



ENGLISH IN ACTION

REVIEWED FINANCIAL STATEMENTS

August 31, 2021

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Board of Directors
English in Action
Basalt, Colorado

We have reviewed the accompanying financial statements of English in Action (a nonprofit organization), which comprise the statement of financial position as of August 31, 2021, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of English in Action and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Reese Henry & Company, Inc.

Certified Public Accountants
Aspen, Colorado
April 15, 2022

ENGLISH IN ACTION
STATEMENT OF FINANCIAL POSITION
August 31, 2021

ASSETS

Cash and Cash Equivalents, Without Restrictions	\$ 569,094
Pledges Receivable	62,798
Inventory	18,169
Property and Equipment, Net	75,694
TOTAL ASSETS	<u>\$ 725,755</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 5,524
Note Payable Paycheck Protection Plan	78,501
Security Deposit	750
TOTAL LIABILITIES	<u>84,775</u>

NET ASSETS

Net Assets Without Donor Restrictions	
Undesignated	326,549
Board Designated	167,820
Invested in Property and Equipment	83,813
	578,182
Net Assets With Time Restrictions	62,798
TOTAL NET ASSETS	<u>640,980</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 725,755</u>

See accompanying notes and independent accountant's review report.

ENGLISH IN ACTION
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Contributions and Grants	\$ 337,385	\$ 75,960	\$ 413,345
In-Kind Contributions	8,635	-	8,635
Special Event Income, Net	167,820	-	167,820
Program Income	1,844	-	1,844
Rental Income	1,360	-	1,360
Interest Income	25	-	25
Unrealized Loss	(95)	-	(95)
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	139,190	(139,190)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	656,164	(63,230)	592,934
EXPENSES			
Program Expenses	400,843	-	400,843
Supporting Service Expenses:			
Management and General	58,432	-	58,432
Fundraising	72,290	-	72,290
Total Supporting Service Expenses	130,722	-	130,722
TOTAL EXPENSES	531,565	-	531,565
CHANGE IN NET ASSETS	124,599	(63,230)	61,369
NET ASSETS, Beginning of year	453,583	126,028	579,611
NET ASSETS, End of year	\$ 578,182	\$ 62,798	\$ 640,980

See accompanying notes and independent accountant's review report.

ENGLISH IN ACTION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2021

	Program	Management and General	Fundraising	Benefits to Donors	Total
Grants to Individuals	\$ 9,628	\$ -	\$ -	\$ -	\$ 9,628
Salaries	285,558	30,798	53,009	-	369,365
Employee Benefits	1,026	269	-	-	1,295
Payroll Taxes	21,649	2,335	4,019	-	28,003
Accounting	-	12,769	-	-	12,769
Consultants	8,044	971	1,610	-	10,625
Advertising and Promotion	6,150	660	6,657	-	13,467
Office	8,676	1,025	4,844	-	14,545
Information Technology	5,351	3,027	26	-	8,404
Occupancy	17,285	4,786	-	-	22,071
Travel	22	-	12	-	34
Conferences and Meetings	7,124	211	63	-	7,398
Depreciation	9,289	1,121	1,859	-	12,269
Insurance	5,150	460	191	-	5,801
Program Activities	10,657	-	-	-	10,657
Program Supplies	5,234	-	-	-	5,234
Benefits to Donors	-	-	-	12,127	12,127
Total Expenses by Function	400,843	58,432	72,290	12,127	543,692
Less Expenses Included with Revenues on the Statement of Activities:					
Cost of Direct Benefits to Donors	-	-	-	(12,127)	(12,127)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 400,843	\$ 58,432	\$ 72,290	\$ -	\$ 531,565

See accompanying notes and independent accountant's review report.

ENGLISH IN ACTION
STATEMENT OF CASH FLOWS
For the Year Ended August 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 61,369
Adjustments to Reconcile Change in Net Assets to Net Cash and Cash Equivalents Provided by Operating Activities:	
Depreciation	12,269
Changes in Assets and Liabilities:	
Decrease in Pledges Receivable	63,230
Increase in Inventory	(18,169)
Increase in Accounts Payable	664
Paycheck Protection Plan Loan Forgiven	(74,900)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>44,463</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	(4,150)
NET CASH USED IN INVESTING ACTIVITIES	<u>(4,150)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Paycheck Protection Loan Proceeds	78,501
NET CASH USED IN FINANCING ACTIVITIES	<u>78,501</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS	118,814
CASH AND CASH EQUIVALENTS, Beginning of year	<u>450,280</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ 569,094</u></u>

See accompanying notes and independent accountant's review report.

ENGLISH IN ACTION
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2021

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

English in Action (the "Organization") is a nonprofit corporation that was incorporated under the laws of Colorado in October 2007. The Organization's mission is to strengthen the quality of life for community members, build cross-cultural relationships, and bridge the communication gap by helping adults learn to read, write, and speak English. This is done through one-on-one and small group tutoring, activities and events designed to promote community engagement and cross-cultural community building.

BASIS OF PRESENTATION

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

CLASSIFICATION OF NET ASSETS

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are classified as follows:

Net assets without donor restrictions: Net assets available for use in operations and not subject to donor-imposed restrictions.

Net assets with donor restrictions: Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the resources are to be maintained in perpetuity. As of August 31, 2021, the Organization has no assets to be held in perpetuity. Net assets with donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purposed for which the resource was restricted has been fulfilled, or both.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all cash held in deposits and investments with an original maturity of three months or less. The Organization does, on occasion, exceed FDIC federally insured limit of \$250,000. As of August 31, 2021, and at various times throughout the year, the Organization had deposits in excess of these limits.

PLEDGES RECEIVABLE

Unconditional pledges are recognized as contribution revenue in the period the pledge is made. Pledges are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional pledges are recognized when the conditions on which they depend are substantially met. As of August 31, 2021, there were no conditional pledges and no allowance for doubtful accounts.

PROPERTY AND EQUIPMENT

Donations of equipment are recorded as support at their estimated fair value at the date of the donation. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Purchased assets are recorded at fair value as an increase to net assets without donor restrictions as of the purchase date. Property and equipment are depreciated over their estimated useful lives using the straight-line method, as follows:

	<u>Years</u>
Buildings	15
Furniture and Fixtures	7
Software	5
Computer Equipment	3

CONTRIBUTIONS AND GRANTS

Contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions.

Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

DONATED SERVICES AND ASSETS

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Various donated services recognized as contributions during the year ended August 31, 2021, were \$9,125. \$1,925 are donated program supplies, \$6,090 in rent and office cleaning, and \$1,100 in advertising costs.

INCOME TAX STATUS

The Organization is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. Contributions to the Organization are tax deductible as permitted under the Code.

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

FUNCTIONAL EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis (program services, management and general, and fundraising). The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

ADVERTISING AND PROMOTION

The Organization expenses advertising and promotion costs as incurred. Advertising and promotion expenses incurred for the fiscal year was \$13,467.

MANAGEMENT REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition of disclosure through April 15, 2022, the date which the financial statements were available for issuance.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available to meet cash needs for general expenditures within one year are as follows as of August 31, 2021:

Cash and Cash Equivalents	\$ 569,094
Pledges Receivable, Undesignated	<u>50,338</u>
Total Assets Available for General Expenditures	<u><u>\$ 619,432</u></u>

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. Board designated funds of \$145,723 are included in the cash and cash equivalents number above.

3. PLEDGES RECEIVABLE

Pledges receivable as of August 31, 2021, are as follows:

Receivable in less than one year	\$ 50,338
Receivable in one to five years	<u>12,460</u>
	<u><u>\$ 62,798</u></u>

The Organization reflects multi-year pledges at face value, as the difference between recorded amounts and their present value was not considered significant as of August 31, 2021.

4. PROPERTY AND EQUIPMENT

Property and equipment are reported at cost or, if donated, at fair market value on the date donated. Property and equipment consist of the following as of August 31, 2021:

Buildings	\$ 72,430
Furniture and Fixtures	878
Computer Equipment	7,703
Website Design	5,152
Software	<u>12,250</u>
Total	98,413
Less: Accumulated Depreciation	<u>(22,719)</u>
Property and Equipment, Net	<u>\$ 75,694</u>

Depreciation expense for the year ended August 31, 2021, was \$12,269.

5. NOTE PAYABLE PAYCHECK PROTECTION PLAN

On April 2, 2021, the Organization received loan proceeds in the amount of \$78,501 under the Paycheck Protection Program (PPP) established by the CARES Act. The loan terms are twenty-four months with an annual fixed rate of 1%. As of August 31, 2021, the Organization has reported the loan balance on the statement of financial position as a current liability. They expect to meet the requirements of the program as stipulated by the Small Business Administration to have the balance of the loan forgiven in the next fiscal period.

6. BOARD DESIGNATED NET ASSETS

Board designated net assets includes cash designated for the next fiscal year by the board.

7. SPECIAL EVENTS INCOME, NET

Special events income consists of the following:

Revenue	\$ 179,947
Expenses	<u>(12,127)</u>
Net Income	<u>\$ 167,820</u>

\$19,700 of contributions is included in revenue.

8. OPERATING LEASES

The Organization utilizes a land lease for their office building site. The lease calls for monthly rent payments of \$676 plus utilities and expires in February 2023, with an option to extend for an additional three years.

Future payments on operating leases are as follows:

Year Ending August 31:

2022	8,545
2023	8,545
2024	8,545
2025	8,545
2026	4,273
	<u>\$ 38,453</u>

9. CERTAIN RISKS AND CONCENTRATIONS

ECONOMIC DEPENDENCY - CONCENTRATIONS

Approximately 36% of contributions, grants and in-kind donations are from two donors, one of which is Aspen Community Foundation. The Foundation's donations came from donor advised funds and the community grantmaking programs of Aspen Community Foundation.

Approximately 55% of pledges receivable are due from three donors.