

NORTHERN NEVADA LITERACY COUNCIL

***Financial Statements and
Supplementary Information***

June 30, 2021



SILVA, SCEIRINE
& ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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, 2021 and the related statements of activities, functional expenses, 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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 10, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, 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 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 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 June 7, 2022, 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.

Silva, Scirene & Assoc, LLC

Reno, Nevada
June 7, 2022



NORTHERN NEVADA LITERACY COUNCIL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

(WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2020)

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 212,956	\$ 258,800
Grants receivable	171,697	69,715
Prepaid expenses	6,597	24,539
Total Current Assets	391,250	353,054
PROPERTY AND EQUIPMENT, net	16,227	24,962
RESTRICTED INVESTMENT	100,000	100,428
	<u>\$ 507,477</u>	<u>\$ 478,444</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 35,625	\$ 50,240
Accrued expenses	18,040	47,192
Total Current Liabilities	53,665	97,432
NET ASSETS		
Net assets without donor restrictions	240,284	261,330
Net assets with donor restrictions	213,528	119,682
	<u>453,812</u>	<u>381,012</u>
	<u>\$ 507,477</u>	<u>\$ 478,444</u>

See accompanying notes.

NORTHERN NEVADA LITERACY COUNCIL

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Public and governmental support				
Federal and state grants and contracts				
Department of Education	\$ 647,007	\$ -	\$ 647,007	\$ 604,565
Department of Labor	354,185	-	354,185	221,425
State of Nevada and others	57,690	-	57,690	35,894
Contributions and private grants	8,017	154,754	162,771	121,076
Contributed services	189,932	-	189,932	139,023
Program revenue	7,390	-	7,390	24,930
Fundraising revenue	-	-	-	16,352
Investment income and interest	117	2,591	2,708	4,438
Net assets released from restrictions	63,499	(63,499)	-	-
Total Support and Revenue	1,327,837	93,846	1,421,683	1,167,703
EXPENSES				
Program services				
Educational program service	1,167,218	-	1,167,218	1,050,400
Supporting services				
General and administrative	181,665	-	181,665	195,609
Total Expenses	1,348,883	-	1,348,883	1,246,009
CHANGE IN NET ASSETS	(21,046)	93,846	72,800	(78,306)
NET ASSETS, BEGINNING OF YEAR	261,330	119,682	381,012	459,318
NET ASSETS, END OF YEAR	\$ 240,284	\$ 213,528	\$ 453,812	\$ 381,012

See accompanying notes.

NORTHERN NEVADA LITERACY COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	2021			2020
	Program Services	Support Services	Total	Total
Accounting	\$ -	\$ 9,000	\$ 9,000	\$ 8,250
Advertising	-	-	-	87
Depreciation	-	8,735	8,735	8,735
Fundraising activities	-	-	-	6,473
In-kind services	189,932	-	189,932	139,023
Instructional materials	21,212	-	21,212	17,720
Insurance	-	3,040	3,040	2,928
General supplies and office expenses	13,607	4,852	18,459	71,579
Memberships and subscriptions	390	1,359	1,749	4,369
Payroll and related taxes and benefits	570,920	134,088	705,008	736,712
Printing	417	-	417	3,995
Professional services	11,424	6,649	18,073	9,502
Property services	30,191	4,044	34,235	25,789
Rent	59,217	4,824	64,041	65,992
Student services	128,769	-	128,769	-
Technology services	35,755	4,282	40,037	17,120
Training and tuition	102,930	-	102,930	118,583
Travel	2,454	792	3,246	9,152
Total Expenses	\$ 1,167,218	\$ 181,665	\$ 1,348,883	\$ 1,246,009

See accompanying notes.

NORTHERN NEVADA LITERACY COUNCIL

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 72,800	\$ (78,306)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	8,735	8,735
Changes in:		
Grants receivable	(101,982)	74,069
Prepaid expenses	17,942	(7,729)
Accounts payable	(14,615)	27,857
Accrued expenses	(29,152)	17,110
Unearned revenue	-	(14,521)
Net cash provided by (used in) operating activities	(46,272)	27,215
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>359,228</u>	<u>332,013</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 312,956</u>	<u>\$ 359,228</u>
 CASH AND CASH EQUIVALENTS, unrestricted	 \$ 212,956	 \$ 258,800
CASH AND CASH EQUIVALENTS, restricted	<u>100,000</u>	<u>100,428</u>
	<u>\$ 312,956</u>	<u>359,228</u>

See accompanying notes.

NORTHERN NEVADA LITERACY COUNCIL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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.

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.

Basis of Presentation

The financial statements report activities and amounts by class of net assets:

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

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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.

NORTHERN NEVADA LITERACY COUNCIL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all demand deposits, money market accounts and funds, and securities with an original maturity of three months or less to be cash and cash equivalents.

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.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment at June 30, 2021.

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

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 grant revenue is recognized when earned in accordance with the terms of each grant agreement or contract. Grant revenue recognized for which payments have not yet been received is reflected as grants receivable in the accompanying Statement of Financial Position. Other contributions and grants are recognized when received, which may be when the cash is received, unconditional promises to give are received, or ownership of other assets is transferred to the Organization. Contributions received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor without donor restrictions and reported

NORTHERN NEVADA LITERACY COUNCIL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

in the Statement of Activities as net assets released from restrictions. These contributions are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

Federal 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. The organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. We have determined that the Organization has not engaged in any activities that would result in unrelated business income tax. 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 values are calculated based on the valuation of volunteer time by Independent Sector, a leading nonpartisan coalition which is considered a leadership network for nonprofits, foundation and corporate giving programs committed to advancing the common good in America and around the world.

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, 2021, the total fair value for services, materials and facilities contributed to the Organization was \$139,023. 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 Statement of Functional Expenses. Certain costs are attributed to more than one function and have been allocated on a reasonable basis among the programs and supporting services benefited. Payroll and related taxes and benefits are allocated on the basis of time and effort reporting. Property services, rent, general supplies and other office expenses are allocated based on estimated square footage and usage of space. Other costs are directly identifiable and are charged to program or support services accordingly.

NORTHERN NEVADA LITERACY COUNCIL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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.

Subsequent Events

Subsequent events have been evaluated through June 7, 2022, 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, 2020, from which the summarized information was derived.

NOTE 2 – CASH AND CASH EQUIVALENTS

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

	2021	(Memo Only) 2020
Cash	\$ 100,101	\$ 94,734
Money market accounts	112,855	164,066
	212,956	258,800
Certificate of Deposit (Restricted investment)	100,000	100,428
	<u>\$ 525,912</u>	<u>\$ 618,028</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, 2021, deposits did not exceed the FDIC limits.

NORTHERN NEVADA LITERACY COUNCIL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 3 – GRANTS RECEIVABLE

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

	2021	(Memo Only) 2020
State of Nevada, Department of Education, Adult Education and Family Literacy	\$ 111,906	\$ 69,630
Nevadaworks	59,791	-
Other	-	85
	<u>\$ 171,697</u>	<u>\$ 69,715</u>

NOTE 4 – PROPERTY AND EQUIPMENT

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

	2021	(Memo Only) 2020
Furniture and equipment	\$ 57,495	\$ 57,495
Computer equipment	75,423	75,423
	<u>132,918</u>	<u>132,918</u>
Less: Accumulated depreciation	<u>116,691</u>	<u>107,956</u>
	<u>\$ 16,227</u>	<u>\$ 24,962</u>

Depreciation expense was \$8,735 for the year ended June 30, 2021.

NOTE 5 – OPERATING LEASE

The Organization leases offices and education facilities in Reno, Nevada under an operating lease expiring February 2026. The monthly payment is \$5,000. For the year ended June 30, 2021, the expense incurred under the lease commitment was \$60,000.

As of June 30, 2021, the future minimum lease payments under the operating lease are \$60,000 for each fiscal year ending June 30, 2022 through June 30, 2025, and \$40,000 for the fiscal year ending June 30, 2026.

NORTHERN NEVADA LITERACY COUNCIL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 6 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the Statement of Financial Position, comprise the following as of June 30:

	2021	(Memo Only) 2020
Cash and cash equivalents	\$ 212,956	\$ 258,800
Accounts receivable	171,697	143,784
Restricted investment	100,000	100,428
Total financial assets	484,653	503,012
Less: amounts not available to be used within one year		
Perpetual endowment for scholarships	100,000	100,000
Financial assets available to meet general expenses over the next twelve months	<u>\$ 384,653</u>	<u>\$ 403,012</u>

The Organization is principally supported by federal, state, and private grants. The goal of the Organization is to maintain available financial assets to meet its next 90 days of operating expenses.

NOTE 7 – NET ASSETS

The following represents the Organization's net assets as of June 30:

NORTHERN NEVADA LITERACY COUNCIL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

	2021	(Memo Only) 2020
Net Assets Without Donor Restrictions		
Undesignated	\$ 215,322	\$ 227,633
Net investment in property and equipment	24,962	33,697
	<u>240,284</u>	<u>261,330</u>
Net Assets With Donor Restrictions		
Restricted to specific program expenses	113,528	19,682
Perpetual endowment for scholarships	100,000	100,000
	<u>213,528</u>	<u>119,682</u>
Total Net Assets	<u>\$ 453,812</u>	<u>\$ 381,012</u>

Net assets of \$84,482 were released from donor restrictions by incurring expenses satisfying the restricted purpose for the year ended June 30, 2021.

NORTHERN NEVADA LITERACY COUNCIL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2021

GRANTOR/PROGRAM TITLE	PASS-THROUGH GRANTOR'S NUMBER	FEDERAL CFDA NUMBER	AMOUNT
U.S. DEPARTMENT OF EDUCATION			
<i>Pass through from the State of Nevada, Department of Education</i>			
AEFLA - EL Civics	21-607-33000	84.002	\$ 195,321
AEFLA - Basic Instruction	21-608-33000	84.002	451,686
<i>Total U.S. Department of Education</i>			<u>647,007</u>
U.S. DEPARTMENT OF LABOR			
<i>Pass through from Nevadaworks</i>			
WIOA - Youth Out of School Program	YTH-20-NNLC	17.259	354,185
<i>Total U.S. Department of Labor</i>			<u>354,185</u>
NATIONAL ENDOWMENT FOR THE HUMANITIES			
<i>Pass through from Nevada Humanities</i>			
Promotion of the Humanities Federal-State Partnership	956780985	45.129	6,750
Promotion of the Humanities Federal-State Partnership	956780985	45.129	14,233
<i>Total National Endowment for the Humanities</i>			<u>20,983</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,022,175</u></u>

See accompanying notes.

NORTHERN NEVADA LITERACY COUNCIL

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2021

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.



INDEPENDENT AUDITORS' 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, 2021, 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 dated June 7, 2022.

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.

Silva, Scerine & Assoc, LLC

Reno, Nevada
June 7, 2022





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, 2021. The Organization's major federal program is 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, 2021.

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.

Silva, Decine & Assoc, LLC

Reno, Nevada
June 7, 2022



NORTHERN NEVADA LITERACY COUNCIL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS JUNE 30, 2021

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	None reported
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, 2021 was:
- Adult Education and Family Literacy State Grant Programs (CFDA #84.002)
- The threshold for distinguishing Type A and Type B programs was \$750,000.

Low-Risk Auditee

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

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS JUNE 30, 2021

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

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

None.