

**NORTHERN NEVADA LITERACY COUNCIL**

***Financial Statements and  
Supplementary Information***

**June 30, 2016**

# NORTHERN NEVADA LITERACY COUNCIL

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Northern Nevada Literacy Council  
Reno, Nevada

### Report on the Financial Statements

We have audited the accompanying financial statements of the Northern Nevada Literacy Council (a nonprofit organization) (the Organization), which comprise the statement of financial position as of June 30, 2016 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Northern Nevada Literacy Council as of June 30, 2016, 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.

### *Report on Summarized Comparative Information*

The financial statements of the Northern Nevada Literacy Council as of and for the year ended June 30, 2015 were audited by Silva & Co., LLC, who joined with Jeff J. Rife & Associates on August 1, 2016 to form Rife Silva & Co, LLC, and whose report dated November 30, 2015, expressed an unmodified audit opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent in all material respects, with the audited financial statements from which it has been derived.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Functional Expenses and the accompanying Schedule of Expenditures of Federal Awards, as required by the Title 2 U.S. Code of Federal Regulations 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 June 30, 2016 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 December 5, 2016, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Reno, Nevada

December 5, 2016

# NORTHERN NEVADA LITERACY COUNCIL

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## STATEMENT OF FINANCIAL POSITION

JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2015)

	2016	2015
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 362,209	\$ 265,748
Grants receivable	97,469	118,158
Prepaid expenses	38,075	38,428
Total Current Assets	497,753	422,334
<b>PROPERTY AND EQUIPMENT, net</b>	18,632	26,048
	<u>\$ 516,385</u>	<u>\$ 448,382</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 65,552	\$ 27,309
Accrued expenses	30,500	21,348
Deferred revenue	197,767	189,493
Total Current Liabilities	293,819	238,150
<b>NET ASSETS</b>		
Unrestricted	222,566	210,232
Temporarily restricted	-	-
	<u>222,566</u>	<u>210,232</u>
	<u>\$ 516,385</u>	<u>\$ 448,382</u>

See accompanying notes.

# NORTHERN NEVADA LITERACY COUNCIL

## STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
<b>SUPPORT AND REVENUE</b>				
Public and governmental support				
Federal and state contracts				
Department of Education	\$ 626,567	\$ -	\$ 626,567	\$ 860,537
Department of Labor	158,705	-	158,705	12,541
Contributions and grants	330,201	5,883	336,084	205,742
Program revenue	42,034	-	42,034	-
Fundraising revenue	18,354	-	18,354	13,933
Net assets released from restrictions	5,883	(5,883)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>1,181,744</b>	<b>-</b>	<b>1,181,744</b>	<b>1,092,753</b>
<b>EXPENSES</b>				
Program services				
Educational program service	1,094,025	-	1,094,025	1,013,113
Supporting services				
General and administrative	75,414	-	75,414	63,609
Fundraising	164	-	164	1,196
<b>TOTAL EXPENSES</b>	<b>1,169,603</b>	<b>-</b>	<b>1,169,603</b>	<b>1,077,918</b>
<b>OTHER INCOME</b>				
Interest income	193	-	193	70
<b>CHANGE IN NET ASSETS</b>	<b>12,334</b>	<b>-</b>	<b>12,334</b>	<b>14,905</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>210,232</b>	<b>-</b>	<b>210,232</b>	<b>195,327</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 222,566</b>	<b>\$ -</b>	<b>\$ 222,566</b>	<b>\$ 210,232</b>

See accompanying notes.

# NORTHERN NEVADA LITERACY COUNCIL

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## STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 12,334	\$ 14,905
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,416	8,584
Changes in:		
Grants receivable	20,689	(52,263)
Prepaid expenses	353	46
Accounts payable	38,243	(25,066)
Accrued expenses	9,152	5,324
Deferred revenue	8,274	180,960
Net cash provided by operating activities	96,461	132,490
 <b>NET CHANGE IN CASH</b>	96,461	132,490
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	265,748	133,258
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 362,209	\$ 265,748

*See accompanying notes.*

# NORTHERN NEVADA LITERACY COUNCIL

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

### NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

#### *Nature of Operations*

Northern Nevada Literacy Council (the Organization) was incorporated in 1980 as a non-profit corporation in the State of Nevada. The Organization provides adult basic skills, GED preparatory instruction, and English as a Second Language for adults who lack a high school diploma or GED or essential skills to function successfully in the workplace. Revenues are provided by Federal grants and individual and business contributions.

#### *Financial Statement Presentation*

In accordance with Financial Accounting Standards Board (FASB) ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, based upon the existence or absence of donor-imposed restrictions. The Organization has not received any contributions with donor-imposed restrictions that would result in permanently restricted net assets.

#### *Basis of Accounting*

The financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### *Estimates*

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### *Cash and Cash Equivalents*

For purposes of the statement of cash flows, the Organization considers all cash and temporary cash investments with an original maturity of three months or less to be cash equivalents.

#### *Grants Receivable*

Grant and contract revenue recognized for which payments have not yet been received is reflected as grants receivable in the accompanying Statement of Financial Position.



# NORTHERN NEVADA LITERACY COUNCIL

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

### *Property and Equipment*

Purchases of furniture and equipment where the cost is greater than \$5,000 are recorded at cost and depreciated over their estimated service lives from five to ten years using the straight-line method. Purchases of furniture and equipment with a cost less than \$5,000 are expensed in the year of purchase. Donated property is recorded at its estimated value at the date received.

### *Compensated Absences*

All full time employees earn vacation leave at rates dependent on years of service and can be accumulated up to specific hour limits. Upon termination of employment, the employees shall receive payment for all accrued annual leave. An accrual for this estimated liability is recorded in the accompanying Statement of Financial Position.

### *Revenue Recognition and Concentration*

The Organization is primarily funded by grants administered by the State of Nevada and passed-through from the federal government. Federal and state contract revenue is recognized when earned in accordance with the terms of each grant agreement or contract. Grant funds received, but not yet expended, are reflected as deferred revenue.

### *Income Taxes*

Northern Nevada Literacy Council is a non-profit organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes is included in the accompanying financial statements.

### *Contributed Services, Materials and Facilities*

Donations of noncash (in-kind) assets or donated use of facilities are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Organization receives a significant amount of donated services from unpaid volunteers who assist in tutoring, fundraising and special projects. For the year ended June 30, 2016, the total fair value for services, materials and facilities contributed to the Organization was \$162,813. This amount has been recorded in the accompanying Statement of Activities.

# NORTHERN NEVADA LITERACY COUNCIL

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

### *Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses (reported as supplementary information). Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### *Advertising Costs*

Advertising costs relate primarily to public awareness campaigns and the promotion of the Organization's services. The Organization's policy is to expense advertising costs as they are incurred. The Organization incurred advertising costs of \$14,341 for the year ended June 30, 2016.

### *Management's Review*

Subsequent events have been evaluated through December 5, 2016, which is the date the financial statements were available to be issued.

### *Comparative Financial Information*

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

# NORTHERN NEVADA LITERACY COUNCIL

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

### NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at June 30:

	2016	(Memo Only) 2015
Cash	\$ 97,270	\$ 89,758
Money market savings	264,939	175,990
	<u>\$ 362,209</u>	<u>\$ 265,748</u>

#### *Concentration of Credit Risk*

The Organization maintains cash accounts in financial institutions located in Nevada. The Federal Deposit Insurance Corporation (FDIC) insures up to \$250,000 per depositor per bank. As of June 30, 2016, deposits did not exceed the FDIC limits.

### NOTE 3 – GRANTS RECEIVABLE

The following is a summary of grants receivable as of June 30:

	2016	(Memo Only) 2015
State of Nevada, Department of Education, Adult Education and Family Literacy	\$ 95,500	\$ 116,819
Other	1,969	1,339
	<u>\$ 97,469</u>	<u>\$ 118,158</u>

# NORTHERN NEVADA LITERACY COUNCIL

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

### NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2016	(Memo Only) 2015
Furniture and equipment	\$ 34,300	\$ 34,300
Computer equipment	53,054	53,054
	87,354	87,354
Less: Accumulated depreciation	68,722	61,306
	<u>\$ 18,632</u>	<u>\$ 26,048</u>

Depreciation expense was \$7,416 for the year ended June 30, 2016.

### NOTE 5 – OPERATING LEASES

The Organization leases offices and education facilities in Reno, Nevada under an operating lease expiring February 2021. The monthly payment is \$5,000. For the year ended June 30, 2016, the expense incurred under the lease commitment was \$53,246.

Future minimum lease payments under the operating lease as of June 30, 2016 are:

2017	\$ 60,000
2018	60,000
2019	60,000
2020	60,000
2021	<u>40,000</u>
Total Lease commitment	<u>\$280,000</u>

# NORTHERN NEVADA LITERACY COUNCIL

## SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	2016				2015
	Program Services	Management and General	Fundraising	Total	Total
Accounting	\$ -	\$ 7,601	\$ -	\$ 7,601	\$ 7,500
Depreciation	-	7,416	-	7,416	8,584
Fundraising activities	-	-	164	164	1,196
In-kind services	162,813	-	-	162,813	159,336
Indirect costs	-	27,929	-	27,929	-
Instructional materials	50,079	228	-	50,307	15,937
Insurance	-	2,559	-	2,559	2,504
General supplies	25,951	681	-	26,632	28,965
Membership and subscriptions	6,793	79	-	6,872	6,239
Other expenses	341	433	-	774	712
Payroll and related taxes and benefits	547,665	20,797	-	568,462	567,527
Printing	4,554	-	-	4,554	7,445
Professional services	34,669	-	-	34,669	10,251
Property services	23,268	4,037	-	27,305	33,128
Rent	53,246	-	-	53,246	59,000
State leadership initiatives	7,471	-	-	7,471	73,775
Technology services	117,573	2,200	-	119,773	42,772
Technology supplies	20,389	1,073	-	21,462	11,748
Training and support	18,646	-	-	18,646	-
Travel, meals, and lodging	20,567	381	-	20,948	41,299
Total Expenses	\$ 1,094,025	\$ 75,414	\$ 164	\$ 1,169,603	\$ 1,077,918

# NORTHERN NEVADA LITERACY COUNCIL

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2016

FEDERAL GRANTOR/PROGRAM TITLE	GRANT IDENTIFICATION NUMBER	FEDERAL CFDA NUMBER	AMOUNT
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Pass through from the State of Nevada, Department of Education</i>			
AEFLA - EL Civics	16-607-33000	84.002	\$ 135,692
AEFLA - Basic Instruction	16-608-33000	84.002	429,955
AEFLA - State Leadership	16-609-33000	84.002	60,920
<i>Total U.S. Department of Education</i>			<u>626,567</u>
<b>U.S. DEPARTMENT OF LABOR</b>			
<i>Pass through from Nevada@works</i>			
WIOA - Youth Out of School	YOS-15-NNLC	17.259	158,705
<i>Total U.S. Department of Labor</i>			<u>158,705</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 785,272</u></u>

*See accompanying note.*

# NORTHERN NEVADA LITERACY COUNCIL

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## NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2016

### NOTE 1 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Northern Nevada Literacy Council and is prepared on the accrual basis of accounting. 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 for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements or other reports submitted directly to the grantor agencies.

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

To the Board of Directors  
Northern Nevada Literacy Council  
Reno, Nevada

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 the Northern Nevada Literacy Council (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 5, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Northern Nevada Literacy Council'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### Compliance and Other Matters

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

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Northern Nevada Literacy Council'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 Northern Nevada Literacy Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Rife Silva & Co, LLC". The script is cursive and fluid.

Reno, Nevada  
December 5, 2016

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors  
Northern Nevada Literacy Council  
Reno, Nevada

### Report on Compliance for Each Major Federal Program

We have audited the Northern Nevada Literacy Council's (a nonprofit organization) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2016. The Organization's major federal programs are identified in the Summary of Auditors' 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.

### *Auditors' Responsibility*

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However our audit does not provide a legal determination of the Organization's compliance.

### *Opinion on Each Major Federal Program*

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

## Report on Internal Control Over Compliance

Management of the Organization 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 the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

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



Reno, Nevada  
December 5, 2016

# NORTHERN NEVADA LITERACY COUNCIL

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS JUNE 30, 2016

### A. SUMMARY OF AUDITORS' RESULTS

#### *Financial Statements*

Type of Auditors' report issued	Unmodified
Internal Control over Financial Reporting:	
• Material weakness identified	No
• Other significant deficiencies identified	None reported
Noncompliance material to the financial statements noted	No

#### *Federal Awards*

Internal Control over Major Programs:	
• Material weakness identified	No
• Other significant deficiencies identified	No
Type of Auditors' report issued on compliance for major programs	Unmodified
Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a)	No

#### *Major Programs*

The major program for the year ended June 30, 2016 were:

- Adult Education and Family Literacy State Grant Programs (CFDA #84.002)
- Workforce Innovation and Opportunity Act Program (CFDA #17.259)

The threshold for distinguishing Types A and B programs was \$750,000.

#### *Low-Risk Auditee*

The Northern Nevada Literacy Council was determined to be a low-risk auditee.

# NORTHERN NEVADA LITERACY COUNCIL

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS JUNE 30, 2016

### **B. FINDINGS – FINANCIAL STATEMENT AUDIT**

None.

### **C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.