

LITERACY TOGETHER
INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025



CORLISS &
SOLOMON
PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Literacy Together
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Literacy Together
Asheville, North Carolina

Opinion

We have audited the accompanying financial statements of Literacy Together (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related disclosures to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Literacy Together as of June 30, 2025, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Literacy Together 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Literacy Together's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but 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, including omissions, 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 Literacy Together'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 Literacy Together'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.

Report on Summarized Comparative Information

We have previously audited Literacy Together's 2024 financial statements, and our report dated November 18, 2024, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carliss & Solomon, PLLC

Asheville, North Carolina
December 10, 2025

Literacy Together

Statements of Financial Position

As of June 30, 2025

(With summarized comparative totals as of June 30, 2024)

	<u>2025</u>	<u>2024</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 495,214	\$ 336,659
Grants Receivable	150,000	25,000
Contributions Receivable	18,155	3,250
Sales Tax Receivable	2,781	2,288
Prepaid Expenses	4,643	4,643
Total Current Assets	<u>670,793</u>	<u>371,840</u>
<u>Long-Term Assets</u>		
Grants Receivable, Long-Term	150,000	-
Contributions Receivable, Long-Term	29,800	8,000
Total Long-Term Assets	<u>179,800</u>	<u>8,000</u>
Total Assets	<u>\$ 850,593</u>	<u>\$ 379,840</u>
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accrued Expenses and Payroll Liabilities	\$ 21,274	\$ 15,279
Total Current Liabilities	<u>21,274</u>	<u>15,279</u>
<u>Net Assets</u>		
Without Donor Restrictions	433,364	268,561
With Donor Restrictions	395,955	96,000
Total Net Assets	<u>829,319</u>	<u>364,561</u>
Total Liabilities and Net Assets	<u>\$ 850,593</u>	<u>\$ 379,840</u>

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

Literacy Together

Statement of Activities

Year Ended June 30, 2025

(With summarized comparative totals for the prior year)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2025</u>	<u>Total 2024</u>
<u>Support and Revenue</u>				
Grants	\$ 246,283	\$ 453,000	\$ 699,283	\$ 403,952
Contributions	275,656	47,955	323,611	258,900
Fundraising Events	51,305	-	51,305	20,560
In-Kind Contributions	4,117	-	4,117	3,860
Interest Income	5,178	-	5,178	5,225
Net Assets Released from Restrictions	<u>201,000</u>	<u>(201,000)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>783,539</u>	<u>299,955</u>	<u>1,083,494</u>	<u>692,497</u>
<u>Expenses</u>				
Program Services	487,013	-	487,013	465,000
Management and General	47,375	-	47,375	38,726
Fundraising	<u>84,348</u>	<u>-</u>	<u>84,348</u>	<u>79,104</u>
Total Expenses	<u>618,736</u>	<u>-</u>	<u>618,736</u>	<u>582,830</u>
Change in Net Assets	<u>164,803</u>	<u>299,955</u>	<u>464,758</u>	<u>109,667</u>
Net Assets, Beginning of Year	<u>268,561</u>	<u>96,000</u>	<u>364,561</u>	<u>254,894</u>
Net Assets, End of Year	<u>\$ 433,364</u>	<u>\$ 395,955</u>	<u>\$ 829,319</u>	<u>\$ 364,561</u>

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

Literacy Together

Statement of Functional Expenses

Year Ended June 30, 2025

(With summarized comparative totals for the prior year)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2025</u>	<u>Total 2024</u>
<u>Personnel</u>					
Salaries	\$ 361,828	\$ 25,458	\$ 31,250	\$ 418,536	\$ 372,721
Payroll Taxes	<u>27,562</u>	<u>2,187</u>	<u>2,106</u>	<u>31,855</u>	<u>27,903</u>
Subtotal Personnel	<u>389,390</u>	<u>27,645</u>	<u>33,356</u>	<u>450,391</u>	<u>400,624</u>
<u>Expenses</u>					
Contract Services	6,180	1,223	13,460	20,863	40,887
Fundraising Events	-	-	29,287	29,287	19,093
Information Technology	2,083	32	3,188	5,303	4,462
Insurance	1,127	3,063	-	4,190	3,886
Office Expense	4,619	592	202	5,413	6,707
Postage and Printing	1,451	-	3,681	5,132	5,183
Professional Fees	-	13,645	-	13,645	9,250
Program Expenses	39,664	-	-	39,664	46,028
Rent	33,840	1,080	1,080	36,000	36,000
Telephone and Internet	<u>4,542</u>	<u>95</u>	<u>94</u>	<u>4,731</u>	<u>4,749</u>
Subtotal Expenses	<u>93,506</u>	<u>19,730</u>	<u>50,992</u>	<u>164,228</u>	<u>176,245</u>
Depreciation	-	-	-	-	2,101
In-Kind Contributions Utilized	<u>4,117</u>	<u>-</u>	<u>-</u>	<u>4,117</u>	<u>3,860</u>
Total Expenses	<u>\$ 487,013</u>	<u>\$ 47,375</u>	<u>\$ 84,348</u>	<u>\$ 618,736</u>	<u>\$ 582,830</u>

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

Literacy Together

Statements of Cash Flows

Year Ended June 30, 2025

(With summarized comparative totals for the prior year)

	<u>2025</u>	<u>2024</u>
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	\$ 464,758	\$ 109,667
Adjustments to reconcile change in net assets to net cash provided or (used) by operating activities:		
Depreciation	-	2,101
(Increase)/Decrease in Operating Assets		
Grants Receivable	(275,000)	(7,700)
Contributions Receivable	(36,704)	(9,125)
Sales Tax Receivable	(493)	(2,288)
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	-	(3,555)
Accrued Expenses and Payroll Liabilities	5,994	15,279
Deferred Revenue	-	(44,000)
Net Cash Provided by Operating Activities	<u>158,555</u>	<u>60,379</u>
Net Change in Cash and Cash Equivalents	<u>158,555</u>	<u>60,379</u>
Cash and Cash Equivalents, Beginning of Year	<u>336,659</u>	<u>276,280</u>
Cash and Cash Equivalents, End of Year	<u>\$ 495,214</u>	<u>\$ 336,659</u>

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

Literacy Together

Disclosures to the Financial Statements

Year Ended June 30, 2025

1. **Description of the Organization, Corporate and Tax-Exempt Status**

Literacy Together, formerly The Literacy Council of Buncombe County, is a private, non-profit corporation established in 1986 after a merger between the Altrusa Literacy Council and the Asheville-Buncombe Literacy Council. Literacy Together is dedicated to increasing comprehensive literacy and English language skills through specialized instruction by trained tutors and access to literacy resources.

Corporate and Tax-Exempt Status

Literacy Together was incorporated in June 1986 as a not-for-profit corporation under the laws of the state of North Carolina and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. Contributions to the Organization qualify for the charitable contribution deduction under Section 170(b)(1)(a). The Organization is classified as a publicly supported organization under Section 509(a)(1). The Organization receives its support principally through contributions and grants.

2. **Summary of Significant Accounting Policies**

Basis of Accounting

The financial statements have been prepared on an accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to not-for-profit organizations.

Financial Statement Presentation

The classification of Literacy Together's net assets, and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets – without donor restrictions and with donor restrictions – be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

The classes of net assets are defined as follows:

Net Assets Without Donor Restrictions – Includes net assets that are not subject to donor-imposed restrictions and that may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net Assets With Donor Restrictions - Includes net assets that are subject to restrictions imposed by donors or grantors. Some donor and grantor restrictions are temporary in nature, such as those with a specified purpose or a timeframe for expenditure established by the donor or grantor. Other donor-imposed restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

Literacy Together's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase. This includes certificates of deposit that are not held for long-term investment purposes. These instruments are recorded at fair value.

Concentration of Credit Risk

Financial instruments that potentially subject Literacy Together to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed the FDIC federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high-credit-quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses concerning such accounts.

Contributions and Grants Receivable

Contributions and Grants receivable without conditions and expected to be collected within one year are recorded at net realizable value; those expected to be collected in more than one year are recorded at the present value of their future cash flows, using a risk-adjusted interest rate. Management estimates any provision for uncollectible receivables based on historical collection experience.

Contributions and Grants

Contributions and grants are recognized in support: (1) when the Organization receives cash, securities or other assets from a donor or grantor, (2) when a donor conveys a promise to donate in the future, on an unconditional basis, and (3) when a grantor awards a grant to be paid in the future, on an unconditional basis. Contributions and grants with conditions, such as performance requirements, are not recognized until the conditions on which they depend have been substantially met.

Leases

Literacy Together follows (ASU) *No. 2016-02 Leases* (Topic 842) as management believes the standard improves the usefulness and understandability of the organization's financial reporting. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases, except for short-term leases of less than 12 months. The standard can have a material impact on the Organization's statement of financial position but does not have a material impact on the statement of activities and cash flows.

Contributed Goods and Services

Literacy Together recognizes contributed goods at estimated fair value on the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. When recognized, contributed services are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the details of the natural classification of expenses by function. Certain categories of expenses that are attributable to more than one program or supporting function require management's allocation on a reasonable basis that is consistently applied. The primary allocation basis used by management for personnel expenses and applicable overhead expenses is estimated based on the time and effort of employees.

Income Taxes/Uncertain Tax Positions

Literacy Together is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code. Under the Code, however, income from certain activities unrelated to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income. The Organization had no income from unrelated business activities in 2024-2025 and was, therefore, not required to file Federal Form 990-T (Exempt Organization Business Income Tax Return). The Organization believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Summarized Comparative Data

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with Literacy Together's audited financial statements for the year ended June 30, 2024, from which the summarized information was derived. Certain amounts in the prior-year financial statements have been reclassified to conform to the current year presentation.

3. Liquidity and Availability

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

As of June 30:

Financial Assets at year end:

Cash and Cash Equivalents

Grants Receivable

Contributions Receivable

Sales Tax Receivable

Total Financial Assets

Less amounts not available to be used in one year:

Net Assets with Purpose Restrictions

Total not available to be used in one year

Financial assets available to meet general expenditures over the following year

	2025	2024
\$	495,214	\$ 336,659
	150,000	25,000
	18,155	11,250
	2,781	2,288
	666,150	375,197
	48,000	96,000
	48,000	96,000
\$	618,150	\$ 279,197

4. Cash and Cash Equivalents

Cash and cash equivalent amounts are shown in the list below.

As of June 30:

Checking

Money Market

Certificate of Deposit

U.S. Treasury Bills

Total Cash and Cash Equivalents

	2025	2024
\$	14,295	\$ 43,168
	299,005	135,092
	30,475	-
	151,439	158,399
\$	495,214	\$ 336,659

As of June 30, 2025, the Organization had exceeded the FDIC federally insured limit in cash accounts by \$94,488. Management believes the Organization is not exposed to any significant credit risk on its cash balances.

As of June 30, 2025, U.S. Treasury Bills had maturity dates of less than three months. Interest earnings on investments during the year ended June 30, 2025, totaled \$4,373.

5. Grants Receivable

Grants receivable, without donor-imposed conditions and expected to be collected within one year, are recorded at net realizable value. Management evaluates the collectability of receivables based on historical collection experience and current economic conditions. As of June 30, 2025, and June 30, 2024, the Organization has recorded grants receivable of \$300,000 and \$25,000, representing unconditional grants awarded by private foundations to support general operations. An allowance for uncollectible accounts was not recorded, as management believes that all amounts are collectible. In addition, the effect of discounting the long-term grants receivable for the current period was not material to the financial statements as a whole; therefore, it was not included in the financial statements for the years ended June 30, 2025, and June 30, 2024, respectively.

6. Contributions Receivable

Literacy Together recognizes contributions receivable for pledges that will be used towards future fundraising events. An allowance for uncollectible promises to give was not recorded, as management believes that all amounts are collectible. In addition, the effect of discounting the long-term pledges receivable for the current period was not material to the financial statements as a whole; therefore, it was not included in the financial statements for the years ended June 30, 2025, and June 30, 2024, respectively. Contributions receivable is expected to be collected as follows:

<u>As of June 30:</u>	<u>2025</u>	<u>2024</u>
2025	\$ -	\$ 3,250
2026	18,155	3,250
2027	10,800	3,250
2028	7,750	750
2029	7,750	750
2030	3,500	-
Total Contributions Receivable	<u>\$ 47,955</u>	<u>\$ 11,250</u>

7. Beneficially Owned Funds

Literacy Together is the beneficial owner, but not the legal owner, of certain donated funds held and controlled by the Community Foundation of Western North Carolina (the "Foundation"). These funds are not reflected in the accompanying statement of financial position. The Organization retains specific percentages of beneficial interests in the Foundation's component fund. During the audit year, the Organization received a distribution from the endowment of \$5,110. The total market value of these funds as of June 30, 2025, is \$118,868.

8. Related Party Transactions

During the year ended June 30, 2025, members of Literacy Together's Board of Directors and key employees contributed an aggregate amount of \$17,263 to the Organization. These contributions are included in contributions revenue and classified as net assets without donor restrictions in the accompanying financial statements. No preferential treatment, material transactions, or conflicts of interest resulted from these contributions. Literacy Together's policy requires all board members to adhere to its Conflict-of-Interest Policy, and any potential conflicts are disclosed and managed in accordance with that policy.

9. Lease Commitment

Literacy Together paid \$3,000 per month for office rent. As short-term leases are excluded under Topic 842, the total \$36,000 rent expense for the year ended June 30, 2025, was recorded as incurred.

10. Net Assets Without Donor Restrictions

Net assets without donor restrictions totaled \$433,364 and \$268,561 as of June 30, 2025, and June 30, 2024, respectively. Board-designated net assets consist of funds set aside by the Board of Directors for future operations and held in cash and cash equivalents. The board-designated balance totaled \$122,613 and \$121,776 as of June 30, 2025, and June 30, 2024, respectively.

11. Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following purposes:

<u>As of June 30:</u>	<u>2025</u>	<u>2024</u>
Adult Literacy	\$ 20,000	\$ 8,000
English for Speakers of Other Languages	10,000	55,000
Youth Literacy	18,000	33,000
Time Restricted	347,955	-
Total Net Assets With Donor Restrictions	<u>\$ 395,955</u>	<u>\$ 96,000</u>

12. Volunteers

Literacy Together extensively utilizes volunteer tutors to implement its programs. For the years ended June 30, 2025, and June 30, 2024, volunteers contributed 31,178 and 30,576 hours, with a total value of \$1,029,186 and \$967,425, based on a rate of \$33.01 and \$31.64 per hour, respectively. Rates are provided annually by the Independent Sector. The services contributed by volunteers did not meet the requirements of U.S. GAAP for recognition as income.

13. Subsequent Events

Subsequent events have been evaluated through December 10, 2025, which is the date the financial statements were available to be issued.