Greater Pittsburgh Literacy Council

Financial Statements and
Supplementary Information

Years Ended June 30, 2016 and 2015
with Independent Auditor's Reports

GREATER PITTSBURGH LITERACY COUNCIL

YEARS ENDED JUNE 30, 2016 AND 2015

TABLE OF CONTENTS

Independent Auditor's Report

Financial Statements:

Statements of Financial Position	1
Statements of Activities:	
- Year Ended June 30, 2016	2
- Year Ended June 30, 2015	3
Statements of Functional Expenses:	
- Year Ended June 30, 2016	4
- Year Ended June 30, 2015	5
Statements of Cash Flows	6
Notes to Financial Statements	7

Supplementary Information:

Schedule of Expenditures of Federal Awards	23
Notes to Schedule of Expenditures of Federal Awards	24

Independent Auditor's Reports Required by the Uniform Guidance:

Independent Auditor’s 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*	25
Independent Auditor’s Report on Compliance for its Major Program and on Internal Control over Compliance Required by the Uniform Guidance	27
Schedule of Findings and Questioned Costs	29
Summary Schedule of Prior Audit Findings	30

MaherDuessel
Certified Public Accountants

Pittsburgh
503 Martindale Street
Suite 600
Pittsburgh, PA 15212
Main 412.471.5500
Fax 412.471.5508

Harrisburg
3003 North Front Street
Suite 101
Harrisburg, PA 17110
Main 717.232.1230
Fax 717.232.8230

Butler
112 Hollywood Drive
Suite 204
Butler, PA 16001
Main 724.285.6800
Fax 724.285.6875

Independent Auditor's Report

Board of Directors
Greater Pittsburgh Literacy Council

Report on the Financial Statements

We have audited the accompanying financial statements of the Greater Pittsburgh Literacy Council (GPLC), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits 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 GPLC as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 Title 2 U.S. Code of Federal Regulations (CFR) 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 September 30, 2016 on our consideration of GLPC'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 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 GLPC's internal control over financial reporting and compliance.

Maher Duessel

Pittsburgh, Pennsylvania
September 30, 2016

GREATER PITTSBURGH LITERACY COUNCIL

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	$ 973,360	$ 1,167,574
Accounts receivable	385	385
Grants receivable	106,891	108,854
Prepaid expenses	4,381	2,839
Due from former sub-recipient (see Note 8)	16,620	-
Total current assets	1,101,637	1,279,652
Note receivable, net	36,000	-
Fixed assets:		
Furnishings and equipment	278,398	278,398
Leasehold improvements	388,912	388,912
Less: accumulated depreciation	(531,130)	(494,490)
Total fixed assets, net of depreciation	136,180	172,820
Investments - endowment	2,223,439	2,462,901
Total Assets	$ 3,497,256	$ 3,915,373
Liabilities and Net Assets		
Liabilities:		
Current Liabilities:		
Accounts payable	$ 9,239	$ 13,232
Deferred revenue	26,500	41,340
Compensated absences	61,918	64,546
Note payable - current portion	51,080	-
Total current liabilities	148,737	119,118
Note payable - long-term	102,159	-
Total Liabilities	250,896	119,118
Net Assets:		
Unrestricted:		
Board-designated for endowment	466,352	515,500
Undesignated	882,473	1,159,106
Total Unrestricted Net Assets	1,348,825	1,674,606
Temporarily restricted	1,000,645	1,224,759
Permanently restricted	896,890	896,890
Total Net Assets	3,246,360	3,796,255
Total Liabilities and Net Assets	$ 3,497,256	$ 3,915,373

See accompanying notes to financial statements.

GREATER PITTSBURGH LITERACY COUNCIL

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Support and Revenues:				
Grants	$ 1,358,944	$ -	$ -	$ 1,358,944
Contributions - corporations and foundations	206,778	371,300	-	578,078
Contributions - individual	194,669	-	-	194,669
Special events	207,128	-	-	207,128
Investment gain (loss)	(32,714)	(66,470)	-	(99,184)
Interest income	96	-	-	96
Program income	237,575	-	-	237,575
Miscellaneous	38	-	-	38
In-kind	83,810	-	-	83,810
Net assets released from restrictions:				
Satisfaction of restrictions	405,102	(405,102)	-	-
Endowment earnings appropriated for expenditure	123,842	(123,842)	-	-
Total operating support and revenues	2,785,268	(224,114)	-	2,561,154
Operating Expenses:				
Literacy program services	2,288,581	-	-	2,288,581
Management and general	515,608	-	-	515,608
Fundraising	206,241	-	-	206,241
Total operating expenses	3,010,430	-	-	3,010,430
Excess (deficiency) of operating support and revenues over operating expenses	(225,162)	(224,114)	-	(449,276)
Nonoperating Support and Revenues:				
Infrequent items (see Note 8)	(100,619)	-	-	(100,619)
Contributions - capital campaign	-	-	-	-
Net assets released from restriction for capital campaign	-	-	-	-
Total nonoperating support and revenues	(100,619)	-	-	(100,619)
Change in Net Assets	(325,781)	(224,114)	-	(549,895)
Net Assets:				
Beginning of year	1,674,606	1,224,759	896,890	3,796,255
End of year	$ 1,348,825	$ 1,000,645	$ 896,890	$ 3,246,360

See accompanying notes to financial statements.

GREATER PITTSBURGH LITERACY COUNCIL

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Support and Revenues:				
Grants	$ 1,380,033	$ -	$ -	$ 1,380,033
Contributions - corporations and foundations	165,869	380,024	-	545,893
Contributions - individual	219,892	-	-	219,892
Special events	200,186	-	-	200,186
Investment gain (loss)	3,930	15,213	-	19,143
Interest income	697	-	-	697
Program income	386,872	-	-	386,872
Miscellaneous	992	-	-	992
In-kind	132,217	-	-	132,217
Net assets released from restrictions:				
Satisfaction of restrictions	366,556	(366,556)	-	-
Endowment earnings appropriated for expenditure	117,840	(117,840)	-	-
Total operating support and revenues	2,975,084	(89,159)	-	2,885,925
Operating Expenses:				
Literacy program services	2,374,458	-	-	2,374,458
Management and general	436,484	-	-	436,484
Fundraising	229,940	-	-	229,940
Total operating expenses	3,040,882	-	-	3,040,882
Excess (deficiency) of operating support and revenues over operating expenses	(65,798)	(89,159)	-	(154,957)
Nonoperating Support and Revenues:				
Infrequent items (see Note 8)	-	-	-	-
Contributions - capital campaign	-	500	-	500
Net assets released from restriction for capital campaign	45,601	(45,601)	-	-
Total nonoperating support and revenues	45,601	(45,101)	-	500
Change in Net Assets	(20,197)	(134,260)	-	(154,457)
Net Assets:				
Beginning of year	1,694,803	1,359,019	896,890	3,950,712
End of year	$ 1,674,606	$ 1,224,759	$ 896,890	$ 3,796,255

See accompanying notes to financial statements.

GREATER PITTSBURGH LITERACY COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016

	Literacy Program Services	Management and General	Fundraising	Total
Salaries	$ 1,440,882	$ 282,558	$ 102,974	$ 1,826,414
Payroll taxes	119,462	33,900	9,368	162,730
Fringe benefits	235,586	64,920	20,547	321,053
Total salaries and related expenses	1,795,930	381,378	132,889	2,310,197
Subcontractors	12,512	-	-	12,512
Volunteer costs	341	-	-	341
Instructional materials and fees	23,506	288	17	23,811
Investment management	-	16,434	-	16,434
Professional fees	13,520	73,275	1,314	88,109
Donated advertising	58,000	-	4,200	62,200
Office supplies	48,196	7,161	3,342	58,699
Printing and publications	12,362	2,142	11,492	25,996
Postage and shipping	3,381	1,681	3,178	8,240
Telephone	16,160	688	379	17,227
Rent and other occupancy	247,451	16,420	4,662	268,533
Insurance	11	8,071	-	8,082
Repair and maintenance	2,381	113	62	2,556
Travel	11,556	659	58	12,273
Staff development and training	9,124	1,465	444	11,033
Special events	298	119	37,189	37,606
Bank fees and interest	-	2,595	5,005	7,600
Miscellaneous	1,975	188	178	2,341
Total before depreciation and amortization	2,256,704	512,677	204,409	2,973,790
Depreciation	10,749	988	618	12,355
Amortization	21,128	1,943	1,214	24,285
Total expenses	$ 2,288,581	$ 515,608	$ 206,241	$ 3,010,430

See accompanying notes to financial statements.

GREATER PITTSBURGH LITERACY COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015

	Literacy Program Services	Management and General	Fundraising	Total
Salaries	$ 1,494,286	$ 253,475	$ 106,282	$ 1,854,043
Payroll taxes	127,742	17,002	9,561	154,305
Fringe benefits	230,733	65,874	19,882	316,489
Total salaries and related expenses	1,852,761	336,351	135,725	2,324,837
Subcontractors	19,537	-	513	20,050
Volunteer costs	29	-	-	29
Instructional materials and fees	59,450	393	-	59,843
Investment management	-	17,875	-	17,875
Professional fees	15,374	37,001	6,566	58,941
Donated advertising	76,466	-	13,491	89,957
Office supplies	22,593	8,475	3,298	34,366
Printing and publications	12,657	1,348	9,721	23,726
Postage and shipping	5,762	1,160	3,979	10,901
Telephone	15,373	817	483	16,673
Rent and other occupancy	228,019	15,269	6,516	249,804
Insurance	-	7,929	-	7,929
Repair and maintenance	4,769	597	147	5,513
Travel	10,818	5	106	10,929
Staff development and training	5,999	3,486	1,343	10,828
Special events	403	-	40,737	41,140
Bank fees and interest	-	1,566	3,866	5,432
Miscellaneous	3,056	405	1,070	4,531
Total before depreciation and amortization	2,333,066	432,677	227,561	2,993,304
Depreciation	12,893	1,186	741	14,820
Amortization	28,499	2,621	1,638	32,758
Total expenses	$ 2,374,458	$ 436,484	$ 229,940	$ 3,040,882

See accompanying notes to financial statements.

GREATER PITTSBURGH LITERACY COUNCIL

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash Flows From Operating Activities:		
Change in net assets	$ (549,895)	$ (154,457)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	36,640	47,578
Net realized and unrealized (gain) loss on investments	201,642	99,479
Contributions restricted for long-term purposes:		
Capital campaign contributions	-	(500)
Change in assets and liabilities:		
Due from former sub-recipient	(16,620)	-
Grants and accounts receivable	1,963	(24,528)
Prepaid expenses	(1,542)	9,110
Accounts payable	(3,993)	1,959
Deferred revenue	(14,840)	(34,017)
Compensated absences	(2,628)	(4,628)
Net cash provided by (used in) operating activities	(349,273)	(60,004)
Cash Flows From Investing Activities:		
Purchase of fixed assets	-	-
Purchase of investments	(227,257)	(695,427)
Proceeds from sales of investments	265,077	712,518
Net cash provided by (used in) investing activities	37,820	17,091
Cash Flows From Financing Activities:		
Collection of contributions restricted for capital campaign	-	500
Note receivable	(36,000)	-
Note payable	153,239	-
Net cash provided by (used in) financing activities	117,239	500
Net Increase (Decrease) in Cash and Cash Equivalents	(194,214)	(42,413)
Cash and Cash Equivalents:		
Beginning of year	1,167,574	1,209,987
End of year	$ 973,360	$ 1,167,574

See accompanying notes to financial statements.

1. ORGANIZATION

The mission of the Greater Pittsburgh Literacy Council (GPLC), a nonprofit corporation, is better lives through learning. GPLC provides education for adults and children in reading, writing, math, English language, GED preparation, computer skills, and workforce skills. During fiscal year 2016, GPLC put an increasing emphasis on preparing students for employment and/or postsecondary education. GPLC envisions a more inclusive and productive community driven by access to education.

GPLC was incorporated in 1982. GPLC's primary adult and family education programs are coordinated by 38 employees at 15 locations in the Pittsburgh, Pennsylvania, metropolitan area. GPLC's volunteer tutors, AmeriCorps members, and professional staff served 3,830 and 3,816 learners in the Pittsburgh area during the years ended June 30, 2016 and 2015, respectively.

In January 2013, GPLC formed a partnership with OASIS to manage OASIS Intergenerational Tutoring in Pittsburgh. One hundred twenty eight and one hundred five tutors served 346 and 195 children in grades K-4 in two area school districts during the years ended June 30, 2016 and 2015, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized as they are earned and expenses are recorded when liabilities are incurred.

Basis of Presentation

Net assets, support, revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of GPLC and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations. As discussed further in Note 10, the Board of Directors has designated a portion of unrestricted net assets to function as an endowment.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may be met by actions of GPLC or passage of a prescribed period of time. When a stipulation is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that the principal be held in perpetuity by GPLC. The donors of those assets permit GPLC to use all of the income earned on any related investments for general or specific purposes.

Use of Estimates

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. In preparing the financial statements, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ significantly from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. GPLC maintains its cash accounts at commercial banks located in the City of Pittsburgh. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per financial institution. GPLC had cash balances of $729,195 and $898,982 in excess of FDIC insured limits at June 30, 2016 and 2015, respectively. Management has no concerns regarding the solvency of the financial institutions involved at the current time.

Grants Receivable

Grants receivable represents amounts awarded by donors that have not been received. Management has determined that no allowance was considered necessary at June 30, 2016 and 2015. Grants receivable are expected to be received within one year.

Accounts Receivable

Accounts receivable are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management’s assessment of individual accounts. Accounts receivable are considered fully collectible by management and, accordingly, no allowance for doubtful accounts is considered necessary. GPLC does not currently recognize or accrue interest on any unpaid receivable balance.

Revenue Recognition

Grant revenue is recognized when earned, based on the terms of the grants. Contributions are recognized when a donor makes an unconditional promise to give, and are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time period has elapsed or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

GPLC recognizes program income at the time services are provided. Fees for program services received in advance are deferred.

Fixed Assets, Depreciation, and Amortization

Fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to fifteen years. Major improvements and betterments to equipment are capitalized.

Donated furniture, fixtures, and equipment are recorded as support at their estimated fair value at the time of donation. Donated items are capitalized or expensed following the same capitalization threshold as purchased items. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. In the absence of donor stipulations regarding how long those assets must be maintained, GPLC reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. GPLC reclassifies temporarily restricted net assts to unrestricted net assets at that time.

Fair Value Measurements

GPLC applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. GPLC defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, required to be recorded at fair value, GPLC considers the principal or most advantageous market in which GPLC would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions and credit risk.

GPLC applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1 - Observable inputs such as quoted prices in active markets for identical investments that GPLC has the ability to access.

- Level 2 - Inputs include:
  a. Quoted prices for similar assets or liabilities in active markets;
  b. Quoted prices for identical or similar assets or liabilities in inactive markets;
  c. Inputs, other than quoted prices in active markets, that are observable either directly or indirectly;
  d. Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

- Level 3 - Unobservable inputs in which there is little or no market activity for the asset or liability, which require the management to develop its own estimates and assumptions relating to the pricing the asset or liability including assumptions regarding risk.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation techniques are used to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments

Investments are composed of money market and mutual funds investing in debt, real estate, and equity securities and are reported at fair value based on readily determinable market quotations. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect the amounts reported in the statement of financial position.

Endowment unrealized gains and losses are recognized as increases or decreases in temporarily restricted net assets until the Board appropriates the earnings for use at which time the earnings appropriated are reclassified to unrestricted. The gain or loss can be treated as temporarily or permanently restricted by donor stipulation or by law. Interest on the endowment, dividends, and net realized and unrealized gains and losses are reflected as part of investment gain included in the statements of activities.

Deferred Revenue

Deferred revenue was $26,500 and $41,340 for the years ended June 30, 2016 and 2015, respectively, and represents advance ticket sales for the Literacy Luncheon. Such amounts are considered to be parts of an exchange transaction rather than a contribution.

Compensated Absences

Vacation is earned at various rates, depending upon length of service and number of hours worked per week. Employees can carry over up to ten vacation days from the preceding calendar year. Upon termination of employment, employees are paid for accrued vacation; however, employees discharged for cause do not receive payment of accrued vacation.

Donated Materials, Equipment, and Services

Donated materials, equipment, and services are reflected as in-kind contributions in the accompanying statements at their estimated fair values at the date of receipt.

Income Taxes

GPLC is a tax-exempt charitable organization under Section 501(c)(3) of the Internal Revenue Code. GPLC annually files federal and state information returns as required. Accordingly, no provision for federal or state income taxes is recorded in the financial statements.

Financial Instruments

The following methods and assumptions were used by GPLC in estimating its fair value disclosures for financial instruments:

- Cash, cash equivalents, and grants receivable: The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.
- Short-term and endowment investments: The fair values of investments are based on quoted market prices for those or similar investments. See Note 4 for further disclosure.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between program and supporting services.

Recently Adopted Accounting Pronouncements

In January 2015, the FASB issued ASU 2015-01, *"Income Statement - Extraordinary and Unusual Items (sub-topic 225-20)."* The ASU simplifies income statement presentation by eliminating the concept of extraordinary items. The ASU is effective for fiscal years beginning after December 15, 2015 and may be applied prospectively or retrospectively. Management has elected to early adopt the provisions of this ASU.

Pending Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606).* ASU No. 2014-09 supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition,* and most industry-specific guidance. Under the requirements of ASU No. 2014-09, the core principle is that entities should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. GPLC will be required to retrospectively adopt the guidance in ASU No. 2014-09 for the year beginning July 1, 2018. GPLC has not yet determined the impact of adoption of ASU No. 2014-09 on its financial statements.

ASU-2016-02, *"Leases (Topic 842),"* effective for GPLC's financial statements for the year ending June 30, 2019. This amendment will require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. Management has not yet determined the impact of this amendment on GPLC's financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *"Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,"* which aims to improve how a nonprofit organization classifies its net assets and provides information in its financial statements and notes about its financial performance, cash flow and liquidity. The ASU changes the net asset classification, how underwater donor-restricted endowment funds are treated, will increase the information available about liquidity and the availability of resources, requires financial statements for not-for-profits to provide expenses both by nature and function, as well as an analysis of those expenses by both nature and function, along with disclosure of the methods used to allocate those costs among the various functions, and standardizes how organizations present investment returns and what expenses should be netted against those returns. There are qualitative and quantitative requirements in a number of areas, including net asset classes, investment return, expenses, liquidity and availability of resources, and presentation of operating cash flows. The changes in the standard are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Early application of the amendments in the ASU is allowed. GPLC is in the process of determining the impact of the adoption of this guidance on its financial statements.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

3. In-Kind Donations

GPLC recognized certain in-kind revenues and expenses for rent, supplies, student materials, and special event donations, which were provided by donors or partner agencies at no cost to GPLC. These amounts are identified in the statements of activities as in-kind revenues.

In-kind revenues totaled $83,810 and $132,217 for the years ended June 30, 2016 and 2015, respectively, with the corresponding in-kind expenses recognized as donated advertising, rent and other occupancy, and special events in the statement of functional expenses.

During the years ended June 30, 2016 and 2015, respectively, GPLC was the beneficiary of 20,250 and 21,426 hours of instructional services provided by volunteers who donated their time for tutoring, training, and student support. No amounts have been reflected in the financial statements, since the volunteers' time does not meet the criteria for financial statement recognition.

4. Investments

Investments consist of money market and mutual funds. The total fair value of the funds as of June 30, 2016 and 2015 is $2,223,439 and $2,462,901, respectively.

Cash and cash equivalents, reported with investments on the statements of financial position, are available to be invested, with the assistance of external advisors, in equity or longer-term debt instruments. Since there is no intent to liquidate the cash and cash equivalents for short-term operating needs, they are presented as long-term investments.

The total returns on investments and cash equivalents for the year ended June 30, 2016 are summarized as follows:

	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	$ 21,032	$ 81,426	$ 102,458
Net realized and unrealized gains (losses)	(53,746)	(147,896)	(201,642)
Total investment gain (loss)	$ (32,714)	$ (66,470)	$ (99,184)

The total returns on investments and cash equivalents for the year ended June 30, 2015 are summarized as follows:

	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	$ 24,348	$ 94,274	$ 118,622
Net realized and unrealized gains (losses)	(20,418)	(79,061)	(99,479)
Total investment gain (loss)	$ 3,930	$ 15,213	$ 19,143

Fair values of assets measured on a recurring basis as of June 30, 2016 are as follows:

		Fair Value Measurements at Reporting Date Using		
Description	6/30/2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 2,159	$ 2,159	$ -	$ -
Mutual funds:				
Large Domestic Stock Funds	571,389	571,389	-	-
Small Domestic Stock Funds	271,471	271,471	-	-
International Stock Funds	402,195	402,195	-	-
Real Estate Investment Trusts	124,591	124,591	-	-
Short-Term Debt Funds	340,394	340,394	-	-
Intermediate Term Debt Funds	394,940	394,940	-	-
Other Equity Assets	116,300	116,300	-	-
Totals	$ 2,223,439	$ 2,223,439	$ -	$ -

Fair values of assets measured on a recurring basis as of June 30, 2015 are as follows:

		Fair Value Measurements at Reporting Date Using		
Description	6/30/2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 137,166	$ 137,166	$ -	$ -
Mutual funds:				
Large Domestic Stock Funds	665,032	665,032	-	-
Small Domestic Stock Funds	296,014	296,014	-	-
International Stock Funds	472,785	472,785	-	-
Real Estate Investment Trusts	126,059	126,059	-	-
Short-Term Debt Funds	344,724	344,724	-	-
Intermediate Term Debt Funds	421,121	421,121	-	-
Other Equity Assets	-	-	-	-
Totals	$ 2,462,901	$ 2,462,901	$ -	$ -

Fair values for Level 1 financial instruments are determined by quoted prices in the active market for identical financial instruments. Fair values for Level 2 financial instruments are determined by other significant observable inputs (quoted prices for similar financial instruments, interest rates, prepayment speeds, credit risk, etc.). Fair values for Level 3 financial instruments are determined by significant unobservable inputs, including GPLC's own assumptions in determining the fair value of financial instruments. As indicated above, at June 30, 2016 and 2015, all GPLC investments were valued using Level 1 inputs.

5. Grants

Grants identified in the statements of activities for the years ended June 30, 2016 and 2015 are composed of the following:

	2016	2015
Federal awards	$ 1,020,945	$ 1,041,823
Pennsylvania Department of Education - Act 143	225,000	225,000
Pennsylvania Department of Education - Family Literacy	108,000	108,000
Other	4,999	5,210
	$ 1,358,944	$ 1,380,033

6. Grants Receivable

Grants receivable balances at June 30, 2016 and 2015 consist of the following:

	2016	2015
PA Department of Labor - Compass AmeriCorps	$ 55,577	$ 50,448
Foundations	31,562	35,000
Other	19,752	23,406
	$ 106,891	$ 108,854

7. Leases

GPLC's operations and administration are carried out in various leased and donated spaces throughout their service area. The terms for these leased facilities range from one to ten years. Rent expense incurred during the year ended June 30, 2016 totaled $264,580, including donated space valued at $14,313. Rent expense incurred during the year ended June 30, 2015 totaled $242,193, including donated space valued at $26,400. Scheduled lease payments for the remaining term of the leases were as follows:

Fiscal Year	Amount
2017	$ 220,688
2018	210,886
2019	209,328
2020	69,776
2021	-
Thereafter	-
	$ 710,678

8. Contingencies

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as inappropriate expenditures. Such audits could lead to reimbursement to the grantor agency.

A review of two Literacy AmeriCorps subrecipient sites was completed by the Office of Inspector General (OIG) in July 2010. The Corporation for National and Community Service

(CNCS) completed its review of the OIG findings in 2016 and determined that $170,777 is due to CNCS. The amount represents disallowed program costs and improperly certified education awards related to the AmeriCorps program that was administered at those sites. GPLC intends to fund the amount due and expects to be partially reimbursed by the respective subrecipients in the amount of $76,620.

Subsequent to June 30, 2016, GPLC entered into a settlement agreement with one of the subrecipient sites (site). The agreement requires the site to make an immediate payment to GPLC of $16,620 and to enter into a $60,000 promissory note. The note is non-interest bearing and matures on September 30, 2021. Principal payments of $12,000 are due annually. The note is stated at the amount of unpaid principal net of an allowance of $24,000.

Subsequent to June 30, 2016, GPLC made a payment to CNCS in the amount of $17,538 and GPLC entered into a note payable with CNCS on September 20, 2016 for the remaining amount due of $153,239. On September 27, 2016 GPLC was notified by the CNCS that CNCS had decided to allow the payment of $17,538 to be offset against the note payable of $153,239. The note is non-interest bearing and is payable in quarterly installments of $12,770 over a three year period. Any amount of imputed interest has been determined not to be significant and has not been recognized. The first installment is due on September 30, 2016. The balance on this note payable at June 30, 2016 was $153,239.

These items are included in nonoperating support and revenues on the statement of activities for the year ended June 30, 2016 as an infrequent item:

Note payable	153,239
Amount to be reimbursed:	
Due from former sub-recipient	(16,620)
Note receivable, net	(36,000)
Total amount to be reimbursed	(52,620)
Total infrequent items	$ 100,619

9. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at June 30, 2016 and 2015 are available for the following purposes:

	2016	2015
Family Literacy Program	$ 19,513	$ 13,235
GED Program	20,592	32,892
Adult Literacy	15,000	61,866
Career Pathways Program	-	3,754
Hazlewood Planning	24,878	-
Workplace Services	25,000	-
OASIS Program	1,336	-
Other programs	12,891	6,776
Agency Assessment and Succession Planning	21,238	55,725
Accumulated gains on endowment	860,197	1,050,511
	$ 1,000,645	$ 1,224,759

During the year ended June 30, 2016, net assets in the amount of $405,102 were released from donor restrictions by incurring expenses satisfying the restricted purpose and include $0 related to the capital campaign.

During the year ended June 30, 2015, net assets in the amount of $412,157 were released from donor restrictions by incurring expenses satisfying the restricted purpose and include $45,601 related to the capital campaign.

During the years ended June 30, 2016 and 2015, net assets in the amount of $123,842 and $117,840 respectively, were released as endowment earnings appropriated for expenditure.

Permanently restricted net assets consist of endowment fund assets to be held indefinitely. The income from the assets can be used to support the GPLC's general activities.

10. ENDOWMENTS

GPLC's endowment consists of one fund established to support their mission. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Commonwealth of Pennsylvania has not enacted a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), or a version of the Uniform Management of the Institutional Funds Act (UMIFA). Governing law resides in 15 Pa. C.S. § 5548 "Investment of Trust Funds," as amended by Pennsylvania State Act 141 of 1998 (Act). GPLC has interpreted relevant law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, GPLC classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment if required by the applicable donor gift instruments. The remaining portion of the endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by GPLC in a manner consistent with the standard of prudence prescribed by relevant law.

Endowment Spending Policy

GPLC's Board of Director-approved endowment spending policy allows GPLC to spend in any fiscal year, five percent of the prior three year average endowment fair value to support GPLC's mission. Endowment transfers in excess of this five percent annual amount may be explicitly approved by GPLC's Board of Directors to support special projects, the nature of which is to build the long-term strength of GPLC. This spending policy is in accordance with Pennsylvania law and donor restrictions.

Return Objectives and Risk Parameters

Endowment funds include funds actively managed by GPLC as part of a single commingled investment pool. The principal financial objective of the endowment is that the endowment principal should be preserved and if possible enhanced to help ensure GPLC's financial future. The productivity of the endowment must strike a balance between the preservation of principal in real terms for perpetuity and supporting a spending policy that sustains the mission of GPLC. To monitor the effectiveness of the investment strategy of the endowment, performance goals are established to exceed the expected real rate of return, established benchmark indices, and the median return of comparable endowment funds.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, GPLC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). GPLC targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift amount maintained as permanently restricted net assets. Such deficiencies are recorded in unrestricted net assets. There were no such deficiencies as of June 30, 2016 and 2015.

Endowment net asset composition by fund type as of June 30, 2016:

	Board-Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 860,197	$ 896,890	$ 1,757,087
Board-designated endowment funds	466,352	-	-	466,352
	$ 466,352	$ 860,197	$ 896,890	$ 2,223,439

Endowment net asset composition by fund type as of June 30, 2015:

	Board-Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 1,050,511	$ 896,890	$ 1,947,401
Board-designated endowment funds	515,500	-	-	515,500
	$ 515,500	$ 1,050,511	$ 896,890	$ 2,462,901

Changes in endowment net assets for the year ended June 30, 2016:

	Board-Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 515,500	$ 1,050,511	$ 896,890	$ 2,462,901
Investment return:				
Investment income	21,032	81,426	-	102,458
Net realized and unrealized gains (losses)	(53,746)	(147,896)	-	(201,642)
Total investment income (loss)	(32,714)	(66,470)	-	(99,184)
Withdrawals	-	(123,844)	-	(123,844)
Management fees	(16,434)	-	-	(16,434)
Endowment net assets, end of year	$ 466,352	$ 860,197	$ 896,890	$ 2,223,439

Changes in endowment net assets for the year ended June 30, 2015:

	Board-Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 529,445	$ 1,153,138	$ 896,890	$ 2,579,473
Investment return:				
Investment income	24,348	94,274	-	118,622
Net realized and unrealized gains (losses)	(20,418)	(79,061)	-	(99,479)
Total investment income (loss)	3,930	15,213	-	19,143
Withdrawals	-	(117,840)	-	(117,840)
Management fees	(17,875)	-	-	(17,875)
Endowment net assets, end of year	$ 515,500	$ 1,050,511	$ 896,890	$ 2,462,901

11. Retirement Savings Plan

GPLC maintains a 401(k) Retirement Savings Plan (Plan) covering substantially all of the employees. Employees are eligible for admittance to the Plan after three months of service. GPLC will provide a matching contribution to eligible participants up to a maximum of two percent of their compensation. GPLC may also make an annual contribution to the Plan at the discretion of the Board of Directors. Participants are eligible to receive this discretionary contribution after completing a year of service (750 hours in a year). Participants will not be vested in either GPLC's matching or discretionary contribution until they complete three years of service. GPLC made contributions of $23,003 and $24,578 during the years ended June 30, 2016 and 2015, respectively.

Supplementary Information

GREATER PITTSBURGH LITERACY COUNCIL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Program or Award Amount	Expenditures Through June 30, 2015	Amount Passed Through to Subrecipients	2016 Federal Expenditures	Aggregate Expenditures Through June 30, 2016
Corporation for National and Community Service:							
Passed through the Pennsylvania Department of Labor and Industry:							
AmeriCorps - Compass	94.006	06AFHPA0010021	$ 293,250	$ 264,849	$ -	$ 28,401	$ 293,250
AmeriCorps - Compass	94.006	13AFHPA0010003	312,006	-	-	281,000	281,000
Total Corporation for National and Community Service				264,849	-	309,401	574,250
U.S. Department of Education:							
Passed through the Pennsylvania Department of Education:							
Adult Education - Basic Grants to States	84.002	064-16-0023	537,491	-	-	537,491	537,491
Adult Education - Basic Grants to States - ESL/Civics	84.002	061-16-0007	142,491	-	-	142,491	142,491
Total U.S. Department of Education				-	-	679,982	679,982
U.S. Department of Labor							
Passed through the Pennsylvania Department of Education:							
WIA Title V Incentive	17.267	AET-16-0017	31,562	-	-	31,562	31,562
Total Expenditures of Federal Awards				$ 264,849	$ -	$ 1,020,945	$ 1,285,794

See accompanying notes to schedule of expenditures of federal awards.

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Greater Pittsburgh Literacy Council (GPLC) under programs of the federal government for the year ended June 30, 2016. 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 of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of GPLC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of GPLC.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations* or the cost principles contained in Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The schedule of expenditures of federal awards is based upon information provided by the various funding sources to GPLC and other information available at the time this schedule was prepared. For the year ended June 30, 2016, GPLC did not elect to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

Greater Pittsburgh Literacy Council

Independent Auditor's Reports Required by Uniform Guidance

Year Ended June 30, 2016

MaherDuessel
Certified Public Accountants

Pittsburgh
503 Martindale Street
Suite 600
Pittsburgh, PA 15212
Main 412.471.5500
Fax 412.471.5508

Harrisburg
3003 North Front Street
Suite 101
Harrisburg, PA 17110
Main 717.232.1230
Fax 717.232.8230

Butler
112 Hollywood Drive
Suite 204
Butler, PA 16001
Main 724.285.6800
Fax 724.285.6875

Independent Auditor's 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*

Board of Directors
Greater Pittsburgh Literacy Council

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 Greater Pittsburgh Literacy Council (GPLC), (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, 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 September 30, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered GPLC'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 GPLC's internal control. Accordingly, we do not express an opinion on the effectiveness of GPLC's internal control over financial reporting.

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 GPLC's financial statements are free from 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

Pursuing the profession while promoting the public good®
www.md-cpas.com

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 considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maher Duessel

Pittsburgh, Pennsylvania
September 30, 2016

MaherDuessel
Certified Public Accountants

Pittsburgh
503 Martindale Street
Suite 600
Pittsburgh, PA 15212
Main 412.471.5500
Fax 412.471.5508

Harrisburg
3003 North Front Street
Suite 101
Harrisburg, PA 17110
Main 717.232.1230
Fax 717.232.8230

Butler
112 Hollywood Drive
Suite 204
Butler, PA 16001
Main 724.285.6800
Fax 724.285.6875

Independent Auditor's Report on Compliance for its Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
Greater Pittsburgh Literacy Council

Report on Compliance for its Major Federal Program

We have audited the Greater Pittsburgh Literacy Council's (GPLC) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on GPLC's major federal program for the year ended June 30, 2016. GPLC's major federal program is identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for GPLC's major federal program 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 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 GPLC'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 its major federal program. However, our audit does not provide a legal determination of GPLC's compliance.

Opinion on its Major Federal Program

In our opinion, GPLC complied, in all material respects, with the types of compliance requirements referred to above that that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of GPLC 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 GPLC's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 GPLC'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 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 the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maher Duessel

Pittsburgh, Pennsylvania
September 30, 2016

GREATER PITTSBURGH LITERACY COUNCIL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified, prepared in accordance with Generally Accepted Accounting Principles

2. Internal control over financial reporting:

   Material weakness(es) identified? ☐ yes ☒ no
   Significant deficiencies identified that are not considered to be material weakness(es)?
   ☐ yes ☒ none reported

3. Noncompliance material to financial statements noted? ☐ yes ☒ no

4. Internal control over major programs:

   Material weakness(es) identified? ☐ yes ☒ no
   Significant deficiencies identified that are not considered to be material weakness(es)?
   ☐ yes ☒ none reported

5. Type of auditor's report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? ☐ yes ☒ no

7. Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
94.006	Americorps – Compass

8. Dollar threshold used to distinguish between type A and type B programs: $750,000

9. Auditee qualified as low-risk auditee? ☒ yes ☐ no

II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

No matters were reported.

III. Findings and questioned costs for federal awards.

No matters were reported.

GREATER PITTSBURGH LITERACY COUNCIL

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2016

NONE