



ENGLISH IN ACTION

REVIEWED FINANCIAL STATEMENTS

August 31, 2022

ENGLISH IN ACTION
REVIEWED FINANCIAL STATEMENTS
August 31, 2022

TABLE OF CONTENTS

ITEM	PAGE NUMBER
Independent Accountant's Review Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6

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, 2022, 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.

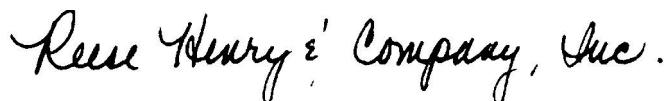
Accountant's Responsibility

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.



Certified Public Accountants
Aspen, Colorado
July 17, 2023

ENGLISH IN ACTION
STATEMENT OF FINANCIAL POSITION
August 31, 2022

ASSETS

Cash and Cash Equivalents, Without Restrictions	\$ 553,225
Pledges Receivable	284,781
Cash and Cash Equivalents, With Restrictions	259,455
Inventory	23,118
Building Development Costs	13,736
Property and Equipment, Net	74,010
TOTAL ASSETS	<u>\$ 1,208,325</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 8,995
Security Deposit	750
TOTAL LIABILITIES	<u>9,745</u>

NET ASSETS

Net Assets Without Donor Restrictions	
Undesignated	414,906
Board Designated	208,016
Invested in Property and Equipment	74,010
	<u>696,932</u>
Net Assets With Donor Restrictions	
Capital Campaign Restrictions	487,912
American Dreamer Restrictions	13,736
	<u>501,648</u>
TOTAL NET ASSETS	<u>1,198,580</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,208,325</u>

See accompanying notes and independent accountant's review report.

ENGLISH IN ACTION
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Contributions and Grants	\$ 409,910	\$ 487,912	\$ 897,822
In-Kind Contributions	26,695	-	26,695
Special Event Income, Net	450,902	-	450,902
Program Income	3,458	-	3,458
Rental Income	5,357	-	5,357
Interest Income	34	-	34
Unrealized Loss	(2,437)	-	(2,437)
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	49,062	(49,062)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	942,981	438,850	1,381,831
EXPENSES			
Program Expenses	615,159	-	615,159
Supporting Service Expenses:			
Management and General	82,456	-	82,456
Fundraising	126,616	-	126,616
Total Supporting Service Expenses	209,072	-	209,072
TOTAL EXPENSES	824,231	-	824,231
CHANGE IN NET ASSETS	118,750	438,850	557,600
NET ASSETS, Beginning of year	578,182	62,798	640,980
NET ASSETS, End of year	\$ 696,932	\$ 501,648	\$ 1,198,580

See accompanying notes and independent accountant's review report.

ENGLISH IN ACTION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2022

	Program	Management and General	Fundraising	Benefits to Donors	Total
Grants - Laptops and Tablets	\$ 17,799	\$ -	\$ -	\$ -	\$ 17,799
Salaries	416,852	44,958	77,382	-	539,192
Employee Benefits	1,391	364	-	-	1,755
Payroll Taxes	40,069	4,322	7,438	-	51,829
Accounting	-	12,643	-	-	12,643
Consultants	9,085	1,097	1,817	-	11,999
Advertising and Promotion	30,265	3,248	32,759	-	66,272
Office	8,411	994	4,696	-	14,101
Information Technology	7,818	4,422	38	-	12,278
Occupancy	30,112	8,338	-	-	38,450
Travel	479	-	262	-	741
Conferences and Meetings	13,892	411	123	-	14,426
Depreciation	9,409	1,135	1,883	-	12,427
Insurance	5,872	524	218	-	6,614
Program Activities	15,074	-	-	-	15,074
Program Supplies	8,631	-	-	-	8,631
Benefits to Donors	-	-	-	99,960	99,960
Total Expenses by Function	615,159	82,456	126,616	99,960	924,191
Less Expenses Included with Revenues on the Statement of Activities:					
Cost of Direct Benefits to Donors	-	-	-	(99,960)	(99,960)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 615,159	\$ 82,456	\$ 126,616	\$ -	\$ 824,231

See accompanying notes and independent accountant's review report.

ENGLISH IN ACTION
STATEMENT OF CASH FLOWS
For the Year Ended August 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 557,600
Adjustments to Reconcile Change in Net Assets to Net Cash and Cash Equivalents Provided by Operating Activities:	
Depreciation	12,427
Changes in Assets and Liabilities:	
Increase in Pledges Receivable	(221,983)
Increase in Inventory	(4,949)
Increase in Building Development Costs	(13,736)
Increase in Accounts Payable	3,471
Paycheck Protection Plan Loan Forgiven	(78,501)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>254,329</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	(10,743)
NET CASH USED IN INVESTING ACTIVITIES	<u>(10,743)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS	243,586
CASH AND CASH EQUIVALENTS, Beginning of year	<u>569,094</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 812,680</u>

See accompanying notes and independent accountant's review report.

ENGLISH IN ACTION
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2022

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, 2022, 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 purpose 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, 2022, 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, 2022, there were no conditional pledges and no allowance for doubtful accounts.

INVENTORY

Inventory is stated at first-in first-out cost, which approximates market. The inventory consists of laptop computers and tablets.

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 who 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, 2022, were as follows:

Office Rent and Maintenance	\$ 5,940
Advertising	16,795
Events Costs	<u>3,960</u>
Total	<u>\$ 26,695</u>

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 presents 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 were \$66,272. Of this total, \$16,795 was donated services.

MANAGEMENT REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition of disclosure through July 17, 2023, 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, 2022:

Cash and Cash Equivalents	\$ 553,225
Pledges Receivable	200,741
Total Assets Available for General Expenditures	<u>\$ 753,966</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 \$208,016 are included in the cash and cash equivalents number above.

3. PLEDGES RECEIVABLE

Pledges receivable as of August 31, 2022, are as follows:

Receivable in less than one year	\$ 200,741
Receivable in one to five years	90,514
Total	<u>291,255</u>
Less Present Value Discount	(6,474)
	<u>\$ 284,781</u>

The Organization reflects multi-year pledges at net present value, which was estimated to be 1.5%.

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, 2022:

Buildings	\$ 72,430
Furniture and Fixtures	878
Computer Equipment	18,446
Website Design	5,152
Software	<u>12,250</u>
Total	109,156
Less: Accumulated Depreciation	<u>(35,146)</u>
Property and Equipment, Net	<u>\$ 74,010</u>

Depreciation expense for the year ended August 31, 2022, was \$12,427.

5. BOARD DESIGNATED NET ASSETS

Board designated net assets includes cash designated for the next fiscal year by the board. At August 31, 2022, board designated net assets totaled \$208,016.

6. SPECIAL EVENTS INCOME, NET

Special events income consists of the following:

	Summer Benefit*	Immigrant Voices	Total
Revenue	\$ 499,990	\$ 34,166	\$ 534,156
Expenses	<u>(79,022)</u>	<u>(4,232)</u>	<u>(83,254)</u>
Net Income	<u>\$ 420,968</u>	<u>\$ 29,934</u>	<u>\$ 450,902</u>

\$96,402 of contributions is included in revenue.

* Summer benefit income is higher than normal because it includes partial revenues for two Summer Benefits (one held in September 2021 and one held in July 2022) due to timing of the fiscal year and event scheduling.

7. 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:

2023	8,545
2024	8,545
2025	8,545
2026	4,273
2027	-
	<u>\$ 29,908</u>

8. RISKS AND CONCENTRATIONS

ECONOMIC DEPENDENCY - CONCENTRATIONS

Approximately 21% of contributions, grants and in-kind donations are from two donors. An individual contributed approximately 10% of total contributions. Aspen Community Foundation provided approximately 11% of total donations. This includes donations directly from the Foundation, and from Aspen Community Foundation donor advised accounts.

Approximately 52% of pledges receivable is from two donors.

9. CAPITAL CAMPAIGN

In April 2022, the Organization launched a \$5 million campaign to build a new Center for Communication.