

NORTHERN NEVADA LITERACY COUNCIL

*Financial Statements and  
Supplementary Information*

June 30, 2018

# 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, 2018 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, 2018, 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***

We have previously audited the Northern Nevada Literacy Council's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 18, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, 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*, are presented for purposes of additional analysis and are 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 December 10, 2018, 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 the effectiveness of the Organization'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 the Organization's internal control over financial reporting and compliance.

*Rife Silva & Co, LLC*

Reno, Nevada

December 10, 2018

# NORTHERN NEVADA LITERACY COUNCIL

## STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

(WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2017)

	2018	2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 346,039	\$ 418,093
Grants receivable	91,885	106,733
Prepaid expenses	33,600	44,705
Total Current Assets	471,524	569,531
<b>PROPERTY AND EQUIPMENT, net</b>	46,481	11,216
	<u>\$ 518,005</u>	<u>\$ 580,747</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 55,107	\$ 55,269
Accrued expenses	28,397	45,341
Deferred grant revenue	75,277	241,383
Total Current Liabilities	158,781	341,993
<b>NET ASSETS</b>		
Unrestricted	359,224	238,754
Temporarily restricted	-	-
	<u>359,224</u>	<u>238,754</u>
	<u>\$ 518,005</u>	<u>\$ 580,747</u>

See accompanying notes.

# NORTHERN NEVADA LITERACY COUNCIL

## STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2018

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	2018			2017
	Unrestricted	Temporarily Restricted	Total	Total
<b>SUPPORT AND REVENUE</b>				
Public and governmental support				
Federal and state grants and contracts				
Department of Education	\$ 566,270	\$ -	\$ 566,270	\$ 680,371
Department of Labor	367,000	-	367,000	229,130
State of Nevada	69,170	-	69,170	13,234
Contributions and private grants	311,454	160,293	471,747	381,596
Program revenue	47,267	-	47,267	40,331
Fundraising revenue	25,860	-	25,860	15,056
Net assets released from restrictions	160,293	(160,293)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>1,547,314</b>	<b>-</b>	<b>1,547,314</b>	<b>1,359,718</b>
<b>EXPENSES</b>				
Program services				
Educational program service	1,268,664	-	1,268,664	1,245,482
Supporting services				
General and administrative	156,277	-	156,277	96,449
Fundraising	2,452	-	2,452	1,912
<b>TOTAL EXPENSES</b>	<b>1,427,393</b>	<b>-</b>	<b>1,427,393</b>	<b>1,343,843</b>
<b>OTHER INCOME</b>				
Interest income	549	-	549	313
<b>CHANGE IN NET ASSETS</b>	<b>120,470</b>	<b>-</b>	<b>120,470</b>	<b>16,188</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>238,754</b>	<b>-</b>	<b>238,754</b>	<b>222,566</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 359,224</b>	<b>\$ -</b>	<b>\$ 359,224</b>	<b>\$ 238,754</b>

See accompanying notes.

# NORTHERN NEVADA LITERACY COUNCIL

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## STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2018

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 120,470	\$ 16,188
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	10,299	7,416
Changes in:		
Grants receivable	14,848	(9,264)
Prepaid expenses	11,105	(6,630)
Accounts payable	(162)	(10,283)
Accrued expenses	(16,944)	14,841
Deferred grant revenue	(166,107)	43,616
Net cash provided by operating activities	(26,491)	55,884
 <b>NET CHANGE IN CASH</b>	 (72,054)	 55,884
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	 418,093	 362,209
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	 \$ 346,039	 \$ 418,093

See accompanying notes.

# NORTHERN NEVADA LITERACY COUNCIL

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

### 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 and state grants, and private grants and 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.

# NORTHERN NEVADA LITERACY COUNCIL

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

### *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, and private grants and contributions. Federal and state contract revenue is recognized when earned in accordance with the terms of each grant agreement or contract. 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. Private grant funds received in advance for the following fiscal year (refundable advances), are reflected as deferred grant revenue until services are performed. Deferred grant revenue of \$75,277 as of June 30, 2018 consists of private grants for the Family Reading Program for the fiscal year ending June 30, 2019.

### *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.

# NORTHERN NEVADA LITERACY COUNCIL

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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, 2018, the total fair value for services, materials and facilities contributed to the Organization was \$153,862. This amount has been recorded in the accompanying Statement of Activities.

### *Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the Schedule 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 \$11,429 for the year ended June 30, 2018.

### *Management's Review*

Subsequent events have been evaluated through December 10, 2018, 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, 2017, from which the summarized information was derived.

# NORTHERN NEVADA LITERACY COUNCIL

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

### NOTE 2 – CASH AND CASH EQUIVALENTS

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

	2018	(Memo Only) 2017
Cash	\$ 118,592	\$ 38,211
Money market savings	227,447	379,882
	<u>\$ 346,039</u>	<u>\$ 418,093</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, 2017, deposits did not exceed the FDIC limits.

### NOTE 3 – GRANTS RECEIVABLE

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

	2018	(Memo Only) 2017
State of Nevada, Department of Education, Adult Education and Family Literacy	\$ 88,665	\$ 95,500
Other	3,220	1,969
	<u>\$ 91,885</u>	<u>\$ 97,469</u>

# NORTHERN NEVADA LITERACY COUNCIL

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

### NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	2018	(Memo Only) 2017
Furniture and equipment	\$ 57,495	\$ 34,300
Computer equipment	75,423	53,054
	132,918	87,354
Less: Accumulated depreciation	86,437	68,722
	<u>\$ 46,481</u>	<u>\$ 18,632</u>

Depreciation expense was \$10,299 for the year ended June 30, 2018.

### 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, 2018, the expense incurred under the lease commitment was \$60,000.

Future minimum lease payments under the operating lease as of June 30, 2018 are:

2019	\$ 60,000
2020	60,000
2021	<u>40,000</u>
Total Lease commitment	<u>\$220,000</u>

# NORTHERN NEVADA LITERACY COUNCIL

## SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	2018				2017
	Program Services	Management and General	Fundraising	Total	Total
Accounting	\$ -	\$ 8,250	\$ -	\$ 8,250	\$ 8,006
Advertising	11,429	-	-	11,429	19,956
Depreciation	-	10,299	-	10,299	7,416
Fundraising activities	-	-	2,452	2,452	1,912
In-kind services	153,862	-	-	153,862	177,910
Instructional materials	122,703	-	-	122,703	44,689
Insurance	-	2,765	-	2,765	2,559
General supplies	25,390	262	-	25,652	54,515
Membership and subscriptions	1,605	1,045	-	2,650	6,041
Other expenses	2,528	-	-	2,528	1,442
Payroll and related taxes and benefits	547,645	85,888	-	633,533	630,363
Printing	6,978	-	-	6,978	10,071
Professional services	12,298	18,681	-	30,979	25,634
Property services	24,714	10,221	-	34,935	30,480
Rent	48,203	13,633	-	61,836	64,960
State leadership initiatives	-	-	-	-	30,465
Technology services	56,437	-	-	56,437	61,169
Technology supplies	1,176	-	-	1,176	11,694
Testing	9,150	-	-	9,150	9,960
Training and support	238,448	5,233	-	243,681	125,668
Travel, meals, and lodging	6,098	-	-	6,098	18,933
Total Expenses	\$ 1,268,664	\$ 156,277	\$ 2,452	\$ 1,427,393	\$ 1,343,843

# NORTHERN NEVADA LITERACY COUNCIL

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2018

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	17-607-33000	84.002	\$ 135,000
AEFLA - Basic Instruction	17-608-33000	84.002	431,270
<i>Total U.S. Department of Education</i>			<u>566,270</u>
<b>U.S. DEPARTMENT OF LABOR</b>			
<i>Pass through from Nevadaworks</i>			
WIOA - Youth Out of School	YOS-17-NNLC	17.259	285,000
<i>Pass through from Governor's Office of Workforce Innovation</i>			
Workforce Innovation Grant	OWINN 3403	17.259	82,000
<i>Total U.S. Department of Labor</i>			<u>367,000</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 933,270</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, 2018

### 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.

### NOTE 2 – INDIRECT COST RATE

The Northern Nevada Literacy Council (Council) has elected not to use an indirect cost rate on U.S. Department of Education AEFLA grants, CFDA 84.002. The U.S. Department of Labor WIOA grant, CFDA 17.259 includes budgeted and approved indirect costs of \$25,000 which represents approximately 8.8% of the total grant expenditures.

**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) (the Organization), which comprise the statement of financial position as of June 30, 2018, 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 10, 2018.

**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 Organization'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 Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rife Silva & Co, LLC*

Reno, Nevada  
December 10, 2018

## 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) (the 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, 2018. 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, 2018.

## 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.

*Rife Silva & Co, LLC*

Reno, Nevada  
December 10, 2018

# NORTHERN NEVADA LITERACY COUNCIL

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2018

### 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, 2018 was:

- Adult Education and Family Literacy State Grant Programs (CFDA #84.002)

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, 2018**

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

None.

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

None.