



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

FINANCIAL STATEMENTS

June 30, 2023
(With Summarized Comparative
Information for June 30, 2022)

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PROJECT LEARN OF SUMMIT COUNTY

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-11

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Project Learn of Summit County (a nonprofit organization, 'the Agency'), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but it is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Summarized Comparative Information

We have previously audited Project Learn of Summit County's 2022 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated November 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sikich LLP

Akron, Ohio
November 20, 2023

PROJECT LEARN OF SUMMIT COUNTY

STATEMENT OF FINANCIAL POSITION

June 30, 2023

(with summarized comparative financial information as of June 30, 2022)

ASSETS	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash	\$ 168,067	\$ 271,452
Grants receivable	191,212	165,982
Prepaid expenses	<u>1,080</u>	<u>5,433</u>
Total current assets	<u>360,359</u>	<u>442,867</u>
NONCURRENT ASSETS		
Property and equipment, net	<u>14,819</u>	<u>17,957</u>
TOTAL ASSETS	<u>\$ 375,178</u>	<u>\$ 460,824</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 10,214	\$ 24,767
Accrued salaries and wages	<u>44,135</u>	<u>40,733</u>
Total current liabilities	<u>54,349</u>	<u>65,500</u>
NET ASSETS		
Without donor restrictions	228,394	307,630
With donor restrictions	<u>92,435</u>	<u>87,694</u>
Total net assets	<u>320,829</u>	<u>395,324</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 375,178</u>	<u>\$ 460,824</u>

PROJECT LEARN OF SUMMIT COUNTY

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

(with summarized comparative financial information for the year ended June 30, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	
PUBLIC SUPPORT AND REVENUE				
Grants	\$ 966,293	\$ -	\$ 966,293	\$ 844,408
Contributions	53,803	78,614	132,417	118,197
Contributed facilities	43,750	-	43,750	43,750
Other revenue	15,078	-	15,078	23,999
Loss on disposal of property and equipment	-	-	-	(205)
Net assets released from restrictions	73,873	(73,873)	-	-
	<u>1,152,797</u>	<u>4,741</u>	<u>1,157,538</u>	<u>1,030,149</u>
Special events	8,504	-	8,504	8,823
Less direct benefit to donors	(2,692)	-	(2,692)	(2,553)
Special events, net	<u>5,812</u>	<u>-</u>	<u>5,812</u>	<u>6,270</u>
Total support and revenue, net	<u>1,158,609</u>	<u>4,741</u>	<u>1,163,350</u>	<u>1,036,419</u>
EXPENSES				
Program services	1,097,658	-	1,097,658	1,003,370
Supporting services:				
Management and general	110,732	-	110,732	95,093
Fundraising	29,455	-	29,455	27,882
Total expenses	<u>1,237,845</u>	<u>-</u>	<u>1,237,845</u>	<u>1,126,345</u>
CHANGE IN NET ASSETS	(79,236)	4,741	(74,495)	(89,926)
NET ASSETS, BEGINNING OF YEAR	<u>307,630</u>	<u>87,694</u>	<u>395,324</u>	<u>485,250</u>
NET ASSETS, END OF YEAR	<u>\$ 228,394</u>	<u>\$ 92,435</u>	<u>\$ 320,829</u>	<u>\$ 395,324</u>

PROJECT LEARN OF SUMMIT COUNTY
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2023

(with summarized comparative financial information for the year ended June 30, 2022)

	2023					2022 Total
	Program Services	Supporting Services			Total	
		Management and General	Fundraising	Total Supporting Services		
Salaries, benefits and related expenses:						
Salaries	\$ 790,199	\$ 72,698	\$ 23,207	\$ 95,905	\$ 886,104	\$ 832,539
Employee benefits	20,341	-	-	-	20,341	12,109
Payroll taxes	64,376	5,922	1,891	7,813	72,189	66,926
Total salaries, benefits and related expenses	<u>874,916</u>	<u>78,620</u>	<u>25,098</u>	<u>103,718</u>	<u>978,634</u>	<u>911,574</u>
Accounting fees	-	16,229	-	16,229	16,229	15,463
Public relations	7,337	-	-	-	7,337	1,620
Office supplies	7,718	710	227	937	8,655	7,203
Postage	1,498	138	44	182	1,680	1,902
Telephone	1,710	157	50	207	1,917	1,766
Copier	3,071	283	90	373	3,444	3,237
Occupancy - In-kind	39,015	3,589	1,146	4,735	43,750	43,750
Occupancy costs	27,334	2,515	803	3,318	30,652	29,386
Travel and conferences	7,529	693	221	914	8,443	2,865
Staff training	851	78	25	103	954	4,534
Insurance	-	2,236	-	2,236	2,236	2,107
Repairs and maintenance	1,280	117	38	155	1,435	1,088
Books	33,651	-	-	-	33,651	22,896
Instructional materials	33,415	-	-	-	33,415	26,132
Computer expenses	26,276	2,417	772	3,189	29,465	23,198
Miscellaneous	29,259	2,692	859	3,551	32,810	24,977
Total other expenses	<u>219,944</u>	<u>31,854</u>	<u>4,275</u>	<u>36,129</u>	<u>256,073</u>	<u>212,124</u>
Total expenses before depreciation	1,094,860	110,474	29,373	139,847	1,234,707	1,123,698
Depreciation	2,798	258	82	340	3,138	2,647
Total expenses	<u>1,097,658</u>	<u>110,732</u>	<u>29,455</u>	<u>140,187</u>	<u>1,237,845</u>	<u>1,126,345</u>
Additional Costs:						
Costs of direct benefit to donors - food costs	-	-	2,692	2,692	2,692	2,553
TOTAL FUNCTIONAL EXPENSES	<u>\$ 1,097,658</u>	<u>\$ 110,732</u>	<u>\$ 32,147</u>	<u>\$ 142,879</u>	<u>\$ 1,240,537</u>	<u>\$ 1,128,898</u>

See accompanying notes to financial statements.

PROJECT LEARN OF SUMMIT COUNTY

STATEMENT OF CASH FLOWS

June 30, 2023

(with summarized comparative financial information for the year ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (74,495)	\$ (89,926)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	3,138	2,647
Loss on disposal of property and equipment	-	205
(Increase) decrease in operating assets:		
Grants receivable	(25,230)	(30,869)
Prepaid expenses	4,353	3,294
Increase (decrease) in operating liabilities:		
Accounts payable	(14,553)	18,052
Accrued salaries and wages	<u>3,402</u>	<u>(14,495)</u>
Net change from operating activities	<u>(103,385)</u>	<u>(111,092)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>-</u>	<u>(16,800)</u>
NET CHANGE IN CASH	(103,385)	(127,892)
CASH, BEGINNING OF YEAR	<u>271,452</u>	<u>399,344</u>
CASH, END OF YEAR	<u>\$ 168,067</u>	<u>\$ 271,452</u>

PROJECT LEARN OF SUMMIT COUNTY

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2023

(with summarized comparative financial information for the year ended June 30, 2022)

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.

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 temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Grants and Contributions – Grants and contributions are recognized when the donor makes a promise to give to the Agency that is, in substance, unconditional. Grants and 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 grants and 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.

The Agency receives grants from governmental agencies. 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.

The Agency has approximately \$142,000 and \$103,596 of conditional grants awarded but not yet recognized as of June 30, 2023 and 2022, respectively. These awards are conditional upon incurring allowable expenditures under the grants.

PROJECT LEARN OF SUMMIT COUNTY

NOTES TO FINANCIAL STATEMENTS, Continued

For the year ended June 30, 2023

(with summarized comparative financial information for the year ended June 30, 2022)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Grants Receivable - 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, 2023 and 2022.

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 straight-line over the estimated useful lives of the assets, ranging from three to seven years. 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, employee benefits, payroll taxes, office supplies, postage, telephone copier, repairs and maintenance, computer expenses, travel and conferences, staff training and occupancy costs 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. Therefore, no provisions for federal and state income taxes have been recorded in the statements.

The Agency follows guidance issued by the FASB on accounting for income taxes and has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings, and believes that no provision for income taxes is necessary to cover any uncertain tax provisions. The Agency is no longer subject to U.S. Federal or state examinations by tax authorities for tax years prior to 2019.

PROJECT LEARN OF SUMMIT COUNTY

NOTES TO FINANCIAL STATEMENTS, Continued

For the year ended June 30, 2023

(with summarized comparative financial information for the year ended June 30, 2022)

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, 2022, 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 \$0, and \$23,688 at June 30, 2023 and 2022, 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 – Management of the Agency has evaluated subsequent events through November 20, 2023, the date the financial statements were available to be issued and determined that there were no significant non-recognized subsequent events through that date.

3. CONTRIBUTED 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, 2023 and 2022. The Agency valued the contributed facilities at the estimated fair value per square foot based on the current price located on a publicly available website for similar office spaces. This contribution and related expense have been recorded in the accompanying financial statements as without donor restrictions. The Agency utilizes the donated space for its programming.

4. COMMUNITY FOUNDATION FUND

The Agency is the beneficiary of a fund administered at the Akron Community Foundation (ACF). The assets are not recorded on the statement of financial position, as these funds were donated directly to ACF. The balance of this fund was \$92,809 and \$88,537 at June 30, 2023 and 2022, respectively. The Agency received distributions of \$5,557 and \$4,424 during the years ended June 30, 2023 and 2022, respectively.

PROJECT LEARN OF SUMMIT COUNTY

NOTES TO FINANCIAL STATEMENTS, Continued

For the year ended June 30, 2023

(with summarized comparative financial information for the year ended June 30, 2022)

5. LIQUIDITY

The Agency manages its cash available to meet general expenditures with the following guiding principles:

- Operating within a prudent range of financial soundness and stability
- Maintaining adequate liquid assets

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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 168,067	\$ 271,452
Grants receivable	<u>191,212</u>	<u>165,982</u>
Total financial assets	359,279	437,434
Less: financial assets held to meet donor imposed restrictions	<u>92,435</u>	<u>87,694</u>
Amount available for general expenditure within one year	<u>\$ 266,844</u>	<u>\$ 349,740</u>

Based on the information above and projected future cash flows from operations, Management of the Agency believes it will have sufficient resources to sustain operations for the next 12 months.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 65,946	\$ 65,946
Computers	19,732	19,732
Office machinery	28,993	28,993
Computer software	<u>2,481</u>	<u>2,481</u>
	117,152	117,152
Less accumulated depreciation	<u>(102,333)</u>	<u>(99,195)</u>
Total property and equipment, net	<u>\$ 14,819</u>	<u>\$ 17,957</u>

PROJECT LEARN OF SUMMIT COUNTY

NOTES TO FINANCIAL STATEMENTS, Continued

For the year ended June 30, 2023

(with summarized comparative financial information for the year ended June 30, 2022)

7. NET ASSETS

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

	<u>2023</u>	<u>2022</u>
Net investment in property and equipment	\$ 14,819	\$ 17,957
Operations	<u>213,575</u>	<u>289,673</u>
	<u>\$ 228,394</u>	<u>\$ 307,630</u>

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

	<u>2023</u>	<u>2022</u>
TABE Assessment Proctor Grant	\$ 4,631	\$ -
HSE Course West Akron	12,033	-
Wish Book	1,950	-
English for Manufacturing Professionals	-	2,549
Math Kits	-	8,000
Digital Literacy	13,821	17,145
2022 Operations	-	60,000
2023 Operations	<u>60,000</u>	<u>-</u>
	<u>\$ 92,435</u>	<u>\$ 87,694</u>

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors totaling \$73,873 and \$33,679 during the years ended June 30, 2023 and 2022, respectively.

8. CONCENTRATION OF CONTRIBUTIONS OR GRANTS

The Agency received approximately 79% and 82% of its total public support and revenue, net, from one source in June 30, 2023 and 2022, respectively. Grants receivable from this revenue source totaled \$185,939 and \$165,982 and at June 30, 2023 and 2022, respectively. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Agency's programs and activities.