

**Literacy Council of Northern Virginia, Inc.
(d/b/a English Empowerment Center)**

AUDITED FINANCIAL STATEMENTS

For the years ended June 30, 2023 and 2022



Formerly Literacy Council of Northern Virginia

LITERACY COUNCIL OF NORTHERN VIRGINIA, INC.
(d/b/a ENGLISH EMPOWERMENT CENTER)
STATEMENTS OF FINANCIAL POSITION
For the years ended June 30, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 216,397	\$ 227,201
Contributions and grants receivable	121,439	124,211
Accounts receivable	-	627
Prepaid expenses	20,996	10,043
Contributed rent receivable	81,000	-
Investments	<u>909,173</u>	<u>719,803</u>
Total current assets	1,349,005	1,081,885
PROPERTY AND EQUIPMENT, NET	<u>5,054</u>	<u>8,785</u>
Total assets	<u>\$ 1,354,059</u>	<u>\$ 1,090,670</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 51,643	\$ 15,151
Accrued payroll	14,809	14,672
Accrued vacation	<u>37,641</u>	<u>31,032</u>
Total current liabilities	<u>104,093</u>	<u>60,855</u>
NET ASSETS		
Without donor restrictions	1,163,121	1,029,815
With donor restrictions	<u>86,845</u>	<u>-</u>
Total net assets	<u>1,249,966</u>	<u>1,029,815</u>
Total liabilities and net assets	<u>\$ 1,354,059</u>	<u>\$ 1,090,670</u>

LITERACY COUNCIL OF NORTHERN VIRGINIA, INC.
(d/b/a ENGLISH EMPOWERMENT CENTER)
STATEMENT OF ACTIVITIES
For the year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 218,082	\$ 544,228	\$ 762,310
Grant revenue	503,742	28,942	532,684
Contributed services	833,493	-	833,493
Contributed facilities	-	162,000	162,000
Workshop and student fees	180,760	-	180,760
Special fundraising events	84,684	-	84,684
Investment gain, net	77,690	-	77,690
Net assets released from restrictions:			
Satisfaction of donor restrictions	<u>648,325</u>	<u>(648,325)</u>	<u>-</u>
Total support and revenue	<u>2,546,776</u>	<u>86,845</u>	<u>2,633,621</u>
Expenses			
Program services:			
Distance learning	2,899	-	2,899
Destination workforce	204,969	-	204,969
English language learners basic literacy	724,778	-	724,778
Family learning	48,765	-	48,765
Other program services	<u>973,987</u>	<u>-</u>	<u>973,987</u>
Total program services	<u>1,955,398</u>	<u>-</u>	<u>1,955,398</u>
Support services:			
Management and general	156,250	-	156,250
Fundraising	<u>301,822</u>	<u>-</u>	<u>301,822</u>
Total support services	<u>458,072</u>	<u>-</u>	<u>458,072</u>
Total expenses	<u>2,413,470</u>	<u>-</u>	<u>2,413,470</u>
Change in Net Assets	133,306	86,845	220,151
Net assets, beginning of year	<u>1,029,815</u>	<u>-</u>	<u>1,029,815</u>
Net assets, end of year	<u>\$ 1,163,121</u>	<u>\$ 86,845</u>	<u>\$ 1,249,966</u>

LITERACY COUNCIL OF NORTHERN VIRGINIA, INC.

(d/b/a ENGLISH EMPOWERMENT CENTER)

STATEMENT OF ACTIVITIES

For the year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	516,344	\$ 462,147	\$ 978,491
Grant revenue	-	110,110	110,110
Contributed services	598,064	-	598,064
Workshop and student fees	145,350	-	145,350
Special fundraising events	94,106	-	94,106
Paycheck Protection Program grant	166,738	-	166,738
Investment loss, net	(106,054)	-	(106,054)
Net assets released from restrictions:			
Satisfaction of donor restrictions	<u>673,257</u>	<u>(673,257)</u>	<u>-</u>
Total support and revenue	<u>2,087,805</u>	<u>(101,000)</u>	<u>1,986,805</u>
Expenses			
Program services:			
Distance learning	8,059	-	8,059
Destination workforce	199,416	-	199,416
English language learners basic literacy	595,710	-	595,710
Family learning	47,522	-	47,522
Other program services	<u>810,070</u>	<u>-</u>	<u>810,070</u>
Total program services	<u>1,660,777</u>	<u>-</u>	<u>1,660,777</u>
Support services:			
Management and general	212,425	-	212,425
Fundraising	<u>151,016</u>	<u>-</u>	<u>151,016</u>
Total support services	<u>363,441</u>	<u>-</u>	<u>363,441</u>
Total expenses	<u>2,024,218</u>	<u>-</u>	<u>2,024,218</u>
Change in Net Assets	63,587	(101,000)	(37,413)
Net assets, beginning of year	<u>966,228</u>	<u>101,000</u>	<u>1,067,228</u>
Net assets, end of year	<u>\$ 1,029,815</u>	<u>\$ -</u>	<u>\$ 1,029,815</u>

LITERACY COUNCIL OF NORTHERN VIRGINIA, INC. (d/b/a ENGLISH EMPOWERMENT CENTER)

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2023

	Distance Learning		Destination Workforce		English Language		Other		Total Program Services		Management and General		Total Support Services		Total Expenses	
	Learners Basic	Literacy	Family Learning	Program Services	Total Program Services	Management and General	Fundraising	Total Support Services	Total Expenses							
Salaries	\$ -	\$ 99,414	\$ 52,933	\$ 13,016	\$ 602,168	\$ 767,531	\$ 52,891	\$ 221,354	\$ 274,245	\$ 1,041,776						
Payroll taxes	-	7,617	3,916	988	46,251	58,772	3,575	16,891	20,466	79,238						
Employee benefits	-	8,638	4,062	1,116	49,784	63,600	3,825	23,875	27,700	91,300						
	-	115,669	60,911	15,120	698,203	889,903	60,291	262,120	322,411	1,212,314						
Depreciation and amortization	-	342	185	40	2,230	2,797	156	778	934	3,731						
Dues and memberships	-	317	-	-	1,843	2,160	510	788	1,298	3,458						
Employee relations	-	59	44	12	1,132	1,247	18,135	101	18,236	19,483						
Facilities - donated	-	7,728	4,070	1,010	46,650	59,458	4,029	17,513	21,542	81,000						
In-kind volunteer tutoring and services	-	51,262	593,800	23,810	153,971	822,843	10,650	-	10,650	833,493						
Insurance	-	350	228	41	2,597	3,216	2,137	794	2,931	6,147						
Miscellaneous	-	545	480	126	4,056	5,207	951	813	1,764	6,971						
Postage and shipping	19	350	1,917	25	2,154	4,465	-	1,395	1,395	5,860						
Printing and publications	-	126	134	17	1,092	1,369	4,421	2,309	6,730	8,099						
Professional fees	-	20,426	1,319	325	28,329	50,399	29,902	5,778	35,680	86,079						
Program books and supplies	-	1,648	57,298	5,423	8,105	72,474	1,300	-	1,300	73,774						
Rental facilities	-	-	-	2,420	4,973	7,393	-	4,973	4,973	12,366						
Repairs and maintenance	-	-	-	-	-	-	4,739	-	4,739	4,739						
Supplies	2,880	4,895	2,967	128	13,704	24,574	8,907	4,100	13,007	37,581						
Telephone	-	903	-	-	600	1,503	9,248	-	9,248	10,751						
Travel	-	349	1,425	268	4,348	6,390	874	360	1,234	7,624						
Total expenses	\$ 2,899	\$ 204,969	\$ 724,778	\$ 48,765	\$ 973,987	\$ 1,955,398	\$ 156,250	\$ 301,822	\$ 458,072	\$ 2,413,470						

LITERACY COUNCIL OF NORTHERN VIRGINIA, INC. (d/b/a ENGLISH EMPOWERMENT CENTER)

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2022

	English																		
	Language				Other														
	Distance		Destination		Learners Basic		Family		Program Services		Total Program Services		Management and General		Total Support Services		Total Expenses		
	Learning		Workforce		Literacy		Learning		Services		Services		and General		Fundraising		Services		Expenses
Salaries	\$ 3,591	\$ 118,494	\$ 87,010	\$ 26,318	\$ 467,773	\$ 703,186	\$ 121,825	\$ 94,896	\$ 216,721	\$ 919,907									
Payroll taxes	272	9,030	6,599	2,010	35,685	53,596	9,298	7,220	16,518	70,114									
Employee benefits	376	10,238	7,800	2,274	39,998	60,686	10,752	8,186	18,938	79,624									
Refund for payroll taxes	4,239	137,762	101,409	30,602	543,456	817,468	107,251	110,302	217,553	1,035,021									
Depreciation and amortization	15	555	405	125	1,789	2,889	572	450	1,022	3,911									
Dues and memberships	-	-	-	-	702	702	275	50	325	1,027									
Employee relations	44	970	2,071	202	4,519	7,806	3,740	1,131	4,871	12,677									
Facilities - donated	332	10,781	7,936	2,395	42,530	63,974	8,394	8,632	17,026	81,000									
In-kind volunteer tutoring and services	-	10,048	369,081	5,256	182,341	566,726	31,338	-	31,338	598,064									
Insurance	10	472	321	100	1,894	2,797	485	388	873	3,670									
Miscellaneous	11	416	1,676	96	1,589	3,788	834	2,063	2,897	6,685									
Postage and shipping	5	470	3,521	370	1,182	5,548	582	1,793	2,375	7,923									
Printing and publications	48	732	911	144	4,351	6,186	12	3,192	3,204	9,390									
Professional fees	72	29,475	1,791	551	11,693	43,582	34,465	6,349	40,814	84,396									
Program books and supplies	37	4,602	102,017	4,895	640	112,191	2,604	226	2,830	115,021									
Rental facilities	-	-	-	1,875	-	1,875	-	11,969	11,969	13,844									
Repairs and maintenance	15	241	206	55	955	1,472	2,917	171	3,088	4,560									
Supplies	3,190	1,845	3,413	585	7,941	16,974	13,253	3,346	16,599	33,573									
Telephone	28	418	434	95	1,758	2,733	5,177	336	5,513	8,246									
Travel	13	629	518	176	2,730	4,066	526	618	1,144	5,210									
Total expenses	\$ 8,059	\$ 199,416	\$ 595,710	\$ 47,522	\$ 810,070	\$ 1,660,777	\$ 212,425	\$ 151,016	\$ 363,441	\$ 2,024,218									

LITERACY COUNCIL OF NORTHERN VIRGINIA, INC.
(d/b/a ENGLISH EMPOWERMENT CENTER)
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 220,151	\$ (37,413)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,731	3,911
Net realized and unrealized (gains) losses on investments	(54,597)	146,486
Decrease (increase) in assets:		
Contributions and grants receivable	2,772	(23,588)
Contributed rent receivable	(81,000)	81,000
Accounts receivable	627	773
Inventory	-	59,968
Prepaid expenses	(10,953)	(6,726)
Increase (decrease) in liabilities:		
Accounts payable	36,270	388
Accrued payroll	137	7,039
Accrued vacation	6,609	992
Refundable advance	-	(185,900)
Net cash provided by operating activities	<u>123,747</u>	<u>46,930</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	-	(7,189)
Net purchases and sales of investments	<u>(134,551)</u>	<u>(139,936)</u>
Net cash used in investing activities	<u>(134,551)</u>	<u>(147,125)</u>
Net Decrease in Cash	(10,804)	(100,195)
Cash, Beginning of Year	227,201	327,396
Cash, End of Year	\$ 216,397	\$ 227,201

**Literacy Council of Northern Virginia, Inc.
(d/b/a English Empowerment Center)**
NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2023 and 2022

NOTE 1 - ORGANIZATION

Literacy Council of Northern Virginia, Inc. (d/b/a English Empowerment Center) (EEC) is an adult educational organization whose mission is to teach adults the basics of reading, writing, speaking, and understanding English so they can access employment and education opportunities and more fully and equitably participate in their community. EEC teaches primarily foreign-born adults through classroom programs with the help of trained volunteers.

The organization began doing business as English Empowerment Center effective on November 9, 2022.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

EEC's financial statements are presented in accordance with accounting principles generally accepted in the United States of America (US GAAP) for nonprofit organizations. Under those principles, EEC is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions represent resources that are not subject to donor-imposed restrictions and are available for operations at management's discretion.

Net Assets With Donor Restrictions represent resources restricted by donors. Some donor restrictions are temporary in nature and those restrictions will be met by actions of EEC or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, donor-restricted net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the accompanying statements of activities.

Basis of Accounting

EEC's financial statements are prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses when obligations are incurred.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses and their functional allocation during the reporting period.

**Literacy Council of Northern Virginia, Inc.
(d/b/a English Empowerment Center)
NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2023 and 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

US GAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. US GAAP requires EEC to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

- Level 1 - quoted prices in active markets for identical assets or liabilities.
- Level 2 - quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

The following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the years ended June 30, 2023 and 2022.

- Mutual funds, equity securities and exchange-traded funds: Valued at the closing quoted price in an active market.
- Corporate bonds: Valued at their stated interest rates and quality ratings. The interest and quality ratings are observable at commonly quoted intervals for the full term of the instruments and are, therefore, considered Level 2.
- Money Market accounts are valued at amortized cost.

Income Taxes

EEC is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. EEC is not classified as a private foundation.

**Literacy Council of Northern Virginia, Inc.
(d/b/a English Empowerment Center)
NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2023 and 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The income tax positions taken by EEC for any years open under the various statutes of limitations are that EEC continues to be exempt from income taxes. EEC believes that there are no tax positions taken or expected to be taken that would significantly increase unrecognized tax liabilities within 12 months of the reported date. None of EEC's federal or state income tax returns are currently under examination.

Contributions and Grants Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Grants receivable are conditional contributions that are recognized when qualifying expenses are incurred. At June 30, 2023 and 2022, grants receivable for \$89,449 and \$99,171 originated from cost reimbursement grants in which the expenses have already been incurred during the years ended June 30, 2023 and 2022, respectively. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Reserves are established for receivables that are delinquent and considered uncollectible based on periodic reviews by management. At June 30, 2023 and 2022, no allowance for doubtful accounts has been recognized.

Accounts Receivable

Accounts receivable that are due in less than one year are stated at their net realizable value. Reserves are established for receivables that are delinquent and considered uncollectible based on periodic reviews by management. At June 30, 2023 and 2022, all receivables are deemed fully collectible, therefore, no allowance for doubtful accounts has been recognized.

Inventory

Inventory consists of textbooks and is stated at the lower of cost or market by the most recent information available near the year-end.

Investments

Investments are reported at fair value. Realized and unrealized gains and losses are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by the donor or by law. EEC invests in a variety of investments that are exposed to various risks, such as fluctuations in market value and credit risk. It is reasonably possible that changes in risks in the near term could materially affect investment balances and amounts reported in the accompanying financial statements. Donated securities are recorded at their fair value on the date of the donation. Investment income is reported net of external and direct internal investment expenses.

**Literacy Council of Northern Virginia, Inc.
(d/b/a English Empowerment Center)
NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2023 and 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment acquisitions are recorded in the financial statements at cost, net of accumulated depreciation and amortization. Donated property and equipment are stated at fair value at the date of donation. Depreciation and amortization expense is computed using the straight-line method over the estimated useful lives of the assets as follows:

Library	3 years
Office equipment	5 years
Furniture	5 years

EEC's policy is to capitalize major additions and improvements over \$1,000. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred.

Revenue Recognition

Contributions and grant revenue: EEC recognizes contributions, grant, and special fundraising events revenue from cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. EEC reports gifts of cash and other assets as donor-restricted support if they are received or promised with donor stipulations that limit the use of the donated assets to EEC's programs or to a future year. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

Program service fees: Workshop and student fees are recognized as revenue in the period the events take place. Fees received relating to future periods are recorded as deferred revenue in the accompanying statements of financial position.

In-kind contributions: Donated materials, services and use of facilities are recorded at fair value when an unconditional commitment is received and are recognized as in-kind contributions as revenue and expense in the accompanying financial statements. Contributions of services are recognized when services received (a) create or enhance nonfinancial 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. EEC utilized the in-kind contributions for program and support services.

**Literacy Council of Northern Virginia, Inc.
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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Method of Allocation</u>	<u>Expense</u>
Time and effort	Salaries, payroll taxes, employee benefits, professional fees, dues and memberships, supplies, telephone, insurance, events, rent, repairs and maintenance, depreciation and amortization and other expenses
Program expenses	In-kind supplies and equipment, and in-kind volunteer tutoring and other services

New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, to increase transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosure about leasing arrangements. ASU No. 2016-02, as amended by 2020-05, is effective for nonprofit entities for fiscal years beginning after December 15, 2021. In July 2018, FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*, providing an optional transition method, which allows the entity to apply the new standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of net assets in the period of adoption. EEC has adopted the standard but determined that the effects of implementation were not material to the financial statements.

NOTE 3 - CONCENTRATIONS

Credit Risk

Financial instruments that potentially subject EEC to significant concentrations of credit risk consist of cash and investments. Such investments are exposed to various risks such as market and credit fluctuation. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the

**Literacy Council of Northern Virginia, Inc.
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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2023 and 2022

NOTE 3 - CONCENTRATIONS (Continued)

Credit Risk (Continued)

financial statements. EEC maintains cash and investment accounts with financial institutions that, from time to time, may exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). EEC has not experienced any credit losses on its cash and investments to date, as it relates to FDIC and SIPC insurance limits. Management assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

Revenue from Contributors and Grantors

EEC's three largest donors represented 40% and 42% of total grant and contribution revenue for the years ended June 30, 2023 and 2022, respectively. EEC also has grants receivable of \$89,449 and \$99,171 from local and state governments, which represents 74% and 80% of its contributions and grants receivable at June 30, 2023 and 2022, respectively.

NOTE 4 - LIQUIDITY AND AVAILABILITY

The following represents EEC's financial assets as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash	\$ 216,397	\$ 227,201
Contributions and grants receivable	121,439	124,211
Accounts receivable	-	627
Investments	<u>909,173</u>	<u>719,803</u>
Total financial assets	1,247,009	1,071,842
Less amounts not available within one year:		
Net assets with donor purpose restrictions	-	-
Financial assets available to meet general expenditures within one year	<u>\$ 1,247,009</u>	<u>\$ 1,071,842</u>

EEC invests cash in excess of operating needs prudently in liquid assets and/or investments, depending on anticipated cash flow needs. EEC's investment portfolio is managed by professional investment advisors.

**Literacy Council of Northern Virginia, Inc.
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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2023 and 2022

NOTE 5 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The table below presents EEC's fair value hierarchy for those assets measured at fair value on a recurring basis at June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange-traded funds - bond funds	\$ 43,705	\$ -	\$ -	\$ 43,705
Equities - common and preferred stock	315,443	-	-	315,443
Bonds - corporate	-	47,919	-	47,919
Mutual funds	<u>491,713</u>	<u>-</u>	<u>-</u>	<u>491,713</u>
 Total investments measured at fair value	<u><u>\$ 850,861</u></u>	<u><u>\$ 47,919</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 898,780</u></u>
 Money market funds, at amortized cost				<u><u>10,393</u></u>
 Total investments				<u><u>\$ 909,173</u></u>

The table below presents EEC's fair value hierarchy for those assets measured at fair value on a recurring basis at June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange-traded funds - equity funds	\$ 23,710	\$ -	\$ -	\$ 23,710
Exchange-traded funds - bond funds	16,140	-	-	16,140
Equities - common and preferred stock	277,353	-	-	277,353
Bonds - corporate	-	74,095	-	74,095
Mutual funds	<u>298,577</u>	<u>-</u>	<u>-</u>	<u>298,577</u>
 Total investments measured at fair value	<u><u>\$ 615,780</u></u>	<u><u>\$ 74,095</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 689,875</u></u>
 Money market funds, at amortized cost				<u><u>29,928</u></u>
 Total investments				<u><u>\$ 719,803</u></u>

**Literacy Council of Northern Virginia, Inc.
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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2023 and 2022

NOTE 5 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

For the years ended June 30, 2023 and 2022, net investment income (loss) consisted of the following:

	<u>2023</u>	<u>2022</u>
Interest, dividends and capital gains	\$ 28,741	\$ 46,498
Unrealized gains (losses)	54,597	(146,486)
Investment management fees	<u>(5,648)</u>	<u>(6,066)</u>
Net investment income (loss)	<u>\$ 77,690</u>	<u>\$ (106,054)</u>

NOTE 6 - PROPERTY AND EQUIPMENT, NET

The following is a summary of property and equipment held as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Library	\$ 31,526	\$ 31,526
Office equipment	38,128	38,128
Furniture	<u>1,900</u>	<u>1,900</u>
Property and equipment	71,554	71,554
Accumulated depreciation and amortization	<u>(66,500)</u>	<u>(62,769)</u>
Total property and equipment, net	<u>\$ 5,054</u>	<u>\$ 8,785</u>

For the years ended June 30, 2023 and 2022, depreciation and amortization expense totaled \$3,731 and \$3,911, respectively.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2023 and 2022, net assets with donor restrictions were available for the following programs:

	<u>2023</u>	<u>2022</u>
Purpose restriction:		
Other Donors	\$ 5,845	\$ -
Time Restrictions - Contributed Rent	<u>81,000</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 86,845</u>	<u>\$ -</u>

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2023 and 2022

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from donor restrictions during the year ended June 30, 2023 and 2022 for the following purposes:

	<u>2023</u>	<u>2022</u>
Scholarship program services	\$ 8,942	\$ -
Destination workforce	221,086	231,086
Adult basic literacy and beginning English	171,512	150,110
Family learning	10,000	15,000
Integrated English literacy and civics education	155,785	176,061
Time restriction	<u>81,000</u>	<u>101,000</u>
 Total net assets released from restrictions	 <u>\$ 648,325</u>	 <u>\$ 673,257</u>

NOTE 8 - IN-KIND CONTRIBUTIONS

Volunteers provide a substantial amount of the tutoring and teaching services provided by EEC along with other classroom services. For the years ended June 30, 2023 and 2022, the number of hours contributed totaled approximately 24,500 and 20,000, respectively. These hours are multiplied by the value of volunteer time based on the Virginia Employment Commission average hourly earnings. The Virginia average hourly value of volunteer time for the years ended June 30, 2023 and 2022 was \$32.59 and \$29.95. The value of these services for the years ended June 30, 2023 and 2022 totaled \$797,860 and \$598,064, respectively, which is included in contributed services revenue and program services expense in the accompanying statements of activities. Additionally, for the year ended June 30, 2023, EEC received \$5,650 of donated legal services; \$5,000 in donated professional development fees; and \$24,983 in donated supplies and materials.

EEC receives 4,050 square feet of donated space from the county government in which to operate. The space is valued at \$20 per square foot for each year. The contribution recognized during the year ended June 30, 2023 was \$162,000 for the value of the space from July 1, 2022 through June 30, 2024. The related expense is separately stated as facilities - donated expense in the accompanying statements of functional expenses and is recognized as the restrictions are released over the term of the agreement for the donated space.

NOTE 9 - RETIREMENT PLAN

EEC maintains a qualified Simple Retirement Plan where qualified employees can make pre-tax contributions up to statutory limits. All employees who have earned at least \$5,000 in annual compensation in any two preceding years are eligible for enrollment in EEC's Plan. EEC makes matching contributions up to three percent of the participating employee's salary for any employees who work 30 hours or more per week.

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For the years ended June 30, 2023 and 2022**

NOTE 9 - RETIREMENT PLAN (Continued)

Retirement plan expense for the years ended June 30, 2023 and 2022 totaled \$16,596 and \$17,103, respectively.

NOTE 10 - SUBSEQUENT EVENTS

In preparing the financial statements, EEC has evaluated events and transactions for potential recognition or disclosure through November 30, 2023, which is the date the financial statements were available to be issued.