

**THE LITERACY CENTER
(A Not-for-Profit Corporation)**

**Financial Statements and
Independent Auditor's Report**

June 30, 2019

**THE LITERACY CENTER
(A Not-for-Profit Corporation)
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Literacy Center
Allentown, PA

We have audited the accompanying financial statements of The Literacy Center (A Not-for-Profit Corporation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year 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 The Literacy Center as of June 30, 2019, 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.

Report on Summarized Comparative Information

We have previously audited the Literacy Center's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 14, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Corybell, Rappold & Yasaita LLP

June 12, 2020

THE LITERACY CENTER
(A Not-for-Profit Corporation)
STATEMENTS OF FINANCIAL POSITION

	<u>June 30,</u> <u>2019</u>	<u>June 30,</u> <u>2018</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 273,504	\$ 240,544
Investments (Notes 3 and 4)	190,972	178,141
Grants and Other Receivables (Note 5)	211,779	19,241
Prepaid Expenses	7,933	15,758
Equipment and Leasehold Improvements, Net (Note 6)	<u>50,728</u>	<u>66,585</u>
 Total Assets	 <u>\$ 734,916</u>	 <u>\$ 520,269</u>
<u>Liabilities and Net Assets</u>		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 72,094	\$ 28,531
Lease Payable	<u>7,567</u>	<u>7,307</u>
 Total Liabilities	 <u>79,661</u>	 <u>35,838</u>
Net Assets		
Without Donor Restrictions:		
Undesignated	562,255	478,772
Board Designated for Scholarships	3,000	3,000
With Donor Restrictions:		
Purpose Restrictions (Note 8)	-	2,659
Time Restrictions (Note 8)	<u>90,000</u>	<u>-</u>
 Total Net Assets	 <u>655,255</u>	 <u>484,431</u>
 Total Liabilities and Net Assets	 <u>\$ 734,916</u>	 <u>\$ 520,269</u>

See independent auditor's report and notes to financial statements.

**THE LITERACY CENTER
(A Not-for-Profit Corporation)
STATEMENTS OF ACTIVITIES**

	Year Ended June 30, 2019			Year Ended June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues, Gains, and Other Support						
Grants and Community Contributions	\$ 398,956	\$ 105,000	\$ 503,956	\$ 408,570	\$ -	\$ 408,570
Contributed Services and Other In-Kinds (Note 1)	25,758	-	25,758	97,496	-	97,496
Governmental Grants and Service Revenue	366,887	-	366,887	456,494	-	456,494
Gross Special Events Revenue	16,478	-	16,478	12,605	-	12,605
Satisfaction of Restrictions	17,659	(17,659)	-	-	-	-
Total Operating Revenues, Gains, and Other Support	825,738	87,341	913,079	975,165	-	975,165
Operating Expenses						
Program	628,960	-	628,960	753,920	-	753,920
Management and General	66,515	-	66,515	89,212	-	89,212
Fundraising	59,706	-	59,706	50,227	-	50,227
Total Expenses	755,181	-	755,181	893,359	-	893,359
Change in Net Assets from Operations	70,557	87,341	157,898	81,806	-	81,806
Other Changes in Net Assets						
Net Assets Released from Restrictions for Fixed Asset Purchases	-	-	-	10,041	(10,041)	-
Investment Income	6,275	-	6,275	4,365	-	4,365
Net Realized/Unrealized Gain on Investments	6,651	-	6,651	1,892	-	1,892
Total Other Changes	12,926	-	12,926	16,298	(10,041)	6,257
Increase (Decrease) in Net Assets	83,483	87,341	170,824	98,104	(10,041)	88,063
Net Assets at Beginning of Year	481,772	2,659	484,431	383,668	12,700	396,368
Net Assets at End of Year	<u>\$ 565,255</u>	<u>\$ 90,000</u>	<u>\$ 655,255</u>	<u>\$ 481,772</u>	<u>\$ 2,659</u>	<u>\$ 484,431</u>

See independent auditor's report and notes to financial statements.

THE LITERACY CENTER
(A Not-for-Profit Corporation)
STATEMENTS OF CASH FLOWS

	Year Ended	
	June 30, 2019	June 30, 2018
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 170,824	\$ 88,063
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	16,437	14,978
Net Realized/Unrealized Gains/Losses on Investments	(6,651)	(1,892)
(Increase) Decrease in Assets:		
Accounts Receivable	(192,538)	(14,324)
Prepaid Expenses	7,825	(4,948)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	43,563	(16,006)
Deferred Revenue	-	(960)
Lease Payable	260	1,923
	39,720	66,834
Net Cash Provided by Operating Activities		
Cash Flows from Investing Activities		
Purchase of Investments	(6,180)	(14,106)
Purchase of Equipment and Leasehold Improvements	(580)	(26,786)
	(6,760)	(40,892)
Net Cash Used by Investing Activities		
Net Increase in Cash and Cash Equivalents	32,960	25,942
Cash and Cash Equivalents - Beginning of Year	240,544	214,602
Cash and Cash Equivalents - End of Year	\$ 273,504	\$ 240,544

See independent auditor's report and notes to financial statements.

THE LITERACY CENTER
(A Not-for-Profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019
With Comparative Totals for 2018

	Program Services	Management and General	Fund Raising	Year Ended June 30,	
				2019	2018
Salaries	\$ 382,636	\$ 29,616	\$ 28,616	\$ 440,868	\$ 474,324
Employee Health Benefits	17,207	3,112	-	20,319	35,963
Payroll Taxes	36,172	1,254	2,589	40,015	50,036
Total Salaries and Related Expenses	436,015	33,982	31,205	501,202	560,323
Professional Fees	20,439	18,088	2,451	40,978	71,873
Office Supplies	4,490	55	-	4,545	3,034
Instructional Material	4,910	188	-	5,098	12,538
Telephone and Internet	3,643	153	153	3,949	2,933
Postage	15	6	212	233	1,237
Printing and Advertising	-	4,048	2,668	6,716	3,671
Travel	353	90	90	533	2,477
Conference and Meetings	2,759	-	4,824	7,583	5,510
Equipment Maintenance	13,367	548	2,951	16,866	4,597
Occupancy	90,353	3,628	3,628	97,609	91,455
Insurance	9,891	1,231	494	11,616	10,611
Dues	-	516	854	1,370	1,324
Public Relations	-	-	-	-	-
Program Expenses	3,653	-	3,695	7,348	1,437
Board Functions	-	298	-	298	611
Bank Fees	-	1,521	-	1,521	1,663
Miscellaneous Expenses	164	26	-	190	1,199
Special Events	-	-	5,331	5,331	4,392
In-Kind Equipment and Materials	-	-	-	-	539
Use of Contributed Services and Facilities (Note 1)	25,758	-	-	25,758	96,957
Total Expenses Before Depreciation	615,810	64,378	58,556	738,744	878,381
Depreciation	13,150	2,137	1,150	16,437	14,978
Total Expenses	\$ 628,960	\$ 66,515	\$ 59,706	\$ 755,181	\$ 893,359

See independent auditor's report and notes to financial statements.

THE LITERACY CENTER
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The Literacy Center (TLC), guided by the mission: Education for Work, Family and Life, is a leader in community-based adult literacy education which is built on accessible, innovative, cost-effective instructional services. Pre-GED, Graduate Equivalency Diploma (GED), English as a Second Language (ESL), Career, and Family Literacy are core services, supplemented by instruction in computer basics, health wellness, nutrition and financial literacy. All instruction is offered at TLC's main offices in center city Allentown. A group tutoring model and one on one tutoring model is provided to support student outcomes and academic achievement. Services are provided to students regardless of their ability to pay.

Established in 1977 The Literacy Center (TLC) continues to serve a growing adult student population in the Lehigh Valley who are seeking English language proficiency and/or the high school equivalency diploma.

The Literacy Center's mission is to deliver high-quality instruction, training and support for Lehigh Valley adults experiencing language, education, and employment barriers. The Literacy Center (TLC) has been providing educational programs that help Lehigh Valley residents improve their literacy skills since 1977. Through English as a Second Language (ESL), High School Equivalency (GED®), Workforce Development, and support services, TLC is solving the complex challenges of low literacy in our community – one student and one family at a time. During the past forty-three years, over 30,000 adults have benefited from TLC's programs.

TLC has been recognized by the Pennsylvania Department of Education (PDE) for Educational Functional Level (EFL) documented student gains that consistently exceed the Commonwealth's and National Results System (NRS) benchmark standards. TLC exceeded all PDE standards of student outcome measurement.

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting with the principles of not-for-profit accounting.

THE LITERACY CENTER
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of TLC are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or certain grantor restrictions. Net assets without donor restrictions may be designated for specific purposes by the action of the Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, TLC considers cash held in savings accounts and separately held money market funds to be cash equivalents.

Accounts Receivable

Accounts receivable represents grants due from counties, states, and various sources. All accounts receivable are deemed collectible and no allowance has been provided.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restriction if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

THE LITERACY CENTER
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Equipment and Leasehold Improvements

Equipment and leasehold improvements are stated at cost. Depreciation is computed by use of the straight-line method based on estimated useful lives. Donated fixed assets are stated at fair value and depreciated by use of the straight-line method based on estimated useful lives. Assets with costs under \$500 are not capitalized.

	<u>Years</u>
Equipment	3 - 10
Furniture and Fixtures	5 - 10
Leasehold Improvements	10

Operating Measure

TLC includes all changes in Net Assets Without Donor Restrictions in its "operating income" on the Statement of Activities except:

Contributions Restricted for Fixed Asset Purchases
Investment Income
Net Realized/Unrealized Gain (Loss) on Investments

Contributions

TLC reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

TLC reports gifts of land, buildings, and equipment as support without donor restriction 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 support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, TLC reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

All contributions, legacies and bequests are considered to be available for use unless specifically restricted by the donor.

THE LITERACY CENTER
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Income Taxes

TLC is a non-profit organization exempt from income taxes under section 501(c)(3), of the internal revenue code.

The accounting standard for uncertainty in income taxes addresses the determination of whether tax benefits claims or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, TLC may recognize the tax benefits from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of TLC and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits or liabilities recorded for the fiscal years 2019 and 2018.

TLC files its 990 with the United States Internal Revenue Service and Form BCO-10 with the Bureau of Charitable Organizations in Pennsylvania.

Donated Materials and Services

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. Donated services for volunteer tutor hours have been valued at \$23.07 per hour. No amounts have been reflected in the statements for other services donated inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in TLC's program services and in its fund-raising campaigns.

Estimates and Assumptions

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

THE LITERACY CENTER
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Allocation of Expenses by Function

As reported in the Statement of Functional Expenses, expenses of TLC have been allocated to the following functional reporting classifications:

Program Services
Management and General
Fundraising

TLC's method for allocating expenses among the functional reporting classifications, which cannot be specifically identified as program or supporting service are based on estimates made for time spent by key personnel between functions, space occupied by function, consumption, and other objective bases.

Advertising Costs

Costs incurred for producing and communicating advertising are expensed when incurred.

Reclassifications

Certain 2018 amounts have been reclassified in order to conform to the 2019 financial statement presentation. These reclassifications have no effect on the changes in net assets as previously reported.

2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following:

Cash and Cash Equivalents	\$ 273,504
Investments	190,972
Grants and Other Receivables	<u>211,779</u>
Less: Donor Restricted for Passage of Time	<u>(90,000)</u>
	<u>\$ 586,255</u>

TLC is supported mainly by community contributions and governmental grants. TLC believes that the continuing support, along with assets held as of June 30, 2019, is sufficient to enable TLC to continue to operate for the coming year.

THE LITERACY CENTER
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

3. Investments

Investments are composed of the following:

	June 30,	
	2019	2018
Money Market Funds	\$ 17,027	\$ 16,899
Equities	12,735	10,711
Mutual Funds	161,210	150,531
Total Investments	\$ 190,972	\$ 178,141

The marketable securities at June 30, 2019 and 2018 are carried at fair value. The cumulative effect of unrealized gain (loss) is \$18,436 and \$16,544, respectively.

4. Fair Value Measurements

Financial Accounting Standards Board Statement ASC 820-10, establishes a framework for measuring fair value. That framework provides 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that TLC has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable, are significant to the fair value measurement and include management's judgments about the assumptions market participants would use in pricing the asset or liability.

THE LITERACY CENTER
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NOTES TO FINANCIAL STATEMENTS
June 30, 2019

4. Fair Value Measurements (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Investments classified within Level 3 whose fair value measurements consider several inputs may include Level 1 and/or Level 2 inputs as components of the overall fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019 and 2018.

Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds: Valued at the net asset value ("NAV") of shares held by TLC at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while TLC believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, TLC's assets at fair value as of June 30, 2019 and 2018:

	Assets at Fair Value as of June 30			
	Level 1	Level 2	Level 3	Total
2019				
Money Market Funds	\$ 17,027	\$ -	\$ -	\$ 17,027
Equities				
Healthcare	12,735	-	-	12,735
Mutual Funds				
Large Value	99,603	-	-	99,603
Bond Funds	61,607	-	-	61,607
Total Assets at Fair Value	<u>\$ 190,972</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,972</u>
2018				
Money Market Funds	\$ 16,899	\$ -	\$ -	\$ 16,899
Equities				
Healthcare	10,711	-	-	10,711
Mutual Funds				
Large Value	56,160	-	-	56,160
Bond Funds	94,371	-	-	94,371
Total Assets at Fair Value	<u>\$ 178,141</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,141</u>

There were no transfers between Level 1, Level 2, and Level 3 investments in 2019 and 2018. Transfers are recognized at the end of the reporting period.

THE LITERACY CENTER
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NOTES TO FINANCIAL STATEMENTS
June 30, 2019

5. Grants and Other Receivables

Grants and other receivables consist of:

	June 30,	
	2019	2018
Community Development Block Grants	\$ 11,441	\$ 15,284
Pennsylvania Department of Education	200,338	-
Various Other	-	3,957
	\$ 211,779	\$ 19,241

6. Equipment and Leasehold Improvements

Equipment and leasehold improvements consist of the following:

	June 30,	
	2019	2018
Office and Program Equipment	\$ 120,107	\$ 119,527
Leasehold Improvements	29,680	29,680
Less: Accumulated Depreciation and Amortization	(99,059)	(82,622)
	\$ 50,728	\$ 66,585

Depreciation and amortization charged to expense was \$16,437 and \$14,978, for the years ended June 30 2019 and 2018, respectively.

7. Line of Credit

During the fiscal year ended June 30, 2019, TLC had available a \$50,000 line of credit of which the entire balance was unused at June 30, 2019 and 2018. Bank advances on the credit line are payable on demand and carry an interest rate of the Wall Street Journal prime rate +0.5% as of June 30, 2019. The line of credit was collateralized by securities held in the BB&T Investments account. The line of credit expired in early 2020 and was not renewed after expiration.

THE LITERACY CENTER
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

8. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

	June 30,	
	2019	2018
Subject to Expenditure for Specified Purpose:		
Program Services and Related Equipment	\$ -	\$ 2,659
	-	2,659
Subject to the Passage of Time:		
Fiscal Year 2020 Programs and Operations	90,000	-
	90,000	-
Total	\$ 90,000	\$ 2,659

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose:

	June 30,	
	2019	2018
Released for Programs and Equipment Purchases	\$ 2,659	\$ 10,041
Executive Director Salary	15,000	-
	\$ 17,659	\$ 10,041

9. Savings Plan

TLC provides its employees with the option of participation in a 403(b) salary reduction plan. The cost to TLC for this plan was \$-0- for the years ending June 30, 2019 and 2018.

THE LITERACY CENTER
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NOTES TO FINANCIAL STATEMENTS
June 30, 2019

10. Leases

TLC leases its office space in Allentown under a multi-year lease expiring in August, 2022. Yearly rental expense, including parking, for the years ended June 30, 2019 and 2018 was \$76,425 and \$75,312, respectively. Future obligations of TLC's long-term leases as of June 30, 2019 are:

Year ending June 30,	
2020	\$ 78,437
2021	80,790
2022	83,214
2023	<u>14,074</u>
	<u>\$256,515</u>

11. Summarized Totals for Year Ended June 30, 2018

The financial statements include certain prior-year summarized comparative information in total, but not by functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2018, from which summarized information was derived.

12. Subsequent Events

Management has considered events subsequent to June 30, 2019 that affect TLC through June 12, 2020, the date the financial statements were available to be issued, and has determined that no material subsequent events exist that require disclosure.

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to The Literacy Center, COVID-19 may impact various parts of its 2020 operations and financial results. Management believes the Organization is taking appropriate actions to mitigate the negative impact. As of the report release date, The Literacy Center has secured additional funding via the federal Paycheck Protection Program, thus helping to supplement 2020 fiscal operations. The Literacy Center has also maintained their existing staff and continues to operate remotely, while holding classes and providing instruction online. The full impact of COVID-19 is unknown however, and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.