

LAFAYETTE COUNTY LITERACY COUNCIL

REVIEWED FINANCIAL STATEMENTS

DECEMBER 31, 2014

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Lafayette County Literacy Council

I have reviewed the accompanying statement of financial position of Lafayette County Literacy Council (a nonprofit organization) as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization 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, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

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

Ronnie S. Windham, CPA

Ronnie S. Windham, CPA, PLLC
Oxford, Mississippi
June 19, 2015

FINANCIAL STATEMENTS

LAFAYETTE COUNTY LITERACY COUNCIL
 COMPARATIVE STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Assets		
Current Assets:		
Cash and Cash Equivalents	5,368	24,026
Grants Receivable	9,788	9,788
Inventory (Note 2)	821	821
Total Current Assets	<u>15,977</u>	<u>34,635</u>
Fixed Assets		
Equipment	4,215	2,911
Less Depreciation	<u>(3,042)</u>	<u>(2,911)</u>
Total Fixed Assets	<u>1,173</u>	<u>-</u>
Other Assets		
Security Deposits Asset	<u>1,500</u>	<u>-</u>
Total Other Assets	<u>1,500</u>	<u>-</u>
Total Assets	<u><u>18,650</u></u>	<u><u>34,635</u></u>
 Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	<u>1,602</u>	<u>1,663</u>
Total Current Liabilities	<u>1,602</u>	<u>1,663</u>
 Net Assets		
Unrestricted Net Assets		
Designated Net Assets (Note 4)	3,130	3,130
Undesignated Net Assets	<u>13,918</u>	<u>29,842</u>
Total Net Assets	<u>17,048</u>	<u>32,972</u>
Total Liabilities and Net Assets	<u>18,650</u>	<u>34,635</u>

See accompanying notes and independent accountant's review report

LAFAYETTE COUNTY LITERACY COUNCIL
 COMPARATIVE STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	UNRESTRICTED	
	2014	2013
UNRESTRICTED SUPPORT		
Direct Public Support		
Individual, Business Contributions	22,212	16,939
Total Direct Public Support	22,212	16,939
Indirect Public Support		
United Way, CFC Contributions	39,086	39,702
Total Indirect Public Support	39,086	39,702
REVENUES		
Program Service Fees	30	-
Interest-Savings, Short-term CD	6	9
Total Revenues	36	9
TOTAL SUPPORT AND REVENUES	61,334	56,650
EXPENSES:		
Business Expenses		
Business Registration Fees	50	50
Total Business Expense	50	50
Contract Services		
Professional Fees	5,583	1,000
Outside Contract Services	3,000	1,500
Total Contract Services	8,583	2,500
Facilities and Expenses		
Depr and Amort - Allowable	131	# 416
Rent, Parking, Utilities	612	# 1,254
Total Facilities and Equipment	743	1,670
Operations		
Honorariums	25	1,000
PayPal Fees	120	412
Dues	384	
Books, Subscriptions, Reference	26,758	23,020
Postage, Mailing Service	470	492
Printing and Copying	1,401	1,934
Supplies	2,151	1,165
Telephone, Telecommunications	891	962

See accompanying notes and independent accountant's review report

LAFAYETTE COUNTY LITERACY COUNCIL
 COMPARATIVE STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Total Operations	32,200	28,985
Other Types of Expenses		
Insurance - Liability, D and O	1,651	900
Total Other Types of Expenses	1,651	900
Payroll Expenses	33,864	27,322
Total Payroll Expenses	33,864	27,322
Travel and Meetings		
Conference, Convention Meeting	167	10
Total Travel and Meetings	167	10
TOTAL EXPENSES:	<u>77,258</u>	<u>61,437</u>
Change in Unrestricted Net Assets	(15,924)	(4,788)
Unrestricted Net Assets at Beginning of Year	32,972	37,759
Unrestricted Net Assets at End of Year	<u>17,048</u>	<u>32,972</u>

See accompanying notes and independent accountant's review report

LAFAYETTE COUNTY LITERACY COUNCIL
 COMPARATIVE STATEMENTS OF FUNCTIONAL EXPENSES
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

2014

	PROGRAM SERVICES								Supporting Services	TOTAL
	Adult Literacy	Book Exchange	Childrens Book Fest	EVENT	Give The Gift	Imagination Library	Reading Rockets	Trivia Night	Mgmt and General	
Business Expenses										
Business Registration Fees	0	0	0	0	0	0	0	0	50	50
Total Business Expenses	0	0	0	0	0	0	0	0	50	50
Contract Services										
Accounting Fees	0	0	0	0	0	0	0	0	1,800	1,800
Legal Fees	0	0	0	0	0	0	0	0	3,783	3,783
Outside Contract Services	3,000	0	0	0	0	0	0	0	1,500	3,000
Total Contract Services	3,000	0	0	0	0	0	0	0	7,083	8,583
Facilities and Equipment										
Depr and Amort - Allowable	0	0	0	0	0	0	0	0	131	131
Rent, Parking, Utilities	0	612	0	0	0	0	0	0	0	612
Total Facilities and Equipment	0	612	0	0	0	0	0	0	131	743
Operations										
Dues	0	0	0	0	0	0	0	0	384	384
Honorariums	0	0	0	0	0	0	25	0	0	25
PayPal Fees	0	0	0	0	0	0	0	0	120	120
Books, Subscriptions, Reference	0	0	5,657	10	0	19,914	1,046	0	131	26,758
Postage, Mailing Service	6	0	0	0	322	0	9	0	133	470
Printing and Copying	79	0	104	81	435	396	0	0	307	1,401
Supplies	1,286	61	85	16	0	51	124	0	528	2,151
Telephone, Telecommunications	0	0	0	0	0	0	0	23	867	891
Total Operations	1,371	61	5,846	107	757	20,361	1,204	23	2,470	32,199
Other Types of Expenses										
Insurance - Liability, D and O	0	0	0	0	0	0	0	0	1,651	1,651
Total Other Types of Expenses	0	0	0	0	0	0	0	0	1,651	1,651
Payroll Expenses	6,803	0	2,837	0	0	2,968	15,269	0	5,920	33,848
Payroll Taxes	0	0	0	0	0	0	0	0	18	18
Travel and Meetings										
Conference, Convention, Meeting	167	0	0	0	0	0	0	0	0	167
Total Travel and Meetings	167	0	0	0	0	0	0	0	0	167
Total Expense	11,340	673	8,733	107	757	23,329	16,473	23	15,824	77,258

**LAFAYETTE COUNTY LITERACY COUNCIL
COMPARATIVE STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

2013

	PROGRAM SERVICES								SUPPORTING SERVICES		TOTAL
	Book Art Contest	Book Exchange	Conference for The Book	Give The Gift	Imagination Library	More Than A Meal	Reading Rockets	Trivia Night	Mgt & General	Fund raising	
Expense											
Business Expenses											
Business Registration Fees	-	0	0	0	0	0	0	0	50	0	50
Total Business Expenses	-	0	0	0	0	0	0	0	50	0	50
Contract Services											
Outside Contract Services	-	0	0	0	0	0	0	0	2,500	0	2,500
Total Contract Services	-	0	0	0	0	0	0	0	2,500	0	2,500
Facilities and Equipment											
Depr and Amort - Allowable	-	0	0	0	0	0	0	0	416	0	416
Rent, Parking, Utilities	-	1,254	0	0	0	0	0	0	0	0	1,254
Total Facilities and Equipment	-	1,254	0	0	0	0	0	0	416	0	1,670
Operations											
Honorariums	-	0	1,000	0	0	0	0	0	0	0	1,000
PayPal Fees	-	0	0	0	0	0	0	0	360	52	412
Books, Subscriptions, Reference	-	0	3,506	0	20,130	0	0	0	-616	0	23,020
Postage, Mailing Service	-	0	9	230	0	0	6	0	100	147	492
Printing and Copying	731	0	0	190	345	0	0	0	219	450	1,934
Supplies	165	42	50	0	301	1	493	31	83	0	1,165
Telephone, Telecommunications	5	0	0	0	0	0	0	0	957	0	962
Total Operations	901	42	4,565	420	20,776	1	498	31	1,102	649	28,985
Other Types of Expenses											
Insurance - Liability, D and O	-	0	0	0	0	0	0	0	900	0	900
Total Other Types of Expenses	-	0	0	0	0	0	0	0	900	0	900
Payroll Expenses	273	393	1,385	127	6,301	10	11,223	0	6,863	747	27,322
Travel and Meetings											0
Conference, Convention, Meeting	-	0	0	0	0	0	0	0	10	0	10
Total Travel and Meetings	-	0	0	0	0	0	0	0	10	0	10
Total Expense	1,174	1,689	5,950	547	27,077	11	11,721	31	11,841	1,396	61,437

See accompanying notes and independent accountant's review report

LAFAYETTE COUNTY LITERACY COUNCIL
 COMPARATIVE STATEMENTS OF CASH FLOWS
 YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES		
Net increase (decrease) in Net Assets	(15,924)	(4,788)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
(Increase) Decrease in Grants Receivable	-	(5,225)
(Increase) Decrease in Inventory		
Increase (Decrease) in Accounts Payable and accrued expenses	(61)	483
NET CASH FROM (USED FOR) OPERATING ACTIVITIES	(15,985)	(9,530)
 CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES		
Fixed Asset Purchase	(1,304)	-
Security Deposit	(1,500)	-
Depreciation	131	416
NET CASH FROM (USED FOR) INVESTING ACTIVITIES	(2,673)	416
 NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(18,658)	(9,114)
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	24,026	33,140
 CASH AND CASH EQUIVALENTS AT END OF YEAR	5,368	24,026

See accompanying notes and independent accountant's review report

Lafayette County Literacy Council
Notes to Financial Statements
December 31, 2014

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 member of the North Mississippi Literacy Alliance and Pro Literacy America. Lafayette County Literacy Council is dedicated to raising literacy levels in Oxford and Lafayette County by offering the following activities:

Newborn Literacy programs that provide parent education videos and children's books to new mothers

Tutoring programs that provide reading coaches to adults, children, and English-as-a-Second-Language learners who want to work toward improving their skills in reading, math, or technology

Family Literacy programs that teach families the importance of reading together and provide free books to have in the home

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, 2014

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, 2014

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, 2013, 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.	Carrying <u>Amount</u> 5,368	Fair <u>Value</u> 5,368
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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 \$4,215. Depreciation expense for the year ended December 31, 2014 is \$131.

Note 6: Date of Management's Review

Management has evaluated subsequent events through June 19, 2015, the date on which the financial statements were available to be issued.