



**PROJECT LEARN OF SUMMIT COUNTY
(A NONPROFIT ORGANIZATION)**

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

June 30, 2019
(With Summarized Comparative
Information for June 30, 2018)



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PROJECT LEARN OF SUMMIT COUNTY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Project Learn of Summit County:

We have audited the accompanying financial statements of Project Learn of Summit County (a nonprofit organization), 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Project Learn of Summit County 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.

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, the Project Learn adopted new accounting guidance as issued by the Financial Accounting Standards Board under Financial Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2019 on our consideration of Project Learn of Summit County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Project Learn of Summit County's internal control over financial reporting and compliance.

Summarized Comparative Information

We have previously audited Project Learn of Summit County's 2018 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated October 31, 2018. 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.

Sikich LLP

Akron, Ohio
November 8, 2019

PROJECT LEARN OF SUMMIT COUNTY

STATEMENT OF FINANCIAL POSITION

June 30, 2019

(with summarized comparative financial information as of June 30, 2018)

ASSETS	2019	2018
Current assets:		
Cash	\$ 678,967	\$ 676,599
Grants receivable	52,927	73,232
Accounts receivable	8,671	11,524
Prepaid expenses	<u>8,037</u>	<u>3,065</u>
Total current assets	748,602	764,420
Property and equipment, net	10,090	13,025
Beneficial interest in community foundation fund	<u>93,781</u>	<u>95,998</u>
TOTAL ASSETS	<u>\$ 852,473</u>	<u>\$ 873,443</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 10,212	\$ 5,451
Accrued salaries and wages	<u>48,248</u>	<u>49,065</u>
Total current liabilities	<u>58,460</u>	<u>54,516</u>
Net assets:		
Without donor restrictions	631,020	691,332
With donor restrictions	<u>162,993</u>	<u>127,595</u>
Total net assets	<u>794,013</u>	<u>818,927</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 852,473</u>	<u>\$ 873,443</u>

PROJECT LEARN OF SUMMIT COUNTY

STATEMENT OF ACTIVITIES

for the year ended June 30, 2019

(with summarized comparative financial information for the year ended June 30, 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	
Public support and revenue:				
Grants	\$ 792,606	\$ -	\$ 792,606	\$ 877,318
Contributions	87,190	69,212	156,402	159,828
Contributed facilities	43,750	-	43,750	43,750
Other revenue	27,414	-	27,414	26,683
Interest income	4,223	-	4,223	4,155
Net assets released from restrictions for operations	31,597	(31,597)	-	-
	<u>986,780</u>	<u>37,615</u>	<u>1,024,395</u>	<u>1,111,734</u>
Special events	32,717	-	32,717	31,962
Less direct benefit to donors	<u>14,421</u>	<u>-</u>	<u>14,421</u>	<u>17,364</u>
Special events, net	<u>18,296</u>	<u>-</u>	<u>18,296</u>	<u>14,598</u>
Total support and revenue, net	<u>1,005,076</u>	<u>37,615</u>	<u>1,042,691</u>	<u>1,126,332</u>
Expenses:				
Program services	948,488	-	948,488	938,641
Supporting services:				
Management and general	90,597	-	90,597	93,512
Fundraising	<u>26,303</u>	<u>-</u>	<u>26,303</u>	<u>22,903</u>
Total expenses	<u>1,065,388</u>	<u>-</u>	<u>1,065,388</u>	<u>1,055,056</u>
Change in net assets from operations before gains	<u>(60,312)</u>	<u>37,615</u>	<u>(22,697)</u>	<u>71,276</u>
Gains:				
Change in beneficial interest in community foundation fund	<u>-</u>	<u>(2,217)</u>	<u>(2,217)</u>	<u>1,640</u>
Change in net assets	(60,312)	35,398	(24,914)	72,916
Net assets, beginning of year	<u>691,332</u>	<u>127,595</u>	<u>818,927</u>	<u>746,011</u>
Net assets, end of year	<u>\$ 631,020</u>	<u>\$ 162,993</u>	<u>\$ 794,013</u>	<u>\$ 818,927</u>

PROJECT LEARN OF SUMMIT COUNTY
STATEMENT OF FUNCTIONAL EXPENSES

for the year ended June 30, 2019

(with summarized comparative financial information for the year ended June 30, 2018)

	2019				2018	Total
	Program Services	Management and General	Fundraising	Cost of Direct Benefit to Donors		
Salaries, benefits and related expenses:						
Salaries	\$ 700,058	\$ 57,438	\$ 21,029	\$ -	\$ 778,525	\$ 792,777
Employee benefits	10,590	-	-	-	10,590	4,740
Payroll taxes	<u>54,399</u>	<u>4,463</u>	<u>1,634</u>	-	<u>60,496</u>	<u>59,270</u>
Total salaries, benefits and related expenses	<u>765,047</u>	<u>61,901</u>	<u>22,663</u>	-	<u>849,611</u>	<u>856,787</u>
Accounting fees	-	16,778	-	-	16,778	13,050
Consulting fees	7,153	587	215	-	7,955	4,252
Public relations	7,123	-	-	-	7,123	3,973
Office supplies	7,488	614	225	-	8,327	7,613
Postage	1,812	149	54	-	2,015	1,934
Telephone	1,766	145	53	-	1,964	1,933
Copier	3,476	285	105	-	3,866	4,669
Occupancy	39,340	3,228	1,182	-	43,750	43,750
Travel and conferences	7,441	611	223	-	8,275	12,990
Staff training	2,069	170	62	-	2,301	4,072
Insurance	-	1,972	-	-	1,972	1,958
Repairs and maintenance	887	73	26	-	986	1,796
Books	24,808	-	-	-	24,808	22,231
Instructional materials	30,309	-	-	-	30,309	21,565
Special events - food costs	-	-	-	14,421	14,421	17,364
Computer expenses	20,998	1,723	631	-	23,352	21,406
Miscellaneous	<u>23,291</u>	<u>1,911</u>	<u>700</u>	-	<u>25,902</u>	<u>25,021</u>
Total other expenses	<u>177,961</u>	<u>28,246</u>	<u>3,476</u>	<u>14,421</u>	<u>224,104</u>	<u>209,577</u>
Total expenses before depreciation	943,008	90,147	26,139	14,421	1,073,715	1,066,364
Depreciation	<u>5,480</u>	<u>450</u>	<u>164</u>	-	<u>6,094</u>	<u>6,056</u>
Total functional expenses	<u>\$ 948,488</u>	<u>\$ 90,597</u>	<u>\$ 26,303</u>	<u>\$ 14,421</u>	<u>\$ 1,079,809</u>	<u>\$ 1,072,420</u>

See accompanying notes to financial statements.

PROJECT LEARN OF SUMMIT COUNTY

STATEMENT OF CASH FLOWS

for the year ended June 30, 2019

(with summarized comparative financial information for the year ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ (24,914)	\$ 72,916
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	6,094	6,056
Change in beneficial interest in community foundation fund	2,217	(1,640)
(Increase) decrease in operating assets:		
Grants receivable	20,305	20,254
Accounts receivable	2,853	3,995
Prepaid expenses	(4,972)	(2,396)
Increase (decrease) in operating liabilities:		
Accounts payable	4,761	(12,585)
Accrued salaries and wages	(817)	17,920
Net change from operating activities	<u>5,527</u>	<u>104,520</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(3,159)</u>	<u>(8,256)</u>
Net change in cash	2,368	96,264
Cash, beginning of year	<u>676,599</u>	<u>580,335</u>
Cash, end of year	<u>\$ 678,967</u>	<u>\$ 676,599</u>

PROJECT LEARN OF SUMMIT COUNTY

NOTES TO FINANCIAL STATEMENTS, Continued

For the year ended June 30, 2019

(with summarized comparative financial information for the year ended June 30, 2018)

1. Nature of Operations:

Nature of Activities – Project Learn of Summit County (the Agency or Project Learn) is a nonprofit adult and family literacy agency. The Agency’s mission is to provide literacy and lifelong learning services that help adults achieve their goals as family members, workers, community members, and lifelong learners. Project Learn offers a variety of programs and services at 23 locations throughout Summit County and in the city of Kent. Project Learn offers group classes for all levels of learners, including literacy, pre-GED, GED preparation, English-as-a-Second-Language, workplace literacy, family literacy, and computer literacy classes.

All services are provided at no charge to students. Since 1982, more than 20,000 people in Summit County have been served by Project Learn’s professional staff and volunteer tutors.

2. Summary of Significant Accounting Policies:

Basis of Accounting – The accompanying financial statements are prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

Financial Statement Presentation – The Agency reports information regarding their financial position and activities according to two classes of net assets:

Net assets without donor restrictions are for general operations of the Agency and are not subject to donor-imposed restrictions. These net assets of the Agency may be used at the discretion of management to support the Agency’s purposes and operations.

Net assets with donor restrictions are subject to stipulations imposed by donors, and grantors. Some donor restrictions are for actions of the Agency or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Unconditional Promises to Give and Contributions – Contributions are recognized when the donor makes a promise to give to the Agency that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

PROJECT LEARN OF SUMMIT COUNTY

NOTES TO FINANCIAL STATEMENTS, Continued

For the year ended June 30, 2019

(with summarized comparative financial information for the year ended June 30, 2018)

2. Summary of Significant Accounting Policies, (Continued):

Grants and Grants Receivable – The Agency recognizes grants from governmental agencies as exchange transactions. The grants require the Agency provide services of approximately equal value to the amounts received under the grants. The Agency recognizes revenue from grants when eligible costs are incurred. A receivable is recorded to the extent that grants earned exceed cash advances. Conversely, deferred revenue is recorded when grant or contract cash advances exceed support earned. The grantors may, at their discretion, request reimbursement for un-allowed expenses as a result of noncompliance by the Agency with the terms of a grant. A substantial portion of Project Learn’s grant revenue comes from the Ohio Board of Regents. Grants receivable include amounts that are due under various payment terms and are stated at the amount management expects to collect from balances outstanding at year end. The carrying amount of receivables is reduced by a valuation allowance that reflects management’s best estimate of the amounts that will not be collected. Management individually reviews all receivable balances that exceed 90 days from invoice date and estimates the portion, if any, of the balance that will not be collected. Additionally, management estimates an allowance for the aggregate remaining receivables based on historical collectability. In the opinion of management, there was no allowance necessary at June 30, 2019 and 2018.

Cash – Cash includes cash on hand and demand deposit accounts.

Property and Equipment – Property and equipment are stated at cost, or as to contributions in kind, at the fair market value prevailing at the date of donation. Acquisitions of property and equipment in excess of \$1,000 and expenditures for repairs, maintenance and betterments that materially prolong the useful lives of the assets are capitalized. Depreciation is provided over the estimated useful lives of the assets, ranging from three to seven years, under the accelerated method. When property is retired or otherwise disposed of, the cost of the property is removed from the asset account, accumulated depreciation is charged with an amount equivalent to the depreciation provided, and the difference is charged or credited to operations.

Functional Expenses – The financial statements report certain categories of expenses that are attributable to one of more programs or supporting functions of the Agency. Those expenses include salaries and related expenses, which are allocated based on time spent. All other expenses are charged directly to the functional category in which they relate at the time the expense is incurred.

Use of Estimates – 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.

Tax Status – The Agency is a nonprofit organization exempt from federal income taxes under the current provisions of the Internal Revenue Code Section 501(c)(3) and is not a private foundation.

PROJECT LEARN OF SUMMIT COUNTY

NOTES TO FINANCIAL STATEMENTS, Continued

For the year ended June 30, 2019

(with summarized comparative financial information for the year ended June 30, 2018)

2. Summary of Significant Accounting Policies, (Continued):

Comparative Financial Information – The financial statements include certain prior year summarized comparative financial information in total but not by functional basis and net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency’s financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Concentration of Credit Risk – The Agency maintains its cash in deposit accounts, which, at times, may exceed federally insured limits. The Agency’s cash accounts exceeded federally insured limits by \$444,070, and \$436,542 at June 30, 2019 and 2018, respectively. The Agency has not experienced any significant losses in such accounts. Management of the Agency believes it is not exposed to any significant credit risk on its cash.

Subsequent Events – Subsequent events are events or transactions that occur after year end but before the financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at year end, including estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at year end but arose after that date (that is, non-recognized subsequent events).

Management has evaluated subsequent events through November 8, 2019, which is the date the financial statements were available to be issued.

New Accounting Pronouncements – On August 18, 2016, FASB issued ASU 2016-14, Not-For-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Agency has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, “Revenue from Contracts with Customers”, as amended by ASU 2015-14, which supersedes or replaces nearly all GAAP revenue recognition guidance. This standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time and will expand disclosures about revenue. ASU 2014-09, as amended, is effective for non-public companies for annual reporting periods beginning after December 15, 2018 and interim periods within the annual period beginning after December 15, 2019. The Agency is currently assessing the impact of this new standard.

PROJECT LEARN OF SUMMIT COUNTY

NOTES TO FINANCIAL STATEMENTS, Continued

For the year ended June 30, 2019

(with summarized comparative financial information for the year ended June 30, 2018)

2. Summary of Significant Accounting Policies, (Continued):

New Accounting Pronouncements, (Continued) – FASB has issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU No. 2018-08 is intended to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of contribution accounting guidance, or as exchange (reciprocal) transactions subject to other guidance, and (2) determining whether a contribution is conditional. ASU No. 2018-08 is effective for fiscal years beginning after December 15, 2018, for transactions in which the entity serves as a resource recipient, and for fiscal years beginning after December 15, 2019, for transactions in which the entity serves as a resource provider. Early adoption is permitted. The Agency is currently assessing the impact of this new standard.

3. Donated Services and Facilities:

The Agency receives donated services from a variety of unpaid volunteers assisting in the Agency's program services and fundraising campaigns. No amounts have been recognized in the financial statements for donated services because the criteria for recognition have not been satisfied. To be recognized in the financial statements, the donated services must create or enhance nonfinancial assets or require specialized skills which would need to be purchased if not donated.

The Agency occupies, without charge, certain administrative and program facilities located in Akron. The fair rental value of these premises, including utilities and services such as security and parking, has been estimated by management at \$43,750 for the years ended June 30, 2019 and 2018. This contribution and related expense have been recorded in the accompanying financial statements.

4. Beneficial Interest in Community Foundation Fund:

The Agency is the beneficiary under a fund administered by the Akron Community Foundation. The beneficial interest of this fund is included in the statement of financial position of the Agency at the fair value of the trust's assets, which totaled \$93,781 at June 30, 2019 and \$95,998 at June 30, 2018. Under the terms of the agreement, the Agency is to receive annual payments of up to 5% of the average market value of the fund's assets during the twelve quarters immediately preceding the disbursement. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets 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 Agency received cash payments of \$4,223 and \$4,155 during the years ended June 30, 2019 and 2018, respectively.

PROJECT LEARN OF SUMMIT COUNTY

NOTES TO FINANCIAL STATEMENTS, Continued

For the year ended June 30, 2019

(with summarized comparative financial information for the year ended June 30, 2018)

5. Liquidity:

The following represents the Agency's financial assets available for operating expenses and capital expenditures on fixed assets within one year of the statements of financial position date at June 30:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 678,967	\$ 676,599
Grants receivable	52,927	73,232
Accounts receivable	<u>8,671</u>	<u>11,524</u>
Total financial assets	740,565	761,355
Less financial assets held to meet donor imposed restrictions	<u>69,212</u>	<u>31,597</u>
Amount available for general expenditure within one year	<u>\$ 671,353</u>	<u>\$ 729,758</u>

6. Property and Equipment:

Property and equipment consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 65,946	\$ 67,210
Computers	37,584	37,883
Office machinery	22,744	22,744
Computer software	<u>2,481</u>	<u>2,481</u>
	128,755	130,318
Less accumulated depreciation	<u>118,665</u>	<u>117,293</u>
	<u>\$ 10,090</u>	<u>\$ 13,025</u>

PROJECT LEARN OF SUMMIT COUNTY

NOTES TO FINANCIAL STATEMENTS, Continued

For the year ended June 30, 2019

(with summarized comparative financial information for the year ended June 30, 2018)

7. **Net Assets:**

Net assets without donor restrictions are available for the following purposes as of June 30:

	<u>2019</u>	<u>2018</u>
Net investment in property and equipment	\$ 10,090	\$ 13,025
Operations	<u>620,930</u>	<u>678,307</u>
	<u>\$ 631,020</u>	<u>\$ 691,332</u>

Net assets with donor restrictions have the following restrictions for time or purpose as of June 30:

	<u>2019</u>	<u>2018</u>
Public awareness and outreach	\$ -	\$ 25,000
Project Learn Initiative	-	6,597
Business English Career Pathways	19,212	-
Project Learn program expenses	<u>50,000</u>	<u>-</u>
	<u>\$ 69,212</u>	<u>\$ 31,597</u>

Net assets with donor restrictions are restricted in perpetuity for the following purpose as of June 30:

	<u>2019</u>	<u>2018</u>
Investment in perpetuity, the income on which is expendable to support operations	<u>\$ 93,781</u>	<u>\$ 95,998</u>

Net assets with donor restrictions totaling \$33,276 were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the year ended June 30, 2019. No assets were released from restriction for the year ended June 30, 2018.

8. **Fair Value Measurements:**

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. GAAP requires the Agency 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.

PROJECT LEARN OF SUMMIT COUNTY

NOTES TO FINANCIAL STATEMENTS, Continued

For the year ended June 30, 2019

(with summarized comparative financial information for the year ended June 30, 2018)

8. **Fair Value Measurements (Continued):**

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.

Valuation Techniques – 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, 2019 and 2018.

Beneficial Interest in Community Foundation Fund – Valued using the fair value of the assets held in the fund as reported by the trustee as of June 30, 2019 and 2018. The Agency considers the measurement of its beneficial interest in the community foundation fund to be a Level 3 measurement within the hierarchy because even though that measurement is based on the unadjusted fair value of trust assets reported by the trustee, the Agency will never receive those assets or have the ability to direct the trustee to redeem them.

<u>Recurring Measurements</u>	Level 3	
	<u>2019</u>	<u>2018</u>
Beneficial interest in community foundation fund	\$ <u>93,781</u>	\$ <u>95,998</u>

Unobservable (Level 3) Inputs

The activity for the beneficial interest in community foundation fund, which is measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs), is as follows:

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 95,998	\$ 94,358
Change in value	<u>(2,217)</u>	<u>1,640</u>
Balance, end of year	\$ <u>93,781</u>	\$ <u>95,998</u>

The change in value of the beneficial interest in community foundation fund is included in gains and losses in the statement of activities.

9. **Concentration of Contributions or Grants:**

The Agency received approximately 69% and 73% of its total public support and revenue, net, from one source in June 30, 2019 and 2018, respectively. Grants receivable from this revenue source totaled \$52,927 and \$73,232 and at June 30, 2019 and 2018, respectively.

PROJECT LEARN OF SUMMIT COUNTY

**SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended June 30, 2019**

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>Department of Homeland Security:</u>		
Passed through Ohio Department of Homeland Security Citizenship Education and Training	97.010	\$ 33,106
<u>Department of Education</u>		
Passed through the Office of Vocational and Adult Education, Ohio Board of Regents Adult Basic and Literacy Education (ABLE)	*	
ABLE Instructional	84.002	680,812
ABLE Instructional Subsidy	84.002	10,200
<u>Ohio Department of Job and Family Services</u>		
Passed through from Department of Job and Family Services Temporary Assistance for Needy Families	19.510	<u>68,488</u>
		<u>\$ 792,606</u>

* Denotes major federal program

PROJECT LEARN OF SUMMIT COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

for the year ended June 30, 2019

(with summarized comparative information for the year ended June 30, 2018)

1. **Summary of Significant Accounting Policies:**

Basis of Presentation – The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Project Learn of Summit County under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of Project Learn of Summit County; it is not intended to and does not present the financial position, changes in net assets, functional expenses, or cash flows of Project Learn of Summit County.

Basis of Accounting – Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

2. **Subrecipients:**

The Agency did not provide federal awards received to subrecipients during the year ended June 30, 2019.

3. **Non-Cash Assistance, Loans Outstanding and Insurance:**

The Agency did not receive any federal non-cash assistance, federal loans or federal insurance for the year ended June 30, 2019.

4. **De Minimis Rate:**

The Agency did not elect to use the de minimis rate of 10% as allowed under the Uniform Guidance.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
Project Learn of Summit County:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Project Learn of Summit County (a nonprofit organization), 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, and have issued our report thereon dated November 8, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Project Learn of Summit County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of Project Learn of Summit County's internal control. Accordingly, we do not express an opinion on the effectiveness of Project Learn of Summit County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Project Learn of Summit County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sikich LLP

Akron, Ohio
November 8, 2019

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
Project Learn of Summit County:

Report on Compliance for Each Major Federal Program

We have audited Project Learn of Summit County’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Project Learn of Summit County’s major federal programs for the year ended June 30, 2019. Project Learn of Summit County’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Project Learn of Summit County’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Project Learn of Summit County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Project Learn of Summit County’s compliance.

Opinion on Each Major Federal Program

In our opinion, Project Learn of Summit County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Project Learn of Summit County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Project Learn of Summit County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Project Learn of Summit County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Sikich LLP

Akron, Ohio
November 8, 2019

PROJECT LEARN OF SUMMIT COUNTY

**SUPPLEMENTAL SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2019**

Section I – Summary of Auditor’s Results

Financial Statements

	<u>Yes</u>	<u>No</u>	<u>None Reported</u>
Type of auditor’s report issued – unmodified			
Internal control over financial reporting:			
• Material weakness(es) identified?	_____	<u>✓</u>	_____
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	_____	<u>✓</u>
Noncompliance material to consolidated financial statements noted?	_____	<u>✓</u>	_____

Federal Awards

Internal control over major programs:			
• Material weakness(es) identified?	_____	<u>✓</u>	_____
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____	_____	<u>✓</u>
Type of auditor’s report issued on compliance for major programs – unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2CFR Section 200. 516(a)?	_____	<u>✓</u>	_____
Identification of major programs: Department of Education Passed through the Office of Vocational and Adult Education, Ohio Board of Regents: Adult Basic and Literacy Education: CFDA No. 84.002			
Dollar threshold used to distinguish between type A and type B programs: <u>\$ 750,000</u>			
Auditee qualified as low-risk auditee?	_____	<u>✓</u>	_____

PROJECT LEARN OF SUMMIT COUNTY

**SUPPLEMENTAL SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2019**

Section II – Financial Statement Findings

None

Section III – Major Federal Award Programs Finding and Questioned Costs

None

Section IV – Summary of Prior Audit Findings

None