and 2015

	2016				
	Program	Management		Total	2015
	Services	& General	Fundraising		
Bank charges	\$ 89	\$ 6,777	\$ 296	\$ 7,162	\$ 5,906
Conferences	1,629	1,225	2,218	5,072	702
Depreciation	11,914	1,324		13,238	14,147
Dues and subscriptions	349	1,870	272	2,491	3,633
Equipment lease	2,029	4,241		6,270	7,310
Fundraising	361	100	61,218	61,679	29,321
Insurance	272	6,278		6,550	6,951
Miscellaneous	968	1,565	938	3,471	5,360
Office supplies	3,056	925	220	4,201	6,555
Payroll	183,184	177,920	24,595	385,699	389,905
Postage	137	1,585	615	2,337	2,275
Printing	7,917	1,971	296	10,184	9,247
Professional services		6,500		6,500	6,799
Public relations		916	64	980	3,793
Repairs and maint.	5,435	8,353		13,788	48,904
Security	719	180		899	1,385
Software Support	17,012	7,423		24,435	24,186
Supplies	18,660	359		19,019	10,230
Telephone	4,127	1,900		6,027	6,109
Tutor appreciation	684	2,815		3,499	3,578
Utilities	9,111	4,332		13,443	16,951
Totals	\$ 267,653	\$ 238,559	\$ 90,732	\$ 596,944	\$ 603,247

LITERACY VOLUNTEERS OF FORT BEND COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION

Literacy Volunteers of Fort Bend County, Inc. (the "Organization") is a non-profit corporation which was incorporated in Texas on August 1, 1988. The dba "Literacy Council of Fort Bend County, Inc." was established June 12, 1999. The Organization is a fully accredited affiliate of the national organization, ProLiteracy America.

The Organization offers both Basic Reading and English as a Second Language (ESL) tutoring to adults in the county, as well as GED classes. Tutoring is done on a one-on-one basis or with small group tutoring. All tutoring classes are free. The Organization provides training materials to its tutors.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The Organization uses the accrual basis of accounting. Revenues are recognized when they are earned. Expenses are recognized when they are incurred.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC) No. 958. Under ASC No. 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment are carried at cost. Donated property and equipment are recorded at their estimated fair value. Depreciation is computed using the straight-line method over their estimated useful lives. Maintenance and repairs are charged to expense and major improvements are capitalized. Any gain or loss on retirement, sale or other disposition of the equipment is recognized as revenue or expense.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional.

Federal Income Taxes

The Organization is an exempt organization for federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code.

LITERACY VOLUNTEERS OF FORT BEND COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Date of Management’s Review

Subsequent events have been evaluated through August 29, 2016, which is the date the financial statements were available to be issued.

NOTE 3 – UNCONDITIONAL PROMISES TO GIVE

At June 30, 2016 and 2015, unconditional promises to give consist of the following:

	<u>2016</u>	<u>2015</u>
Governmental Financial Assistance		
Fort Bend County CDBG	\$ 2,613	\$ 2,916
Sugar Land CDBG	1,331	
	<u>\$ 3,944</u>	<u>\$ 2,916</u>

Generally, receipt of the funding is contingent only on providing the grantor with a written annual or semi-annual report summarizing the Organization’s progress and activities and/or expenditures. Where applicable, the Organization has timely filed the required information and management believes that remaining grant monies will be received in the fiscal year 2017, in accordance with the terms of the grant agreements. Based on prior experience, pledges receivable are deemed, by management, to be fully collectible. Thus, no allowance for uncollectible accounts is considered necessary.

LITERACY VOLUNTEERS OF FORT BEND COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – GRANTS

The following is a summary of grant revenues for the years ended June 30, 2016 and 2015.

<u>Grant</u>	<u>2016</u>	<u>2015</u>
Governmental Support and Revenue		
Fort Bend County CDBG	\$ 32,475	\$ 35,000
Missouri City CDBG	1,966	10,000
Sugar Land CDBG	11,504	13,894
Total Governmental Support and Revenue	<u>45,945</u>	<u>58,894</u>
Temporarily Restricted Private Foundation		
The George Foundation	78,759	87,463
Total Temporarily Restricted Private Foundation	<u>78,759</u>	<u>87,463</u>
Private Foundation		
Albert Herzstein Foundation	2,500	5,000
Charles Frueauff Foundation	25,000	22,500
EcoLab Foundation	5,000	
Exchange Club of Houston	2,500	
Fred and Mable Parks Foundation	20,000	15,000
Hederson-Wessendorff Foundation	30,000	30,000
Houston Center for Literacy	3,143	
Houston Endowment, Inc.	50,000	50,000
Junior Service League	20,000	13,900
Madison Foundation		25,000
Other grants	2,200	4,000
The Simmons Foundation		20,000
Vanguard Charitable Endowment	5,000	5,000
Wells Fargo	10,000	9,250
Wynn and Mary Geiger Foundation	1,500	3,000
Total Private Foundation	<u>176,843</u>	<u>202,650</u>
Grant Total	<u>\$ 301,547</u>	<u>\$ 349,007</u>

LITERACY VOLUNTEERS OF FORT BEND COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – PROPERTY AND EQUIPMENT

The changes in property and equipment for the year ended June 30, 2016 are as follows:

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2016</u>
Land	\$ 82,370	\$	\$	\$ 82,370
Building	411,159			411,159
Improvements	40,587			40,587
Furniture & fixtures	26,756	-		26,756
Office equipment	60,429			60,429
	621,301	-		621,301
Accumulated depreciation	(261,678)	(13,238)		(274,916)
	<u>\$ 359,623</u>	<u>\$ (13,238)</u>	<u>\$</u>	<u>\$ 346,385</u>

NOTE 6 – DONATED MATERIALS AND SERVICES

SFAS No. 116 establishes new criteria for recognizing donated services. Services must be recognized as contributions if either 1) the services create or enhance nonfinancial assets, or 2) the services require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

The Organization receives a significant amount of donated services from unpaid volunteers who act as tutors and others who assist in fund raising and special projects. No amounts have been recognized for these donated services in the accompanying statements of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following:

	<u>2016</u>	<u>2015</u>
Student/tutor match program	\$ 2,323	\$ 1,954
Program Director	1,621	962
	<u>\$ 3,944</u>	<u>\$ 2,916</u>

(End of Report)