

LINCOLN LITERACY
FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018



**DANA F. COLE
& COMPANY** LLP
CERTIFIED PUBLIC ACCOUNTANTS

LINCOLN LITERACY
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**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lincoln Literacy Council
Lincoln, Nebraska

We have audited the accompanying financial statements of Lincoln Literacy Council (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 of 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 auditors' 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 Lincoln Literacy Council as of December 31, 2019 and 2018, the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Dana F Cole + Company, LLP

Lincoln, Nebraska
April 13, 2020

LINCOLN LITERACY
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2019 AND 2018

| | 2019 | 2018 |
|---|-----------------------|-----------------------|
| ASSETS | | |
| ASSETS | | |
| Cash and cash equivalents | 171,566 | 161,835 |
| Investments | 169,185 | 117,569 |
| Accounts receivable | 52,836 | 70,141 |
| Inventory | 9,527 | 8,889 |
| Prepaid expenses | 3,359 | 2,918 |
| Equipment | 82,412 | 71,731 |
| Less accumulated depreciation | <u>(31,955)</u> | <u>(33,053)</u> |
| TOTAL ASSETS | <u>456,930</u> | <u>400,030</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable | 9,199 | 7,379 |
| Sales tax payable | 26 | 47 |
| Payroll tax payable | 3,398 | 15,818 |
| Wages payable | 6,438 | 4,153 |
| Unearned grant support and deferred revenue | <u>7</u> | <u>12,492</u> |
| Total liabilities | <u>19,068</u> | <u>39,889</u> |
| NET ASSETS | | |
| With donor restrictions | | |
| Restricted by purpose or time | 18,750 | 11,500 |
| Without donor restrictions | | |
| Net investment in property and equipment | 50,457 | 38,678 |
| Designated | 169,184 | 106,601 |
| Undesignated | <u>199,471</u> | <u>203,362</u> |
| Total without donor restriction | <u>419,112</u> | <u>348,641</u> |
| Total net assets | <u>437,862</u> | <u>360,141</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>456,930</u> | <u>400,030</u> |

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

LINCOLN LITERACY
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2019 AND 2018

| | 2019 | | | 2018 | | |
|--|----------------------------------|-------------------------------|----------------|----------------------------------|-------------------------------|----------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| REVENUES AND OTHER SUPPORT | | | | | | |
| Contributions | 189,924 | | 189,924 | 184,333 | | 184,333 |
| United Way funding | 42,816 | | 42,816 | 42,852 | | 42,852 |
| Other grants | 86,568 | 25,500 | 112,068 | 107,258 | 11,500 | 118,758 |
| Membership dues | 25 | | 25 | 9,679 | | 9,679 |
| Government grants | | 148,794 | 148,794 | | 125,849 | 125,849 |
| Fees | 64,330 | | 64,330 | 29,331 | | 29,331 |
| Workshops, classes, and materials | 17,116 | | 17,116 | 16,019 | | 16,019 |
| Investment return | 22,292 | | 22,292 | (104) | | (104) |
| Gain (loss) on disposal of fixed assets | 1,200 | | 1,200 | (1,038) | | (1,038) |
| Gain (loss) on book sales | 294 | | 294 | (395) | | (395) |
| Special events, net direct donor benefit costs of \$6,215 and \$4,373 | 50,479 | | 50,479 | 44,086 | | 44,086 |
| Net assets released from restriction | <u>167,044</u> | <u>(167,044)</u> | | <u>125,849</u> | <u>(125,849)</u> | |
| Total revenues and other support | <u>642,088</u> | <u>7,250</u> | <u>649,338</u> | <u>557,870</u> | <u>11,500</u> | <u>569,370</u> |
| EXPENSES | | | | | | |
| Program services | | | | | | |
| FLAIR | 86,241 | | 86,241 | 86,417 | | 86,417 |
| BASIC | 15,254 | | 15,254 | 22,987 | | 22,987 |
| ESL | 421,049 | | 421,049 | 384,095 | | 384,095 |
| Management and general | 27,848 | | 27,848 | 27,582 | | 27,582 |
| Fundraising | 21,225 | | 21,225 | 20,647 | | 20,647 |
| Total expenses | <u>571,617</u> | | <u>571,617</u> | <u>541,728</u> | | <u>541,728</u> |
| CHANGE IN NET ASSETS | 70,471 | 7,250 | 77,721 | 16,142 | 11,500 | 27,642 |
| NET ASSETS, beginning of year | <u>348,641</u> | <u>11,500</u> | <u>360,141</u> | <u>332,499</u> | | <u>332,499</u> |
| NET ASSETS, end of year | <u>419,112</u> | <u>18,750</u> | <u>437,862</u> | <u>348,641</u> | <u>11,500</u> | <u>360,141</u> |

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

LINCOLN LITERACY
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2019 AND 2018

| | 2019 | | | | | |
|--|------------------|---------------|---------------|-------------------|---------------|----------------|
| | Program Services | | | Management and | Fund- | Total |
| | ESL | BASIC | FLAIR | General | raising | |
| Wages and payroll taxes | 337,083 | 15,243 | 72,208 | 17,631 | 13,735 | 455,900 |
| Training/teaching materials | 15,458 | | | | | 15,458 |
| Office, postage, printing, supplies | 25,567 | 11 | 4,033 | 4,092 | 2,065 | 35,768 |
| Conference, workshop, dues, travel | 11,763 | | 1,500 | 710 | 175 | 14,148 |
| Occupancy | 31,178 | | 8,500 | 5,415 | | 45,093 |
| Fees | | | | | 5,250 | 5,250 |
| | <u>421,049</u> | <u>15,254</u> | <u>86,241</u> | <u>27,848</u> | <u>21,225</u> | <u>571,617</u> |
| | 2018 | | | | | |
| | Program Services | | | Management and | Fund- | Total |
| | ESL | BASIC | FLAIR | General | raising | |
| Wages and payroll taxes | 294,694 | 22,884 | 73,346 | 15,280 | 13,677 | 419,881 |
| Professional services | 1,105 | | | 195 | | 1,300 |
| Training/teaching materials | 21,559 | | | | | 21,559 |
| Office, postage, printing, supplies | 25,606 | 103 | 4,021 | 6,724 | 1,968 | 38,422 |
| Conference, workshop, dues, travel | 8,637 | | 1,100 | 551 | | 10,288 |
| Occupancy | 32,494 | | 7,950 | 4,832 | | 45,276 |
| Fees | | | | | 5,002 | 5,002 |
| | <u>384,095</u> | <u>22,987</u> | <u>86,417</u> | <u>27,582</u> | <u>20,647</u> | <u>541,728</u> |

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

LINCOLN LITERACY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

| | 2019 | 2018 |
|--|-----------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | <u>77,721</u> | <u>27,642</u> |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 12,421 | 10,689 |
| Unrealized loss (gain) on investments | (18,377) | 5,252 |
| Proceeds from disposals | | 3,068 |
| Loss (gain) on disposition of fixed assets | (1,200) | 1,038 |
| Decrease (increase) in accounts receivable | 17,305 | (9,918) |
| Increase in inventory | (638) | (2,084) |
| Increase in prepaid expenses | (441) | (296) |
| Increase (decrease) in accounts payables | 1,820 | (18,495) |
| Increase (decrease) in sales tax payable | (21) | 5 |
| Increase (decrease) in payroll tax payable | (12,420) | 13,635 |
| Increase (decrease) in wages payable | 2,285 | (278) |
| Decrease in unearned grants | <u>(12,485)</u> | <u>(30,062)</u> |
| Total adjustments | <u>(11,751)</u> | <u>(27,446)</u> |
| Net cash provided by operating activities | <u>65,970</u> | <u>196</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investments | (33,239) | (18,248) |
| Purchase of property and equipment | <u>(23,000)</u> | <u> </u> |
| Net cash used in investing activities | <u>(56,239)</u> | <u>(18,248)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 9,731 | (18,052) |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>161,835</u> | <u>179,887</u> |
| CASH AND CASH EQUIVALENTS, end of year | <u>171,566</u> | <u>161,835</u> |
| Schedule of purchase of property and equipment | | |
| Total property and equipment additions | 24,200 | |
| Less proceeds on trade in of vehicle | <u>(1,200)</u> | <u> </u> |
| Net purchase of property and equipment | <u>23,000</u> | <u> </u> |

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

LINCOLN LITERACY
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Lincoln Literacy Council (the Organization) is a Nebraska nonprofit corporation. Its purpose is to bring students together with volunteers to provide literacy services, support, and awareness to the community. The Organization's primary support comes from donors and grants.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

New Accounting Pronouncement

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The provisions of ASU No. 2014-09 apply to exchange transactions with customers that are bound by contracts or similar arrangements and establish a performance obligation approach to revenue recognition. The new standard also requires expanded disclosures regarding the qualitative and quantitative information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard is effective for annual reporting periods beginning after December 15, 2018, and permits the use of either a full retrospective or a modified retrospective approach.

The Organization adopted the new standard on January 1, 2019, using the modified retrospective method. Based on the Organization's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. The adoption of the ASU No. 2014-09 did not have an impact on the Organization's financial statements. Therefore, no cumulative adjustment was recognized in net assets upon adoption.

Financial Statement Presentation

The financial statements report amounts by class of net assets, as required by ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are currently available for operating purposes under the direction of the Board, designated by the Board for specific use, or invested in property and equipment.

Net Assets With Donor Restrictions

Net assets with donor restrictions are stipulated by donors for specific operating purposes, for the acquisition of property and equipment or are time restricted. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with investment return available for operations.

LINCOLN LITERACY
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

The Organization utilizes FASB ASC 958-320, *Not-for-Profit Entities, Investments - Debt and Equity Securities*. FASB ASC 958-320 establishes standards of reporting at fair value certain investments, debt and equity securities, held by not-for-profit organizations.

Therefore, investments in equity securities that have a readily determinable fair value and all investments in debt securities are stated at fair value, with gains and losses included in the statements of activities. Fair value is determined by quoted market values.

Accounts Receivable

Accounts receivable have been adjusted for all known uncollectible accounts. No allowance for bad debts is considered necessary at year end.

Inventory

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method.

Property and Equipment

Property and equipment are stated at cost, if purchased, or fair market value, if donated. Major expenditures for property and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Depreciation

The Organization provides for depreciation of property and equipment using annual rates which are sufficient to amortize the cost of depreciable assets using the straight-line method over their estimated useful lives for five years.

Revenue Recognition

Fees, Workshops, Classes, and Materials

The Organization conducts program-related experiences such as English for All, Family Literacy, Workforce Readiness for Refugees, CNA and GED prep classes, where the performance obligation is delivery of the program. Employer and sponsor fees for classes are set by the Organization. For classes, fees include program supplies, staffing, and facility costs. As is customary, these items are not separately priced and, are therefore considered to be one performance obligation. Some activities require the purchase of course materials, which are separately priced.

LINCOLN LITERACY
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Special Fundraising Event Revenue

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event, the exchange component, and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the statement of activities and changes in net assets. The performance obligation is delivery of the event. The event fee is set by the Organization. FASB ASU 2014-09 requires allocation of the transaction price to the performance obligation(s). Special event fees collected by the Organization in advance of its delivery are initially recognized as liabilities (deferred revenue) and recognized as special event revenue after delivery of the event.

Contributions

The Organization utilizes FASB ASC 958-605, *Accounting for Contributions Received and Made*. FASB ASC 958-605 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributed Materials and Services

The Organization records various types of in-kind contributions. Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

Volunteers

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with its operations. The volunteer hours have not been recorded in the financial statements since those services do not meet the criteria for recognition

LINCOLN LITERACY
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Support

The Organization receives approximately 20% of its annual budget from a contract with the Nebraska Health and Human Services System.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been reported on a functional basis in the statement of functional expenses based on time and effort, actual costs, and estimates by the Organization.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$811 and \$863 for the years ended December 31, 2019 and 2018, respectively.

Compensated Absences

Employees' vacation benefits are recognized when paid.

Use of Estimates

The preparation of financial statements in accordance 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.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization utilizes the provisions of FASB ASC 740-10, *Accounting for Uncertain Tax Positions*. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that would be material to the financial statements.

LINCOLN LITERACY
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassification

In certain instances, figures for the prior year have been reclassified to place them on a basis comparable with the current year.

NOTE 2. PROLITERACY ENDOWED FUND AND THE LINCOLN COMMUNITY FOUNDATION

The Lincoln Community Foundation is a holder of the Proliteracy Endowed Fund and the Organization is a beneficiary of the income from the fund. The income from this fund is remitted to the Organization in November of each year and the amount will vary depending on the investment returns of the Lincoln Community Foundation. The total received from these funds during the years ended December 31, 2019 and 2018, was \$- 0 - and \$632, respectively.

NOTE 3. LEASE COMMITMENT

In April 2018, the Organization renewed its lease for its current office space under a noncancellable lease expiring April 30, 2023, including shared complex expenses. On May 1 of each year of the lease term monthly rent will be increased by 2.5%. There is an option to renew the lease for an additional four years at an increased monthly rental plus the shared complex expenses. At December 31, 2019, monthly lease payments were \$1,727.

In February 2018, the Organization entered into a 60-month lease with Eakes Office Plus for a copier requiring payments of \$195 due monthly.

At December 31, 2019, a schedule of the future minimum lease payments required under the above is as follows:

| Year Ending December 31, | |
|-----------------------------|--------|
| 2020 | 23,412 |
| 2021 | 23,939 |
| 2022 | 24,479 |
| 2023 | 1,266 |

NOTE 4. DESIGNATED NET ASSETS

The Board of Directors has designated net assets as of December 31, 2019 and 2018, of \$169,184 and \$106,601, respectively, for the Fund for the future.

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following as of December 31, 2019:

| | |
|--------------|---------------|
| ELLA Program | <u>18,750</u> |
|--------------|---------------|

LINCOLN LITERACY
NOTES TO FINANCIAL STATEMENTS

NOTE 6. CONCENTRATION OF CREDIT RISK

At December 31, 2019 and 2018, all deposits held in financial institutions for the Organization were covered by the Federal Deposit Insurance Corporation or other federally insured instruments.

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of trade receivables with a variety of customers. The Organization generally does not require collateral from its customers. Such credit risk is considered by management to be limited due to the Organization's broad customer base and its customers' financial resources.

NOTE 7. INVESTMENTS

The Organization utilizes FASB ASC 820-10, *Fair Value Measurements*, which provides a framework for measuring fair value under generally accepted accounting principles. FASB ASC 820-10 applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in FASB ASC 820-10, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income, and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

LINCOLN LITERACY
NOTES TO FINANCIAL STATEMENTS

NOTE 7. INVESTMENTS (Continued)

For the fiscal years ended December 31, 2019 and 2018, the application of valuation techniques applied to similar assets has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Marketable Equity Securities

The fair value of marketable equity securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Recurring Fair Value Measurements

The table below presents the balances of assets measured at December 31, 2019 and 2018, at fair value on a recurring basis.

| | 2019 | | | |
|-----------------------|---------|---------|---------|---------|
| | Total | Level 1 | Level 2 | Level 3 |
| Mutual Funds | | | | |
| Short-term bond fund | 77,560 | 77,560 | | |
| Corporate equity fund | 91,625 | 91,625 | | |
| Total | 169,185 | 169,185 | | |
| | | | | |
| | 2018 | | | |
| | Total | Level 1 | Level 2 | Level 3 |
| Mutual Funds | | | | |
| Short-term bond fund | 59,450 | 59,450 | | |
| Corporate equity fund | 58,119 | 58,119 | | |
| Total | 117,569 | 117,569 | | |

The carrying amounts, market value, unrealized gains, and unrealized losses of the Level 1 marketable securities at December 31, 2019 and 2018, are as follows:

| | 2019 | | |
|--------------|---------|-----------------|--------------|
| | Cost | Unrealized Gain | Market Value |
| Mutual funds | 145,635 | 23,550 | 169,185 |

LINCOLN LITERACY
NOTES TO FINANCIAL STATEMENTS

NOTE 7. INVESTMENTS (Continued)

| | 2018 | | |
|--------------|---------|--------------------|-----------------|
| | Cost | Unrealized Gain | Market Value |
| Mutual funds | 112,396 | 5,173 | 117,569 |

Management evaluates securities for other than temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial conditions and near-term prospects of the issuer, and (3) the intent and ability of the Organization to retain its investments in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. As management has the ability to hold securities for the foreseeable future, no declines are deemed to be other than temporary.

The following schedule summarized the investment return and its classification in the statements of activities for the years ended December 31, 2019 and 2018:

| | 2019 | 2018 |
|-------------------------|--------|---------|
| Net investment income | 3,915 | 5,148 |
| Unrealized gains (loss) | 18,377 | (5,252) |
| | 22,292 | (104) |

NOTE 8. 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:

| | 2019 | 2018 |
|---|---------|---------|
| Cash and cash equivalents | 171,566 | 161,835 |
| Investments | 169,185 | 117,569 |
| Accounts receivable | 52,836 | 70,141 |
| Total financial assets available within one year | 393,587 | 349,545 |
| Less amounts restricted by donors | 18,750 | 11,500 |
| Less amounts unavailable to management without Board of Directors approval | 169,184 | 106,601 |
| Total financial assets available to management for general expenditure within one year | 205,653 | 231,444 |

LINCOLN LITERACY
NOTES TO FINANCIAL STATEMENTS

NOTE 9. SUBSEQUENT EVENTS

Due to the recent spread of the Coronavirus (COVID-19) and anticipated slowing of business activity in services that the Organization and its community partners provide, a decline in revenue for part of the year ending December 31, 2020, is possible. The dollar amount of any decline in revenue related to COVID-19 is not known at the time of issuance of the financial statements.

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 13, 2020, the date the financial statements were available to be issued.