



ENGLISH IN ACTION

**FINANCIAL STATEMENTS
(with supplementary information)**

August 31, 2024

ENGLISH IN ACTION
FINANCIAL STATEMENTS
(with supplementary information)
August 31, 2024

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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, 2024, 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.

Supplementary Information

The supplementary information included on page 14 is presented for purposes of additional analysis and is not a required part of the basic 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 supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and, accordingly, do not express an opinion on such information.

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
July 16, 2025

ENGLISH IN ACTION
STATEMENT OF FINANCIAL POSITION
August 31, 2024

ASSETS

Cash and Cash Equivalents	\$ 808,708
Cash and Cash Equivalents, Purpose Restricted	1,977,204
Pledges Receivable, Net	1,087,675
Accounts Receivable	15,000
Inventory	8,432
Operating Investments	55,593
Construction Loan Fees	17,031
Right of Use Lease Asset	229,818
Building Development Costs	1,125,821
Property and Equipment, Net	10,193
TOTAL ASSETS	<u>\$ 5,335,475</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 8,023
Security Deposit	750
Right of Use Lease Liability	229,818
TOTAL LIABILITIES	<u>238,591</u>

NET ASSETS

Without Donor Restrictions	
Undesignated	542,062
Board Designated	353,929
Invested in Property and Equipment	1,136,014
	<u>2,032,005</u>
With Donor Restrictions	
Purpose Restricted	1,977,204
With Time Restrictions	1,087,675
Total with Donor Restrictions	<u>3,064,879</u>
TOTAL NET ASSETS	<u>5,096,884</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,335,475</u>

See accompanying notes and independent accountant's review report.

ENGLISH IN ACTION
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Contributions	\$ 181,680	\$ 2,454,172	\$ 2,635,852
In-Kind Contributions	56,253	-	56,253
Grants	313,305	-	313,305
Special Events	525,671	-	525,671
Less: Direct Costs for Special Events	(158,804)	-	(158,804)
Net Special Events Revenue	366,867	-	366,867
Program Income	3,122	-	3,122
Rental Income	4,814	-	4,814
Investment Return, Net	46,804	-	46,804
Interest Income	40,504	-	40,504
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	1,041,664	(1,041,664)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	2,055,013	1,412,508	3,467,521
EXPENSES			
Program Expenses	792,984	-	792,984
Supporting Service Expenses:			
Management and General	95,447	-	95,447
Fundraising	138,581	-	138,581
Total Supporting Service Expenses	234,028	-	234,028
Total Expenses	1,027,012	-	1,027,012
Loss on Disposition of Assets	48,700	-	48,700
TOTAL EXPENSES AND LOSSES	1,075,712	-	1,075,712
CHANGE IN NET ASSETS	979,301	1,412,508	2,391,809
NET ASSETS, Beginning of year	1,052,704	1,652,371	2,705,075
NET ASSETS, End of year	\$ 2,032,005	\$ 3,064,879	\$ 5,096,884

See accompanying notes and independent accountant's review report.

ENGLISH IN ACTION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2024

	Program	Management and General	Fundraising	Benefits to Donors	Total
Grants - Laptops and Tablets	\$ 3,157	\$ -	\$ -	\$ -	\$ 3,157
Salaries	562,025	57,644	100,876	-	720,545
Employee Benefits	4,061	1,080	-	-	5,141
Payroll Taxes	42,687	4,378	7,662	-	54,727
Accounting	-	7,574	-	-	7,574
Consultants	-	-	2,533	-	2,533
Advertising and Promotion	17,356	1,886	18,487	-	37,729
Office	10,843	1,265	5,964	-	18,072
Information Technology	10,532	5,760	164	-	16,456
Occupancy	36,835	10,389	-	-	47,224
Travel	249	-	134	-	383
Conferences and Meetings	17,865	559	186	-	18,610
Depreciation	4,795	568	946	-	6,309
Insurance	48,325	4,344	1,629	-	54,298
Program Activities	27,464	-	-	-	27,464
Program Supplies	6,790	-	-	-	6,790
Benefits to Donors	-	-	-	163,669	163,669
Total Expenses by Function	792,984	95,447	138,581	163,669	1,190,681
Less Expenses Included with Revenues on the Statement of Activities:					
Cost of Direct Benefits to Donors	-	-	-	(163,669)	(163,669)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 792,984	\$ 95,447	\$ 138,581	\$ -	\$ 1,027,012

See accompanying notes and independent accountant's review report.

ENGLISH IN ACTION
STATEMENT OF CASH FLOWS
For the Year Ended August 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 2,391,809
Adjustments to Reconcile Change in Net Assets to Net Cash and Cash Equivalents Provided by Operating Activities:	
Depreciation	6,309
Donation of Securities	(118,321)
Loss on Disposal of Building	48,700
Contributions Restricted for Building Project	(2,416,532)
Realized Gain on Investments	(8,016)
Unrealized Loss on Investments	49
(Increase) Decrease in Assets:	
Pledges Receivable	28,870
Accounts Receivable	(15,000)
Inventory	3,157
Prepaid Expenses	1,297
Increase (Decrease) in Liabilities:	
Accounts Payable	(560)
NET CASH USED IN OPERATING ACTIVITIES	<u>(78,238)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Sales of Investments	409,461
Collections on Contributions Restricted for Building Project	2,694,692
Payment of Construction Loan Fees	(17,031)
Purchase of Building Development Costs	(941,461)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,145,661</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS	2,067,423
CASH AND CASH EQUIVALENTS, Beginning of year	<u>718,489</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ 2,785,912</u></u>
Cash and Cash Equivalents	\$ 808,708
Cash and Cash Equivalents, Purpose Restricted	<u>1,977,204</u>
TOTAL CASH AND CASH EQUIVALENTS	<u><u>\$ 2,785,912</u></u>

SUPPLEMENTAL CASH FLOW INFORMATION

Assumption of Right of Use Lease Asset and Liability	<u><u>\$ 229,294</u></u>
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See accompanying notes and independent accountant's review report.

ENGLISH IN ACTION
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2024

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").

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.

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. 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. Other donor-imposed restrictions are perpetual in nature, where the resources are to be maintained in perpetuity. As of August 31, 2024, the Organization has no assets to be held in perpetuity.

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, 2024, and at various times throughout the year, the Organization had deposits of \$2,549,058 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. The Organization determines the allowance for uncollectible contributions and grants based on historical experience, analysis of specific contributions and grants made, a review of collections subsequent to year-end, and current and future expected market and economic conditions. As of August 31, 2024, 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.

INVESTMENTS

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment income is reported in the statement of activities and consists of interest and dividend income and unrealized capital gains and losses.

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 and Website Design	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. Donated services are valued at their fair market value as of the date of contribution. Donated services recognized as contributions during the year ended August 31, 2024, were as follows:

Office Rent and Maintenance	\$ 7,245
Advertising	5,950
Counsultants	42,347
Events Costs	<u>711</u>
Total	<u>\$ 56,253</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.

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. The expenses that are allocated based on estimates of time and effort include: salaries, payroll taxes, employee benefits, payroll taxes, and advertising and promotion expenses. Expenses that are allocated based on actual usage include: office, occupancy and insurance expenses.

ADVERTISING AND PROMOTION

The Organization expenses advertising and promotion costs as incurred. Advertising and promotion expenses incurred for the year ended August 31, 2024 were \$37,729. Of this total, \$5,950 was donated services.

DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition of disclosure through July 16, 2025, 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 include cash and cash equivalents of \$808,708 as of August 31, 2024.

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 \$353,929 are included in the cash and cash equivalents number above.

3. PLEDGES RECEIVABLE

Pledges receivable as of August 31, 2024, are as follows:

Receivable in less than one year	\$ 800,848
Receivable in one to five years	<u>317,555</u>
Total	1,118,403
Less Present Value Discount	<u>(30,728)</u>
	<u><u>\$ 1,087,675</u></u>

Pledges expected to be collected in more than one year are discounted by 3.7% and presented at net present value on the Statement of Financial Position.

4. INVESTMENTS

At August 31, 2024, the Organization held the below investments, which are valued based on quoted prices in active markets for identical assets that can be accessed at the measurement date (level 1 measurements of the fair value hierarchy).

Certificates of Deposit	\$ 29,951
Equities	<u>25,642</u>
	<u><u>\$ 55,593</u></u>

Investment return includes the following for the year ended August 31, 2024.

Dividend Income	\$ 19,356
Interest Income	19,481
Realized Gain	8,016
Unrealized Loss	<u>(49)</u>
Investment Return, Net	<u><u>\$ 46,804</u></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, 2024:

Buildings	\$ 5,000
Furniture and Fixtures	878
Computer Equipment	18,447
Website Design	5,152
Software	<u>12,250</u>
Total	41,727
Less: Accumulated Depreciation	<u>(31,534)</u>
Property and Equipment, Net	<u><u>\$ 10,193</u></u>

Depreciation expense for the year ended August 31, 2024, was \$6,309.

6. CONSTRUCTION LOAN

On August 31, 2024, the Organization entered into a note payable with Alpine Bank. The note payable allows for maximum draws of \$2,000,000. The final date the Organization can draw on the loan is August 13, 2026. The note carries an interest rate of 8.75% on unpaid principal balances beginning September 13, 2024, and beginning September 13, 2026, the interest rate will be based on the JP Morgan Chase Bank prime rate plus .25%. The unpaid principal and interest is due in full August 13, 2028. The note payable is secured by the construction deed of trust; substantially all tangible assets; and all charitable pledges and contributions related to the capital campaign. As of August 31, 2024, there was no outstanding balance on the note payable.

7. BOARD DESIGNATED NET ASSETS

Board designated net assets include cash received from fundraising events designated for the next fiscal year by the board. At August 31, 2024, board designated net assets totaled \$353,929.

8. NET ASSETS WITH RESTRICTIONS

As of August 31, 2024, net assets with donor restrictions that are temporary in nature were restricted for the passage of time and specific purposes as follows:

Pledges Receivable restricted for time	\$ 1,087,675
Strategic Planning	37,640
Capital Campaign	<u>1,939,564</u>
Total Net Assets with Restrictions	<u>\$ 3,064,879</u>

Net assets released from donor restrictions due to the Organization meeting the donor restriction for the Capital Campaign totaled \$1,012,794 and passage of time of \$28,870 for the year ended August 31, 2024.

9. SPECIAL EVENTS INCOME, NET

Special events income for the year ended August 31, 2024 consists of the following:

	Summer Benefit	Immigrant Voices	Fiesta de Tamales	Capital Campaign	Total
Revenue	\$ 497,300	\$ 9,422	\$ 15,313	\$ 3,636	\$ 525,671
Expenses	<u>(132,277)</u>	<u>(500)</u>	<u>(16,402)</u>	<u>(9,625)</u>	<u>(158,804)</u>
Net Income	<u>\$ 365,023</u>	<u>\$ 8,922</u>	<u>\$ (1,089)</u>	<u>\$ (5,989)</u>	<u>\$ 366,867</u>

10. OPERATING LEASE

The Organization holds 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. The lease expires the earlier of February 2, 2026 or when the Organization completes construction of their new building, which occurred June 1, 2025.

The Organization entered into a ground lease April 15, 2024 for the land where the new building is being constructed. The original term of the lease is thirty-five years and expires April 14, 2059. The lease has an option to extend the ground lease for an additional period of fifteen years after the expiration of the original term. Monthly payments on the lease are \$1,000 and commence on the date of Certificate of Occupancy for the new building. Monthly payments will increase annually in the same amount of any increase in the Consumer Price Index during the preceding lease year. The Organization is responsible for paying all real estate taxes on the land within the ground lease.

The Organization entered into a lease February 28, 2024 for temporary office space while the new building is under construction. The lease expires 30 days after the certificate of occupancy for the new building. Monthly payments on the lease are \$1,000.

Total operating lease expense was \$15,679 for the year ended August 31, 2024.

Supplemental cash flow information related to the operating leases are as follows:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 15,679
ROU assets obtained in exchange for new operating lease liabilities	229,294
Weighted-average remaining lease term in years for operating leases	49.58
Weighted-average discount rate for operating leases	4.74%

As of August 31, 2024, future minimum payments on the leases for the years ending August 31 are as follows:

2025	\$ 19,700
2026	12,000
2027	12,000
2028	12,000
2029	12,000
Thereafter	535,000
Total undiscounted cash flows	602,700
Less: present value discount	(372,882)
Total lease liabilities	<u>\$ 229,818</u>

11. RISKS AND CONCENTRATIONS

ECONOMIC DEPENDENCY - CONCENTRATIONS

As of August 31, 2024, approximately 46% of pledges receivable are from three donors.

12. CAPITAL CAMPAIGN

In April 2022, the Organization launched a \$5 million campaign to build a new Center for Communication. The construction of the new building was completed June 1, 2025.

SUPPLEMENTARY INFORMATION

ENGLISH IN ACTION
SUPPLEMENTARY INFORMATION ON EXPENSES – CAPITAL CAMPAIGN AND NEW BUILDING
EXPENSE
For the Year Ended August 31, 2024

	Total Expenses	Capital Campaign	New Building
Grants to Individuals	\$ 3,157	\$ -	\$ -
Salaries	720,545	81,214	29,329
Employee Benefits	5,141	188	63
Payroll Taxes	54,727	2,348	1,583
Accounting	7,574	-	-
Consultants	2,533	2,533	-
Advertising and Promotion	37,729	9,399	-
Office	18,072	1,097	10
Information Technology	16,456	-	-
Occupancy	47,224	241	3,580
Travel	383	192	-
Conferences and Meetings	18,610	134	-
Depreciation	6,309	-	-
Insurance	54,298	-	46,568
Program Activities	27,464	-	-
Program Supplies	6,790	26	-
Benefits to Donors	163,669	-	-
Total Expenses by Function	1,190,681	97,372	81,133
Less Expenses Included with Revenues on the Statement of Activities:			
Cost of Direct Benefits to Donors	(163,669)	-	-
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 1,027,012	\$ 97,372	\$ 81,133

See accompanying notes and independent accountant's review report.