Literacy Pittsburgh

Financial Statements and
Supplementary Information

Years Ended June 30, 2018 and 2017
with Independent Auditor's Reports

MaherDuessel

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LITERACY PITTSBURGH

YEARS ENDED JUNE 30, 2018 AND 2017

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Independent Auditor's Report

Board of Directors
Literacy Pittsburgh

Report on the Financial Statements

We have audited the accompanying financial statements of Literacy Pittsburgh (LP), (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 audits 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 LP as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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, 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*, is presented for purposes of additional analysis and is 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 as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2019 on our consideration of LP'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 solely 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 the effectiveness of LP's 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 LP's internal control over financial reporting and compliance.

Maher Duessel

Pittsburgh, Pennsylvania
February 8, 2019

LITERACY PITTSBURGH

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	$ 880,790	$ 977,084
Grants receivable	59,044	55,658
Prepaid expenses	43,067	1,044
Total current assets	982,901	1,033,786
Note receivable, net	-	30,000
Fixed assets:		
Furnishings and equipment	278,398	278,398
Leasehold improvements	388,912	388,912
Less: accumulated depreciation	(587,482)	(558,709)
Total fixed assets, net of depreciation	79,828	108,601
Investments - endowment	2,613,914	2,414,088
Total Assets	$ 3,676,643	$ 3,586,475
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable	$ 27,580	$ 21,294
Deferred revenue	24,000	33,000
Compensated absences	63,095	65,982
Note payable - current portion	44,882	55,878
Total current liabilities	159,557	176,154
Note payable - long-term	-	44,882
Total Liabilities	159,557	221,036
Net Assets:		
Unrestricted:		
Board-designated for endowment	574,113	495,570
Undesignated	693,300	774,533
Total Unrestricted Net Assets	1,267,413	1,270,103
Temporarily restricted	1,352,783	1,198,446
Permanently restricted	896,890	896,890
Total Net Assets	3,517,086	3,365,439
Total Liabilities and Net Assets	$ 3,676,643	$ 3,586,475

See accompanying notes to financial statements.

LITERACY PITTSBURGH

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Support and Revenues:				
Grants	$ 1,463,461	$ -	$ -	$ 1,463,461
Contributions - corporations and foundations	190,142	410,500	-	600,642
Contributions - individual	642,665	5,900	-	648,565
Special events	198,154	-	-	198,154
Investment gain (loss)	51,889	121,283	-	173,172
Interest income	54	-	-	54
Program income	270,505	-	-	270,505
Miscellaneous	779	-	-	779
In-kind	59,421	-	-	59,421
Net assets released from restrictions:				
Satisfaction of restrictions	383,346	(383,346)	-	-
Endowment earnings appropriated for expenditure	-	-	-	-
Total operating support and revenues	3,260,416	154,337	-	3,414,753
Operating Expenses:				
Literacy program services	2,544,830	-	-	2,544,830
Management and general	505,615	-	-	505,615
Fundraising	212,661	-	-	212,661
Total operating expenses	3,263,106	-	-	3,263,106
Change in Net Assets	(2,690)	154,337	-	151,647
Net Assets:				
Beginning of year	1,270,103	1,198,446	896,890	3,365,439
End of year	$ 1,267,413	$ 1,352,783	$ 896,890	$ 3,517,086

See accompanying notes to financial statements.

LITERACY PITTSBURGH

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Support and Revenues:				
Grants	$ 1,355,142	$ -	$ -	$ 1,355,142
Contributions - corporations and foundations	199,834	422,167	-	622,001
Contributions - individual	232,873	-	-	232,873
Special events	213,166	-	-	213,166
Investment gain (loss)	45,584	284,769	-	330,353
Interest income	58	-	-	58
Program income	227,559	-	-	227,559
Miscellaneous	150	-	-	150
In-kind	47,184	-	-	47,184
Net assets released from restrictions:				
Satisfaction of restrictions	385,797	(385,797)	-	-
Endowment earnings appropriated for expenditure	123,338	(123,338)	-	-
Total operating support and revenues	2,830,685	197,801	-	3,028,486
Operating Expenses:				
Literacy program services	2,211,095	-	-	2,211,095
Management and general	505,639	-	-	505,639
Fundraising	192,673	-	-	192,673
Total operating expenses	2,909,407	-	-	2,909,407
Change in Net Assets	(78,722)	197,801	-	119,079
Net Assets:				
Beginning of year	1,348,825	1,000,645	896,890	3,246,360
End of year	$ 1,270,103	$ 1,198,446	$ 896,890	$ 3,365,439

See accompanying notes to financial statements.

LITERACY PITTSBURGH

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Literacy Program Services	Management and General	Fundraising	Total
Salaries	$ 1,543,403	$ 236,478	$ 114,313	$ 1,894,194
Payroll taxes	130,881	20,053	9,651	160,585
Fringe benefits	279,761	32,325	22,502	334,588
Total salaries and related expenses	1,954,045	288,856	146,466	2,389,367
Subcontractors	29,405	-	-	29,405
Volunteer costs	-	-	-	-
Instructional materials and fees	38,026	264	-	38,290
Investment management	-	17,757	-	17,757
Professional fees	82,619	94,041	2,737	179,397
Donated advertising	42,125	-	-	42,125
Office supplies	38,261	32,710	9,133	80,104
Printing and publications	22,987	2,369	8,148	33,504
Postage and shipping	1,229	5,281	8,577	15,087
Telephone	18,520	1,034	565	20,119
Rent and other occupancy	254,671	17,294	4,516	276,481
Insurance	118	9,781	435	10,334
Repair and maintenance	4,787	1,109	222	6,118
Travel	20,141	1,284	143	21,568
Staff development and training	10,486	1,754	671	12,911
Special events	-	-	25,151	25,151
Bank fees and interest	218	2,550	4,231	6,999
Miscellaneous	2,159	27,230	227	29,616
Total before depreciation and amortization	2,519,797	503,314	211,222	3,234,333
Depreciation	3,526	730	457	4,713
Amortization	21,507	1,571	982	24,060
Total expenses	$ 2,544,830	$ 505,615	$ 212,661	$ 3,263,106

See accompanying notes to financial statements.

LITERACY PITTSBURGH

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	Literacy Program Services	Management and General	Fundraising	Total
Salaries	$ 1,427,215	$ 281,334	$ 99,514	$ 1,808,063
Payroll taxes	125,769	26,547	8,786	161,102
Fringe benefits	234,445	67,902	18,329	320,676
Total salaries and related expenses	1,787,429	375,783	126,629	2,289,841
Subcontractors	10,214	-	-	10,214
Volunteer costs	2,079	-	-	2,079
Instructional materials and fees	25,654	327	-	25,981
Investment management	-	16,366	-	16,366
Professional fees	7,394	57,065	876	65,335
Donated advertising	23,000	-	-	23,000
Office supplies	17,938	8,572	3,222	29,732
Printing and publications	16,099	1,364	11,403	28,866
Postage and shipping	1,960	5,199	2,819	9,978
Telephone	15,252	1,113	607	16,972
Rent and other occupancy	257,943	17,999	4,469	280,411
Insurance	-	8,058	-	8,058
Repair and maintenance	3,119	714	151	3,984
Travel	11,113	970	68	12,151
Staff development and training	6,441	985	401	7,827
Special events	-	-	35,910	35,910
Bank fees and interest	-	2,185	4,672	6,857
Miscellaneous	1,466	6,733	67	8,266
Total before depreciation and amortization	2,187,101	503,433	191,294	2,881,828
Depreciation	6,907	635	397	7,939
Amortization	17,087	1,571	982	19,640
Total expenses	$ 2,211,095	$ 505,639	$ 192,673	$ 2,909,407

See accompanying notes to financial statements.

LITERACY PITTSBURGH

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash Flows From Operating Activities:		
Change in net assets	$ 151,647	$ 119,079
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	28,773	27,579
Provision for doubtful accounts - note receivable	26,000	6,000
Net realized and unrealized (gain) loss on investments	(53,233)	(263,911)
Change in assets and liabilities:		
Due from former sub-recipient	-	16,620
Grants and accounts receivable	(3,386)	51,618
Prepaid expenses	(42,023)	3,337
Accounts payable	6,286	12,055
Deferred revenue	(9,000)	6,500
Compensated absences	(2,887)	4,064
Net cash provided by (used in) operating activities	102,177	(17,059)
Cash Flows From Investing Activities:		
Purchase of investments	(171,080)	(171,183)
Proceeds from sales of investments	24,487	244,445
Net cash provided by (used in) investing activities	(146,593)	73,262
Cash Flows From Financing Activities:		
Collections on note receivable	4,000	-
Payments on note payable	(55,878)	(52,479)
Net cash provided by (used in) financing activities	(51,878)	(52,479)
Net Increase (Decrease) in Cash and Cash Equivalents	(96,294)	3,724
Cash and Cash Equivalents:		
Beginning of year	977,084	973,360
End of year	$ 880,790	$ 977,084

See accompanying notes to financial statements.

1. Organization

The mission of Literacy Pittsburgh (LP), a nonprofit corporation, is better lives through learning. LP provides education for adults and children in reading, writing, math, English language, GED preparation, computer skills, and workforce skills. During fiscal year 2017, LP put an increasing emphasis on preparing students for employment and/or postsecondary education. LP envisions a more inclusive and productive community driven by access to education.

LP was incorporated in 1982 and changed its name from Greater Pittsburgh Literacy Council in February 2018. LP's primary adult and family education programs are coordinated by 44 employees at 12 locations in the Pittsburgh, Pennsylvania, metropolitan area. LP's volunteer tutors, AmeriCorps members, and professional staff served 4,651 and 4,449 learners in the Pittsburgh area during the years ended June 30, 2018 and 2017, respectively.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized as they are earned and expenses are recorded when liabilities are incurred.

Basis of Presentation

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

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations. As discussed further in Note 10, the Board of Directors has designated a portion of unrestricted net assets to function as an endowment.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may be met by actions of LP or passage of a prescribed period of time. When a stipulation is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that the principal be held in perpetuity by LP. The donors of those assets permit LP to use all of the income earned on any related investments for general or specific purposes.

Use of Estimates

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. In preparing the financial statements, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ significantly from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. LP maintains its cash accounts at one commercial bank located in the City of Pittsburgh. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per financial institution. LP had cash balances of $715,971 and $729,092 in excess of FDIC insured limits at June 30, 2018 and 2017, respectively. Management has no concerns regarding the solvency of the financial institutions involved at the current time.

Grants Receivable

Grants receivable represent amounts awarded by donors and government agencies that have not been received. Management has determined that no allowance was considered necessary at June 30, 2018 and 2017. Grants receivable are expected to be received within one year.

Revenue Recognition

Grant revenue is recognized when earned, based on the terms of the grants. Contributions are recognized when a donor makes an unconditional promise to give, and are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time period has elapsed, or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

LP recognizes program income at the time services are provided.

Payments for program services and sponsorships received in advance are deferred.

Fixed Assets, Depreciation, and Amortization

Fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to fifteen years. Fixed asset purchases and major leasehold improvements and betterments to equipment in excess of $5,000 are capitalized.

Donated furniture, fixtures, and equipment are recorded as support at their estimated fair value at the time of donation. Donated items are capitalized or expensed following the same capitalization threshold as purchased items. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. In the absence of donor stipulations regarding how long those assets must be maintained, LP reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. LP reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Fair Value Measurements

LP applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. LP defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, required to be recorded at fair value, LP considers the principal or most advantageous market in which LP would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions, and credit risk.

LP applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1 - Observable inputs such as quoted prices in active markets for identical investments that LP has the ability to access.

- Level 2 - Inputs include: Quoted prices for similar assets or liabilities in active markets; Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

- Level 3 - Unobservable inputs in which there is little or no market activity for the asset or liability, which require the management to develop its own estimates and assumptions relating to the pricing the asset or liability including assumptions regarding risk.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation techniques are used to maximize the use of observable inputs and minimize the use of unobservable inputs.

<u>Investments</u>

Investments are composed of money market and mutual funds investing in debt, real estate, and equity securities and are reported at fair value based on readily determinable market quotations. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect the amounts reported in the statement of financial position.

Endowment unrealized gains and losses are recognized as increases or decreases in temporarily restricted net assets until the Board appropriates the earnings for use at which time the earnings appropriated are reclassified to unrestricted. The gain or loss can be treated as temporarily or permanently restricted by donor stipulation or by law. Interest on the endowment, dividends, and net realized and unrealized gains and losses are reflected as part of investment gain included in the statements of activities.

Deferred Revenue

Deferred revenue was $24,000 and $33,000 for the years ended June 30, 2018 and 2017, respectively, and represents advance ticket sales and sponsorships for the Literacy Luncheon. Such amounts are considered to be parts of an exchange transaction rather than a contribution.

Compensated Absences

Vacation is earned at various rates, depending upon length of service and number of hours worked per week. Employees can carry over up to ten vacation days from the preceding calendar year. Upon termination of employment, employees are paid for accrued vacation; however, employees discharged for cause do not receive payment of accrued vacation.

Donated Materials, Equipment, and Services

Donated materials, equipment, and services are reflected as in-kind contributions in the accompanying statements at their estimated fair values at the date of receipt.

Income Taxes

LP is a tax-exempt charitable organization under Section 501(c)(3) of the Internal Revenue Code. LP annually files federal and state information returns as required. Accordingly, no provision for federal or state income taxes is recorded in the financial statements.

Financial Instruments

The following methods and assumptions were used by LP in estimating its fair value disclosures for financial instruments:

- Cash, cash equivalents, and grants receivable: The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

- Short-term and endowment investments: The fair values of investments are based on quoted market prices for those or similar investments. See Note 4 for further disclosure.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between program and supporting services.

Pending Accounting Pronouncements

The Financial Accounting Standards Board (FASB) has issued statements that will become effective in future years as outlined below. Management has not yet determined the impact of these statements on the financial statements.

ASU No. 2014-09, *"Revenue from Contracts with Customers (Topic 606),"* supersedes the revenue recognition requirements in Topic 605, *"Revenue Recognition,"* and most industry-specific guidance. Under the requirements of ASU No. 2014-09, the core principle is that entities should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. LP will be required to retrospectively adopt the guidance in ASU No. 2014-09 for the year ending June 30, 2020.

ASU-2016-02, *"Leases (Topic 842),"* is effective for LP's financial statements for the year ending June 30, 2021. This amendment will require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

ASU No. 2016-14, *"Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,"* effective for LP's financial statements for the year ending June 30, 2019, aims to improve how a nonprofit organization classifies its net assets and provides information in its financial statements and notes about its financial performance, cash flow, and liquidity. The ASU changes the net asset classification, how underwater donor-restricted endowment funds are treated, will increase the information available about liquidity and the availability of resources, requires financial statements for not-for-profits to provide expenses both by nature and function, as well as an analysis of those expenses by both nature and function, along with disclosure of the methods used to allocate those costs among the various functions, and standardizes how organizations present investment returns and what expenses should be netted against those returns. There are qualitative and quantitative requirements in a number of areas, including net asset classes, investment return, expenses, liquidity and availability of resources, and presentation of operating cash flows. Early application of the amendments in the ASU is allowed.

ASU 2018-08, "*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*," is effective for LP's financial statements for the year ending June 30, 2020. This amendment provides guidance for characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

3. In-Kind Donations

LP recognized certain in-kind revenues and expenses for rent, supplies, student materials, and special event donations, which were provided by donors or partner agencies at no cost to LP. These amounts are identified in the statements of activities as in-kind revenues.

In-kind revenues totaled $59,421 and $47,184 for the years ended June 30, 2018 and 2017, respectively, with the corresponding in-kind expenses recognized as donated advertising, rent and other occupancy, and special events in the statements of functional expenses.

During the years ended June 30, 2018 and 2017, LP was the beneficiary of approximately 24,500 and 22,000 hours, respectively, of instructional services provided by volunteers who donated their time for tutoring, training, and student support. No amounts have been reflected in the financial statements, since the volunteers' time does not meet the criteria for financial statement recognition.

4. Investments

Investments consist of money market and mutual funds. Cash and cash equivalents, reported with investments on the statements of financial position, are available to be invested, with the assistance of external advisors, in equity or longer-term debt instruments. Since there is no intent to liquidate the cash and cash equivalents for short-term operating needs, they are presented as long-term investments.

The total returns on investments and cash equivalents for the year ended June 30, 2018 are summarized as follows:

	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	$ 40,198	$ 79,741	$ 119,939
Net realized and unrealized gains (losses)	11,691	41,542	53,233
Total investment gain (loss)	$ 51,889	$ 121,283	$ 173,172

The total returns on investments and cash equivalents for the year ended June 30, 2017 are summarized as follows:

	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	$ 13,637	$ 52,805	$ 66,442
Net realized and unrealized gains (losses)	31,947	231,964	263,911
Total investment gain (loss)	$ 45,584	$ 284,769	$ 330,353

Fair values for Level 1 financial instruments are determined by quoted prices in the active market for identical financial instruments. Fair values for Level 2 financial instruments are determined by other significant observable inputs (quoted prices for similar financial instruments, interest rates, prepayment speeds, credit risk, etc.). Fair values for Level 3 financial instruments are determined by significant unobservable inputs, including LP's own assumptions in determining the fair value of financial instruments. As indicated below, at June 30, 2018 and 2017, all LP investments were valued using Level 1 inputs.

Fair values of assets measured on a recurring basis as of June 30, 2018 are as follows:

		Fair Value Measurements at Reporting Date Using		
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 50,814	$ 50,814	$ -	$ -
Mutual funds:				
Large Domestic Stock Funds	463,287	463,287	-	-
Small Domestic Stock Funds	330,160	330,160	-	-
International Stock Funds	566,925	566,925	-	-
Real Estate Investment Trusts	109,942	109,942	-	-
Short-Term Debt Funds	337,898	337,898	-	-
Intermediate Term Debt Funds	389,419	389,419	-	-
Other Equity Assets	365,469	365,469	-	-
Totals	$ 2,613,914	$ 2,613,914	$ -	$ -

Fair values of assets measured on a recurring basis as of June 30, 2017 are as follows:

		Fair Value Measurements at Reporting Date Using		
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 12,375	$ 12,375	$ -	$ -
Mutual funds:				
Large Domestic Stock Funds	626,464	626,464	-	-
Small Domestic Stock Funds	285,431	285,431	-	-
International Stock Funds	541,327	541,327	-	-
Real Estate Investment Trusts	112,221	112,221	-	-
Short-Term Debt Funds	330,685	330,685	-	-
Intermediate Term Debt Funds	375,447	375,447	-	-
Other Equity Assets	130,138	130,138	-	-
Totals	$ 2,414,088	$ 2,414,088	$ -	$ -

5. Grants

Grants identified in the statements of activities for the years ended June 30, 2018 and 2017 are composed of the following:

	2018	2017
Federal awards	$ 999,849	$ 1,020,985
Pennsylvania Department of Education - Act 143	286,000	225,000
Pennsylvania Department of Education - Family Literacy	175,000	108,000
Other	2,612	1,157
	$ 1,463,461	$ 1,355,142

6. Grants Receivable

Grants receivable balances at June 30, 2018 and 2017 consist of the following:

	2018	2017
PA Department of Labor - Compass AmeriCorps	$ 46,816	$ 48,592
Other	12,228	7,066
	$ 59,044	$ 55,658

7. Leases

LP's operations and administration are carried out in various leased and donated spaces throughout their service area. The terms for these leased facilities range from one to ten years. Rent expense incurred during the year ended June 30, 2018 totaled $254,033, including donated space valued at $11,200. Rent expense incurred during the year ended June 30, 2017 totaled $246,196, including donated space valued at $13,763.

During the fiscal year ended June 30, 2018, LP signed a lease extension with its landlord for an additional ten years commencing on November 1, 2019. Scheduled lease payments for the remaining term of the leases including extension are as follows:

Fiscal Year	Amount
2019	$ 247,200
2020	263,929
2021	272,823
2022	269,078
2023	243,967
Thereafter	1,634,577
	$ 2,931,574

8. Contingencies

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as inappropriate expenditures. Such audits could lead to reimbursement to the grantor agency.

A review of two Literacy AmeriCorps subrecipient sites was completed by the Office of Inspector General (OIG) in July 2010. The Corporation for National and Community Service (CNCS) completed its review of the OIG findings in 2016 and determined that $170,777 was due to CNCS. The amount represents disallowed program costs and improperly certified education awards related to the AmeriCorps program that was administered at those sites. LP is funding the amount due and expects to be partially reimbursed by the respective subrecipients in the amount of $76,620.

In November of 2016, LP entered into a settlement agreement with one of the subrecipient sites (site). Under the agreement, the site made an immediate payment to LP of $16,620 during the year ended June 30, 2017 and entered into a $60,000 promissory note. The note is non-interest-bearing and matures on September 30, 2021. Principal payments of $12,000 are due annually, with the first payment due on or before September 30, 2017. The note is stated at the amount of unpaid principal net of an allowance of $30,000 at June 30, 2017. During the fiscal year ended June 30, 2018, LP received $4,000 and wrote off the remaining balance of $24,000.

During the year ended June 30, 2017, LP made a payment to CNCS in the amount of $17,538 and entered into a note payable with CNCS on September 20, 2016 for the remaining amount due of $153,239. On September 27, 2017, LP was notified by CNCS that CNCS had decided to allow the payment of $17,538 to be offset against the note payable of $153,239. The note is non-interest-bearing and is payable in quarterly installments of $11,176 over a three-year period. Any amount of imputed interest has been determined not to be significant and has not been recognized. The balance on this note payable at June 30, 2018 and 2017 was $44,882 and $100,760, respectively.

Future maturities of this note payable are as follows:

Year Ending June 30,	Amount
2019	$ 44,882

9. Restrictions on Net Assets

Temporarily restricted net assets at June 30, 2018 and 2017 are available for the following purposes:

	2018	2017
Adult and Family Literacy	$ 84,237	$ 51,275
Tutor Training	36,604	40,000
Agency Assessment and Succession Planning	55,000	9,436
ESL	11,532	14,764
Hazlewood Planning	6,508	-
Workplace Services	7,795	52,950
GED Program	2,262	2,846
McKeesport	1,226	5,000
Other programs	4,708	547
Accumulated gains on endowment	1,142,911	1,021,628
	$ 1,352,783	$ 1,198,446

During the years ended June 30, 2018 and 2017, net assets in the amount of $383,346 and $385,797, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purpose.

During the years ended June 30, 2018 and 2017, net assets in the amount of $0 and $123,338, respectively, were released as endowment earnings appropriated for expenditure.

Permanently restricted net assets consist of endowment fund assets to be held indefinitely. The income from the assets can be used to support LP's general activities.

10. Endowments

LP's endowment consists of one fund established to support its mission. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Commonwealth of Pennsylvania has not enacted a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), or a version of the Uniform Management of the Institutional Funds Act (UMIFA). Governing law resides in 15 Pa. C.S. § 5548 "Investment of Trust Funds," as amended by Pennsylvania State Act 141 of 1998 (Act). LP has interpreted relevant law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, LP classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment if required by the applicable donor gift instruments. The remaining portion of the endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by LP in a manner consistent with the standard of prudence prescribed by relevant law.

Endowment Spending Policy

LP's Board of Directors-approved endowment spending policy allows LP to spend in any fiscal year, five percent of the prior three-year average endowment fair value to support LP's mission. Endowment transfers in excess of this five percent annual amount may be explicitly approved by LP's Board of Directors to support special projects, the nature of which is to build the long-term strength of LP. This spending policy is in accordance with Pennsylvania law and donor restrictions.

Return Objectives and Risk Parameters

Endowment funds include funds actively managed by LP as part of a single commingled investment pool. The principal financial objective of the endowment is that the endowment principal should be preserved and if possible enhanced to help ensure LP's financial future. The productivity of the endowment must strike a balance between the preservation of principal in real terms for perpetuity and supporting a spending policy that sustains the mission of LP. To monitor the effectiveness of the investment strategy of the endowment, performance goals are established to exceed the expected real rate of return, established benchmark indices, and the median return of comparable endowment funds.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, LP relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). LP targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift amount maintained as permanently restricted net assets. Such deficiencies are recorded in unrestricted net assets. There were no such deficiencies as of June 30, 2018 and 2017.

Endowment net asset composition by fund type as of June 30, 2018:

	Board-Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 1,142,911	$ 896,890	$ 2,039,801
Board-designated endowment funds	574,113	-	-	574,113
	$ 574,113	$ 1,142,911	$ 896,890	$ 2,613,914

Endowment net asset composition by fund type as of June 30, 2017:

	Board-Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 1,021,628	$ 896,890	$ 1,918,518
Board-designated endowment funds	495,570	-	-	495,570
	$ 495,570	$ 1,021,628	$ 896,890	$ 2,414,088

Changes in endowment net assets for the year ended June 30, 2018:

	Board-Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 495,570	$ 1,021,628	$ 896,890	$ 2,414,088
Investment return:				
Investment income	26,340	93,599	-	119,939
Net realized and unrealized gains (losses)	11,691	41,542	-	53,233
Total investment income (loss)	38,031	135,141	-	173,172
Contributions	44,413	-	-	44,413
Management fees	(3,901)	(13,858)	-	(17,759)
Endowment net assets, end of year	$ 574,113	$ 1,142,911	$ 896,890	$ 2,613,914

Changes in endowment net assets for the year ended June 30, 2017:

	Board-Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 466,352	$ 860,197	$ 896,890	$ 2,223,439
Investment return:				
Investment income	13,637	52,805	-	66,442
Net realized and unrealized gains (losses)	31,947	231,964	-	263,911
Total investment income (loss)	45,584	284,769	-	330,353
Withdrawals	-	(123,338)	-	(123,338)
Management fees	(16,366)	-	-	(16,366)
Endowment net assets, end of year	$ 495,570	$ 1,021,628	$ 896,890	$ 2,414,088

11. Retirement Savings Plan

LP maintains a 401(k) Retirement Savings Plan (Plan) covering substantially all of the employees. Employees are eligible for admittance to the Plan after three months of service. LP will provide a matching contribution to eligible participants up to a maximum of two percent of their compensation. LP may also make an annual contribution to the Plan at the discretion of the Board of Directors. Participants are eligible to receive this discretionary contribution after completing a year of service (750 hours in a year). Participants will not be vested in either LP's matching or discretionary contribution until they complete three years of service. LP made contributions of approximately $23,000 and $24,000 during the years ended June 30, 2018 and 2017, respectively.

SUPPLEMENTARY INFORMATION

LITERACY PITTSBURGH

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Program or Award Amount	Expenditures Through June 30, 2017	Amount Passed Through to Subrecipients	2018 Federal Expenditures	Aggregate Expenditures Through June 30, 2018
Corporation for National and Community Service:							
Passed through the Pennsylvania Department of Labor and Industry:							
AmeriCorps - Compass	94.006	16AFHPA0010007	$ 322,500	$ 261,267	$ -	$ 25,483	$ 286,750
AmeriCorps - Compass	94.006	16AFHPA0010007	323,240	-	-	244,625	244,625
Total Corporation for National and Community Service				261,267	-	270,108	531,375
U.S. Department of Education:							
Passed through the Pennsylvania Department of Education:							
Adult Education - Basic Grants to States	84.002	064-18-0023	587,250	-	-	587,250	587,250
Adult Education - Basic Grants to States - ESL/Civics	84.002	061-18-0007	142,491	-	-	142,491	142,491
Total U.S. Department of Education				-	-	729,741	729,741
Total Expenditures of Federal Awards				$ 261,267	$ -	$ 999,849	$ 1,261,116

See accompanying notes to schedule of expenditures of federal awards.

LITERACY PITTSBURGH

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Literacy Pittsburgh (LP) under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of LP, it is not intended to and does not present the financial position, changes in net assets, or cash flows of LP.

2. Summary of Significant Accounting Policies

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 allowed or are limited as to reimbursement. The Schedule is based upon information provided by the various funding sources to LP and other information available at the time this Schedule was prepared. For the year ended June 30, 2018, LP did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Literacy Pittsburgh

Independent Auditor's Reports
Required by the Uniform Guidance
Year Ended June 30, 2018

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*

Board of Directors
Literacy Pittsburgh

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 Literacy Pittsburgh (LP), (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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 February 8, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered LP'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 on the effectiveness of LP's internal control. Accordingly, we do not express an opinion on the effectiveness of LP'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 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness (Finding No. 2018-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether LP’s financial statements are free from 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*.

LP’s Response to Finding

LP’s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. LP’s response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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 organization’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 organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maher Duessel

Pittsburgh, Pennsylvania
February 8, 2019

Independent Auditor's Report on Compliance for its Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
Literacy Pittsburgh

Report on Compliance for its Major Federal Program

We have audited Literacy Pittsburgh's (LP) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on LP's major federal program for the year ended June 30, 2018. LP's major federal program is 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 federal statutes, regulations, and the 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 LP's major federal program 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 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 LP'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 its major federal program. However, our audit does not provide a legal determination of LP's compliance.

Opinion on its Major Federal Program

In our opinion, LP complied, in all material respects, with the types of compliance requirements referred to above that that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of LP 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 LP's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 LP'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 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.

Maher Duessel

Pittsburgh, Pennsylvania
February 8, 2019

LITERACY PITTSBURGH

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2018

I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified, prepared in accordance with Generally Accepted Accounting Principles

2. Internal control over financial reporting:

   Material weakness(es) identified? ☒ yes ☐ no
   Significant deficiencies identified that are not considered to be material weakness(es)?
   ☐ yes ☒ none reported

3. Noncompliance material to financial statements noted? ☐ yes ☒ no

4. Internal control over major programs:

   Material weakness(es) identified? ☐ yes ☒ no
   Significant deficiencies identified that are not considered to be material weakness(es)?
   ☐ yes ☒ none reported

5. Type of auditor's report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? ☐ yes ☒ no

7. Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
94.006	AmeriCorps

8. Dollar threshold used to distinguish between type A and type B programs: $750,000

9. Auditee qualified as low-risk auditee? ☒ yes ☐ no

II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

Finding 2018-001: Bank to Book Reconciliation Error

Condition: An error was noted as a result of the audit procedures performed on the year-end bank to book reconciliation of Literacy Pittsburgh's operating bank account. It was noted that twenty checks were generated and posted to the general ledger with an incorrect date of June 29, 2017, when the correct date was June 29, 2018. Correcting the error resulted in increasing accounts payable and operating expenses by $67,037.

Criteria: Bank to book reconciliations should be prepared monthly for all bank accounts and adequate support for deposits in transit and outstanding checks should be maintained. Computer controls should also be in place that properly close fiscal year periods, so that mis-postings to an incorrect fiscal year are not allowed.

Cause: Bank to book reconciliations were not being prepared and reviewed timely for the four months prior to the year ended June 30, 2018. Additionally, the general ledger for the fiscal year ended June 30, 2017 was not closed within the software.

Effect: Correcting the error resulted in increasing accounts payable and operating expenses by $67,037.

Recommendation: Timely bank to book reconciliations should be prepared and reviewed and general ledger IT controls implemented to require that fiscal year-ends are properly closed subsequent to year-end.

Management's Response: See CORRECTIVE ACTION PLAN

III. Findings and questioned costs for federal awards.

No matters were reported.

LITERACY PITTSBURGH

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2018

NONE

CORRECTIVE ACTION PLAN

February 8, 2019

Corrective Action plan for the year ended June 30, 2018

Name and address of independent public accounting firm:

Maher Duessel
503 Martindale Street, Suite 600
Pittsburgh, PA 15212

Finding 2018-001: Bank to Book Reconciliation Error

Condition: Twenty checks were generated and posted to the general ledger with an incorrect date of June 29, 2017, instead of June 29, 2018. This error resulted in increasing accounts payable and operating expenses by $67,037

Corrective Action Plan: The Director of Finance has ensured that the bank reconciliations, up to and including November 2018, are completed on a monthly basis and all outstanding checks and/or deposits are supported. The DOF has also contacted the accounting computer software company (Abila) for assistance in closing prior fiscal years. The goal is to resolve this by January 31, 2019.

Parameters have been set up in the accounting software (Abila) to provide a warning of posting to a prior fiscal year. Bank reconciliations will be performed in conjunction with the compiling of the monthly report. The CEO and Director of Finance will review all documentation, on the 15th of every month, for the reconciliation and provide dual sign off of completion.

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