



ENGLISH IN ACTION

**REVIEWED FINANCIAL STATEMENTS
(with supplementary information)**

August 31, 2023

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(with supplementary information)

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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, 2023, 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
August 16, 2024

ENGLISH IN ACTION
STATEMENT OF FINANCIAL POSITION
August 31, 2023

ASSETS

Cash and Cash Equivalents, Without Restrictions	\$ 460,822
Pledges Receivable, Net	1,394,705
Unrestricted Investments	338,766
Cash and Cash Equivalents, With Restrictions	257,667
Inventory	11,589
Prepaid Expenses	1,297
Building Development Costs	184,360
Property and Equipment, Net	65,202
TOTAL ASSETS	<u><u>\$ 2,714,408</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 8,583
Security Deposit	750
TOTAL LIABILITIES	<u><u>9,333</u></u>

NET ASSETS

Net Assets Without Donor Restrictions	
Undesignated	755,636
Board Designated	231,866
Invested in Property and Equipment	65,202
	<u>1,052,704</u>
Net Assets With Donor Restrictions	
Capital Campaign Restrictions	1,538,691
American Dreamer Restrictions	113,680
	<u>1,652,371</u>
TOTAL NET ASSETS	<u><u>2,705,075</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,714,408</u></u>

See accompanying notes and independent accountant's review report.

ENGLISH IN ACTION
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Contributions and Grants	\$ 654,743	\$ 1,408,248	\$ 2,062,991
In-Kind Contributions	66,019	-	66,019
Special Event Income, Net	251,899	-	251,899
Program Income	2,644	-	2,644
Rental Income	6,652	-	6,652
Interest Income	13,573	-	13,573
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	257,525	(257,525)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>1,253,055</u>	<u>1,150,723</u>	<u>2,403,778</u>
EXPENSES			
Program Expenses	719,250	-	719,250
Supporting Service Expenses:			
Management and General	51,931	-	51,931
Fundraising	126,102	-	126,102
Total Supporting Service Expenses	178,033	-	178,033
TOTAL EXPENSES	<u>897,283</u>	<u>-</u>	<u>897,283</u>
CHANGE IN NET ASSETS	355,772	1,150,723	1,506,495
NET ASSETS, Beginning of year	696,932	501,648	1,198,580
NET ASSETS, End of year	<u>\$ 1,052,704</u>	<u>\$ 1,652,371</u>	<u>\$ 2,705,075</u>

See accompanying notes and independent accountant's review report.

ENGLISH IN ACTION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2023

	Program	Management and General	Fundraising	Benefits to Donors	Total
Grants - Laptops and Tablets	\$ 11,529	\$ -	\$ -	\$ -	\$ 11,529
Salaries	534,575	25,490	69,993	-	630,058
Employee Benefits	2,395	406	426	-	3,227
Payroll Taxes	46,619	2,045	5,799	-	54,463
Accounting	-	10,963	-	-	10,963
Consultants	-	-	25,800	-	25,800
Advertising and Promotion	28,657	723	13,726	-	43,106
Office	7,702	1,575	5,097	-	14,374
Information Technology	12,359	1,304	1,756	-	15,419
Occupancy	24,822	7,467	576	-	32,865
Travel	261	-	-	-	261
Conferences and Meetings	14,396	408	1,419	-	16,223
Depreciation	6,695	793	1,321	-	8,809
Insurance	5,112	757	189	-	6,058
Program Activities	18,934	-	-	-	18,934
Program Supplies	5,194	-	-	-	5,194
Benefits to Donors	-	-	-	76,085	76,085
Total Expenses by Function	719,250	51,931	126,102	76,085	973,368
Less Expenses Included with Revenues on the Statement of Activities:					
Cost of Direct Benefits to Donors	-	-	-	(76,085)	(76,085)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 719,250	\$ 51,931	\$ 126,102	\$ -	\$ 897,283

See accompanying notes and independent accountant's review report.

ENGLISH IN ACTION
STATEMENT OF CASH FLOWS
For the Year Ended August 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 1,506,495
Adjustments to Reconcile Change in Net Assets to Net Cash and Cash Equivalents Provided by Operating Activities:	
Depreciation	8,808
Changes in Assets and Liabilities:	
Increase in Pledges Receivable	(1,109,924)
Increase in Inventory	11,529
Increase in Building Development Costs	(170,624)
Increase in Prepaid Expenses	(1,297)
Increase in Accounts Payable	(412)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>244,575</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	(338,766)
NET CASH USED IN INVESTING ACTIVITIES	<u>(338,766)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(94,191)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>812,680</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 718,489</u>

See accompanying notes and independent accountant's review report.

ENGLISH IN ACTION
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

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, 2023, 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, 2023, 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, 2023, 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, 2023, were as follows:

Office Rent and Maintenance	\$ 6,175
Advertising	1,313
Counsultants	57,131
Events Costs	<u>1,400</u>
Total	<u>\$ 66,019</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 \$43,106. Of this total, \$1,313 was donated services.

MANAGEMENT REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition of disclosure through August 16, 2024, 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, 2023:

Cash and Cash Equivalents	\$ 460,822
Pledges Receivable	<u>834,391</u>
Total Assets Available for General Expenditures	<u><u>\$1,295,213</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 \$231,866 are included in the cash and cash equivalents number above.

3. PLEDGES RECEIVABLE

Pledges receivable as of August 31, 2023, are as follows:

Receivable in less than one year	\$ 834,391
Receivable in one to five years	<u>594,090</u>
Total	<u>1,428,481</u>
Less Present Value Discount	<u>(33,776)</u>
	<u><u>\$1,394,705</u></u>

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

4. INVESTMENTS

Investment return includes the following for the year ended August 31, 2023.

Dividend Income	\$ 13,903
Realized Gain	7
Unrealized Loss	<u>(1,683)</u>
Investment Return, Net	<u>\$ 12,227</u>

5. 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, 2023:

Buildings	\$ 72,430
Furniture and Fixtures	878
Computer Equipment	18,446
Website Deisgn	5,152
Software	<u>12,250</u>
Total	109,156
Less: Accumulated Depreciation	<u>(43,954)</u>
Property and Equipment, Net	<u>\$ 65,202</u>

Depreciation expense for the year ended August 31, 2023, was \$8,808.

6. BOARD DESIGNATED NET ASSETS

Board designated net assets includes cash designated for the next fiscal year by the board. At August 31, 2023, board designated net assets totaled \$231,866.

7. SPECIAL EVENTS INCOME, NET

Special events income consists of the following:

	Summer Benefit	Immigrant Voices	Fiesta de Tamales	Capital Campaign	Total
Revenue	\$ 310,009	\$ 8,925	\$ 9,050	\$ -	\$ 327,984
Expenses	<u>(57,878)</u>	<u>(4,768)</u>	<u>(720)</u>	<u>(12,719)</u>	<u>(76,085)</u>
Net Income	<u>\$ 252,131</u>	<u>\$ 4,157</u>	<u>\$ 8,330</u>	<u>\$ (12,719)</u>	<u>\$ 251,899</u>

\$75,117 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 \$734 plus utilities with an annual rent increase in an amount proportionate to the increase in the U.S. Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-U), U.S. City Average. The lease expired on February 2, 2023, with the option to extend it for an additional three years accepted. The new lease expiration date is February 2, 2026.

Future payments on operating leases are as follows:

Year Ending August 31:	
2024	9,238
2025	9,238
2026	4,619
2027	-
2028	-
	<u>\$ 23,096</u>

9. RISKS AND CONCENTRATIONS

ECONOMIC DEPENDENCY - CONCENTRATIONS

Approximately 79% of pledges receivable are from three donors.

10. CAPITAL CAMPAIGN

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

11. SUBSEQUENT EVENTS

A new land lease agreement has been agreed upon by the organization and landowner that will take effect when the new Center for Communication building is complete.

SUPPLEMENTARY INFORMATION

ENGLISH IN ACTION

**SUPPLEMENTARY INFORMATION ON EXPENSES –
CAPITAL CAMPAIGN AND NEW BUILDING EXPENSE**

For the Year Ended August 31, 2023

	<u>Total Expenses</u>	<u>Capital Campaign</u>	<u>New Building</u>
Grants to Individuals	\$ 11,529	\$ -	\$ -
Salaries	630,058	67,690	26,607
Employee Benefits	3,227	-	-
Payroll Taxes	54,463	3,197	1,469
Accounting	10,963	-	-
Consultants	25,800	25,800	-
Advertising and Promotion	43,106	9,899	-
Office	14,374	429	1,470
Information Technology	15,419	2,200	-
Occupancy	32,865	-	-
Travel	261	-	-
Conferences and Meetings	16,223	311	-
Depreciation	8,809	-	-
Insurance	6,058	-	-
Program Activities	18,934	-	-
Program Supplies	5,194	-	-
Benefits to Donors	76,085	-	-
Total Expenses by Function	<u>973,368</u>	<u>109,526</u>	<u>29,546</u>
Less Expenses Included with Revenues on the Statement of Activities:			
Cost of Direct Benefits to Donors	<u>(76,085)</u>	<u>-</u>	<u>-</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u><u>\$ 897,283</u></u>	<u><u>\$ 109,526</u></u>	<u><u>\$ 29,546</u></u>