

LITERACY VOLUNTEERS OF CHARLOTTESVILLE / ALBERMARLE

Charlottesville, Virginia

Financial Statements

Year Ended June 30, 2025

LITERACY VOLUNTEERS OF CHARLOTTESVILLE / ALBERMARLE

Financial Statements
Year Ended June 30, 2025

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Literacy Volunteers Charlottesville / Albemarle
Charlottesville, Virginia

I have reviewed the accompanying financial statements of Literacy Volunteers Charlottesville / Albemarle (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and 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, I 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

My 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 me to perform procedures to obtain limited assurance as a basis for reporting whether I am 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. I believe that the results of my procedures provide a reasonable basis for my conclusion.

I am required to be independent of Literacy Volunteers Charlottesville / Albemarle and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my review.

Accountant's Conclusion

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 accordance with accounting principles generally accepted in the United States of America.

Sarah Pratt CPA, PLLC

Crowley, Texas
September 2, 2025

LITERACY VOLUNTEERS OF CHARLOTTESVILLE / ALBERMARLE

Statement of Financial Position

June 30, 2025

ASSETS

Cash and cash equivalents	\$ 173,049
Certificates of deposit	21,784
Accounts receivable	21,630
Prepaid expenses and other assets	4,383
Property and equipment, net	9,298
Operating lease right-of-use assets	120,950
Beneficial interest in assets held by Charlottesville Area Community Foundation	<u>124,693</u>
Total assets	<u>\$ 475,787</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable and accrued expenses	\$ 19,913
Operating lease payable	<u>120,950</u>
Total liabilities	140,863
Net assets	
Without donor restrictions	<u>334,924</u>
Total liabilities and net assets	<u>\$ 475,787</u>

See Independent Accountant's Review Report.

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

LITERACY VOLUNTEERS OF CHARLOTTESVILLE / ALBERMARLE

Statement of Activities

Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Contributions	\$ 197,206	\$ -	\$ 197,206
Grant income	218,247	20,448	238,695
Special events	36,153	-	36,153
In-kind donations	26,999	-	26,999
Less: direct benefits to donors	(37,759)	-	(37,759)
Net special events revenue	25,393	-	25,393
Other in-kind donations	5,019	-	5,019
Other income	33,518	-	33,518
Investment returns, net	12,315	-	12,315
Net assets released from restriction	20,448	(20,448)	-
Total revenues and other support	512,146	-	512,146
Expenses:			
Program services	348,457	-	348,457
Supporting services			
Management	52,367	-	52,367
Fundraising	44,716	-	44,716
Total supporting services	97,083	-	97,083
Total expenses	445,540	-	445,540
Change in net assets	66,606	-	66,606
Net assets at beginning of the year	268,318	-	268,318
Net assets at end of the year	\$ 334,924	\$ -	\$ 334,924

See Independent Accountant's Review Report.

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

LITERACY VOLUNTEERS OF CHARLOTTESVILLE / ALBERMARLE

Statement of Functional Expenses

Year Ended June 30, 2025

		Supporting Services		
	Program Services	Management	Fundraising	Total
Salaries and benefits	\$ 245,369	\$ 31,808	\$ 35,698	\$ 312,875
Fees for services	3,096	13,230	-	16,326
Supplies	10,551	630	515	11,696
Telephone	4,181	232	232	4,645
Postage	119	118	356	593
Computers and software	24,286	400	400	25,086
Printing	2,832	333	3,400	6,565
Books	7,588	-	-	7,588
Rent	45,264	2,514	2,514	50,292
Travel	291	-	28	319
Insurance	1,199	1,199	-	2,398
Dues and subscriptions	300	204	-	504
Staff and Board development	300	80	-	380
Advertising	884	-	-	884
Bank charges	-	1,254	1,255	2,509
Special events	-	-	37,759	37,759
Depreciation	2,197	365	318	2,880
Total expenses	348,457	52,367	82,475	483,299
Less direct benefits to donors	-	-	(37,759)	(37,759)
Total expenses per statement of activities	<u>\$ 348,457</u>	<u>\$ 52,367</u>	<u>\$ 44,716</u>	<u>\$ 445,540</u>

See Independent Accountant's Review Report.

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

LITERACY VOLUNTEERS OF CHARLOTTESVILLE / ALBERMARLE

Statement of Cash Flows

Year Ended June 30, 2025

Cash flows from operating activities:	
Change in net assets	\$ 66,606
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,880
Investment returns, net	(12,315)
Increase in accounts receivable	(485)
Increase in accounts payable	<u>2,012</u>
Net cash provided by operating activities	58,698
Cash flows from investing activities:	
Purchases of property and equipment	<u>(1,492)</u>
Change in cash and cash equivalents	57,206
Cash and cash equivalents at beginning of the year	<u>115,843</u>
Cash and cash equivalents at end of the year	<u><u>\$ 173,049</u></u>

See Independent Accountant's Review Report.

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

LITERACY VOLUNTEERS OF CHARLOTTESVILLE / ALBERMARLE

Notes to the Financial Statements

Note 1: Historical Background and Nature of Activities

Literacy Volunteers of Charlottesville / Albermarle ("LVCA" or the "Organization"), a nonprofit organization established in November 2003, is dedicated to improving literacy in the Greater Charlottesville area. The Organization offers free, confidential, one-to-one tutoring for adults with low literacy or basic education needs, including English language learners. In addition to literacy and basic education support, LVCA provides tutoring in US Civics and Citizenship by helping adults prepare for their citizenship interviews.

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation.

Note 2: Significant Accounting Policies

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the obligation is incurred. The financial statements of LVCA have been prepared using accounting principles generally accepted in the United States of America ("U.S. GAAP").

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

Net Assets without Donor Restrictions - Net assets without donor restrictions are available for use in general operations and are not subject to donor restrictions.

Net Assets with Donor Restrictions - Net assets with donor restrictions are subject to restrictions imposed by donors and grantors. Some 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. Other donor-imposed restrictions may be perpetual in nature, where the donor has stipulated that certain resources be maintained in perpetuity. 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.

Revenue Recognition - The Organization is supported primarily through contributions and grants. Revenues related to contributions and grants are recognized when the funds are received or unconditionally promised. Revenues related to program fees are recognized over the period of time during which the services are rendered. All revenues are recognized in an amount that reflects the consideration the Organization has received or expects to receive in exchange for those services.

Use of Estimates - Management used estimates and assumptions in preparing these financial statements in accordance with U.S. GAAP. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash and Cash Equivalents - The Organization considers all bank deposits and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted for long-term purposes are excluded from this definition.

Certificates of Deposit - Certificates of deposit have maturities in September 2025 and April 2026 and are carried at cost plus accrued interest, which approximates fair value.

LITERACY VOLUNTEERS OF CHARLOTTESVILLE / ALBERMARLE

Notes to the Financial Statements

Note 2: Significant Accounting Policies (continued)

Accounts Receivable - Accounts receivable consist of amounts due for program fees. Accounts receivable are presented on the statement of financial position net of an allowance for credit losses. The allowance for credit losses is calculated over the life of the underlying receivable and is based on historical experience of losses based on the aging of receivables, any known trends or uncertainties related to economic conditions, and reasonable and supportable economic forecasts. Balances are charged against the allowance when it is determined the receivable will not be recovered. Based on management's analysis, there was no allowance for credit losses as of June 30, 2025.

Property and Equipment - Property and equipment are recorded at cost, if purchased, and fair market value at date of donation, if contributed. The Organization capitalizes assets with a cost greater than \$500. Maintenance, repairs, and replacements, which do not improve or extend the lives of the respective assets, are charged to expense when incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective asset or lease term. The useful lives range from five to fifteen years.

Leases - The Organization recognizes a right-of-use asset and a lease liability on the effective date of a lease agreement. Right-of-use assets represent the right to use an underlying asset over the lease term, and lease liabilities represent the obligation to make lease payments resulting from the lease agreement. The Organization initially records these assets and liabilities based on the present value of lease payments over the lease term calculated using its incremental borrowing rate applicable to the leased asset or the implicit rate within the lease agreement if it is readily determinable. Lease agreements with lease and non-lease components are combined as a single lease component. Right-of-use assets additionally include net prepaid lease expenses. Options to extend or terminate an agreement are included in the lease term when it becomes reasonably certain the option will be exercised. Leases with an initial term of 12 months or less, short-term leases, are not recorded on the statement of financial position for all underlying asset classes. Lease expense for short-term and long-term operating leases is recognized on a straight-line basis over the lease term, while variable lease payments are expensed as incurred.

Investment Policy - Certain investments are held by a trustee, who is responsible for all investment decisions, managing the trust, and determining the strategy to achieve objectives per the provisions of the trust document. The Organization has a beneficial interest in the assets held by the trustee.

Donated Goods and Services - Volunteers contributed significantly to LVCA's mission. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC"). In addition, from time to time the Organization receives donated items such as rental space, raffle items, food, and advertising. These items are recorded as in-kind donations on the statement of activities.

Functional Allocation of Expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates of time and effort and utilization of facilities.

Income Taxes - The Organization follows the Income Taxes topic of the FASB ASC, which prescribes a comprehensive model for the financial statement recognition, measurement, presentation, and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. The Organization is not aware of any activities that would jeopardize its tax-exempt status and is not aware of any activities that are subject to tax on unrelated business income. As of June 30, 2025, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements and does not expect this to change in the next twelve months.

See Independent Accountant's Review Report.

LITERACY VOLUNTEERS OF CHARLOTTESVILLE / ALBERMARLE

Notes to the Financial Statements

Note 2: Significant Accounting Policies (continued)

Subsequent Events - Subsequent events have been evaluated through September 2, 2025, which is the date the financial statements were available to be issued.

Note 3: Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor restrictions limiting their use or without requiring specific action of the Board, within one year of the date of the statement of financial position are comprised of the following:

Cash and cash equivalents	\$ 173,049
Certificates of deposit	21,784
Accounts receivable	<u>21,630</u>
Financial assets available to meet general expenditure needs within one year	<u>\$ 216,463</u>

Note 4: Beneficial Interest in Assets Held by Charlottesville Area Community Foundation

In April, 2022, the Organization signed an Agency Fund Agreement with the Charlottesville Area Community Foundation (“CACF”) to establish an Operating Reserve (the “Fund”) to provide long-term protections for the Organization’s operations. The assets of the fund are subject to the variance power and other provisions of governing documents of the CACF. Income from the Fund shall be expended only for the purposes of the Fund and as requested by LVCA. The amount available for distribution is determined in accordance with spending and other policies established by the Organization.

At June 30, 2025, LVCA included \$124,693 as beneficial interest in assets held by CACF in the statement of financial position, recorded at estimated fair market value. LVCA did not take a distribution during the year end June 30, 2025.

Note 5: Fair Value Measurements

The Organization follows the Fair Value Measurements topic of the FASB ASC for all financial assets and liabilities measured at fair value on a recurring basis. The topic establishes a framework for measuring fair value and enhances disclosure requirements for fair value measurements. The topic defines fair value as 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. The topic establishes market or observable inputs as the preferred sources of values, followed by assumptions based on hypothetical transactions in the absence of market inputs. The Fair Value Measurements topic establishes a hierarchy for grouping these assets and liabilities, based on the significance level of the following inputs:

Level I - Quoted prices in active markets for identical assets or liabilities.

Level II - Quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations whose inputs are observable or whose significant drivers are observable.

Level III - Significant inputs to the valuation model are unobservable.

See Independent Accountant’s Review Report.

LITERACY VOLUNTEERS OF CHARLOTTESVILLE / ALBERMARLE

Notes to the Financial Statements

Note 5: Fair Value Measurements (continued)

The table below summarizes the beneficial interest in assets by level as of June 30, 2025:

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Beneficial interest in assets held by CACF	\$ -	\$ 124,693	\$ -	\$ 124,693

The beneficial interest in assets held by CACF is carried at fair value based on information obtained from the trustees regarding the CACF holdings, the value of these holdings and other pertinent information. The CACF have invested in a diversified portfolio with an emphasis on domestic common stocks and fixed income fund. In addition, investments have been made in international common stocks, bonds, domestic fixed income securities, real estate, and structured alternative investments and are considered Level II.

Note 6: Property and Equipment

Property and equipment consist of the following as of June 30, 2025:

Furniture and equipment	\$ 11,738
Leasehold improvements	<u>25,373</u>
	37,111
Less: accumulated depreciation	<u>(27,813)</u>
Property and equipment, net	<u>\$ 9,298</u>

Note 7: In-Kind Contributions

In-kind contributions as of June 30, 2025 are comprised of the following:

Advertising and promotions	\$ 11,450
Special event items	15,549
Supplies	<u>5,019</u>
Total	<u>\$ 32,018</u>

Advertising and promotion items were used to promote the mission of LVCA and the Wordplay special event and were valued at their estimated fair value based on the market rate for those services. These items are recorded as fundraising expense in the statement of activities for year-ended June 30, 2025.

The special event items were used during the Wordplay special event and were valued at their estimated fair values based on the Organization's rates for similar items. These items are recorded as fundraising expense in the statement of activities for year-ended June 30, 2025.

The supplies items were used in program services and were valued at their estimated fair market value based on the market rates for similar items.

The in-kind contributions did not have donor-imposed restrictions.

See Independent Accountant's Review Report.

LITERACY VOLUNTEERS OF CHARLOTTESVILLE / ALBERMARLE

Notes to the Financial Statements

Note 8: Operating Lease Commitments

The Organization is a party to several operating lease agreements for office space for an original term of five years. The leases mature during November 2027. The remaining lease term is 2.42 years and the discount rate to calculate present value of future payments is 5.41%.

Future minimum lease payments under the operating lease as of June 30, 2025 are as follows:

	<u>Year Ending June 30,</u>	
	2026	\$ 52,656
	2027	53,973
	2028	<u>22,720</u>
Total lease payments		129,349
Less interest		<u>(8,399)</u>
Present value of operating leases payable		<u>\$ 120,950</u>

Note 9: Retirement Plan

The Organization contributes to a SIMPLE IRA Plan which covers all eligible employees. The assets are held for each employee in an individual account maintained by an investment firm. The Organization contributes 2% of each eligible employee's earnings to the plan. The Organization's total retirement expense for the year ended June 30, 2025 was \$4,452.