



**LITERACY VOLUNTEERS
OF MORRIS COUNTY**

**FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025**

LITERACY VOLUNTEERS OF MORRIS COUNTY INC.
YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees of
Literacy Volunteers of Morris County Inc.

We have reviewed the accompanying financial statements of Literacy Volunteers of Morris County Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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 the 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.

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.

Olsen & Thompson, P.A.

Morristown, New Jersey
February 16, 2026

LITERACY VOLUNTEERS OF MORRIS COUNTY INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025

ASSETS

Cash	\$121,337
Investments	208,863
Contributions Receivable	59,679
Prepaid Expenses	2,221
Deposit	9,000
Right of Use Asset	82,916
Equipment at cost, less accumulated depreciation of \$33,900	<u>0</u>
 Total Assets	 <u>\$484,016</u>

LIABILITIES AND NET ASSETS

Accrued Expenses	\$ 14,335
Lease Liability	<u>82,916</u>
Total Liabilities	<u>97,251</u>
 Commitments	
 Net Assets - Without Donor Restrictions	 386,765
Net Assets – With Donor Restrictions	<u>0</u>
Total Net Assets	<u>386,765</u>
 Total Liabilities and Net Assets	 <u>\$484,016</u>

See Accountant's Report and Notes to Financial Statements.

LITERACY VOLUNTEERS OF MORRIS COUNTY INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
Foundation and corporate grants	\$120,150	\$ 0	\$120,150
Government grant	17,000	0	17,000
Contributions	101,124	0	101,124
Special events	60,800	0	60,800
Less direct costs for special events	<u>(1,807)</u>	<u>0</u>	<u>(1,807)</u>
Net special events	58,993	0	58,993
Other income	10,810	0	10,810
Net assets released from restrictions:			
Restrictions satisfied by payments	<u>5,000</u>	<u>(5,000)</u>	<u>0</u>
Total Revenues	<u>313,077</u>	<u>(5,000)</u>	<u>308,077</u>
EXPENSES			
Program	220,567	0	220,567
Management	64,666	0	64,666
Fund raising	<u>26,139</u>	<u>0</u>	<u>26,139</u>
Total Expenses	<u>311,372</u>	<u>0</u>	<u>311,372</u>
Change in Net Assets for Year	1,705	(5,000)	(3,295)
Net Assets, beginning of year	<u>385,060</u>	<u>5,000</u>	<u>390,060</u>
Net Assets, end of year	<u>\$386,765</u>	<u>\$ 0</u>	<u>\$386,765</u>

See Accountant's Report and Notes to Financial Statements.

**LITERACY VOLUNTEERS OF MORRIS COUNTY INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Program Services</u>	<u>Supporting Services</u>		
		<u>Management</u>	<u>Fund Raising</u>	<u>Total</u>
Compensation and related expenses:				
Salaries	\$120,649	\$46,327	\$18,553	\$185,529
Payroll taxes and benefits	<u>13,717</u>	<u>5,572</u>	<u>2,144</u>	<u>21,433</u>
	<u>134,366</u>	<u>51,899</u>	<u>20,697</u>	<u>206,962</u>
Professional and consulting fees	12,954	6,217	0	19,171
Training	105	0	0	105
Depreciation equipment	686	173	9	868
Occupancy	40,469	1,705	426	42,600
Equipment maintenance	9,249	2,342	117	11,708
Insurance	2,813	281	31	3,125
Supplies, printing and postage	15,314	1,831	1,802	18,947
Miscellaneous	<u>4,611</u>	<u>218</u>	<u>3,057</u>	<u>7,886</u>
	<u>\$220,567</u>	<u>\$64,666</u>	<u>\$26,139</u>	<u>\$311,372</u>

See Accountant's Report and Notes to Financial Statements.

LITERACY VOLUNTEERS OF MORRIS COUNTY INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	(\$3,295)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	868
Amortization right of use asset	35,130
Net (gain) on investments	(3,715)
Changes in operating assets and liabilities:	
(Increase) in contributions receivable	(6,430)
(Decrease) in lease liability	(35,310)
(Increase) in prepaid expenses	(43)
(Decrease) in accrued expenses	<u>(3,288)</u>
Net Cash Used by Operating Activities	<u>(16,083)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Sales of investments	208,567
Purchase of investments	<u>(215,188)</u>
Net Cash Used by Investing Activities	<u>(6,621)</u>
 Net Change in Cash	 (22,704)
 Cash, beginning of year	 <u>144,041</u>
 Cash, end of year	 <u>\$121,337</u>

See Accountant's Report and Notes to Financial Statements.

**LITERACY VOLUNTEERS OF MORRIS COUNTY INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

NOTE 1 - ORGANIZATION

Literacy Volunteers of Morris County Inc. (LVMC) was founded in 1987 and is dedicated to decreasing adult illiteracy in this country. It currently provides trained tutors to approximately 600 adults in both basic reading instruction and English as a second language in the Morris County area of New Jersey. LVMC is supported primarily through donor contributions, grants and programs. Approximately 58% of LVMC's foundation and corporate grants for the year ended December 31, 2025 were received from five foundations. The government grant was received from the County of Morris.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958.

Under provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. At December 31, 2024 there was \$5,000 of net assets with donor restrictions for library purchases. At December 31, 2025, there were no net assets with donor restrictions.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the financial statements. Accordingly, actual results could differ from those estimates.

See Accountant's Report.

**LITERACY VOLUNTEERS OF MORRIS COUNTY INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give to LVMC that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. LVMC uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. No allowance was required at December 31, 2025.

CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, LVMC considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. LVMC paid \$3,569 interest (included in occupancy expense) in 2025; no payments were made for income taxes in 2025.

EQUIPMENT

LVMC follows the practice of capitalizing all major expenditures for furniture and equipment at cost. Donated property and equipment are capitalized at fair market value at the time of donation. Depreciation is provided on a straight line basis over the estimated useful lives of the assets (3 -5 years). The depreciation expense for the year ending December 31, 2025 was \$868.

PENSION PLAN

LVMC sponsors a 401(k) pension plan for eligible employees. The plan provides for LVMC to make contributions solely at its option. LVMC provided a contribution in 2025 of \$5,135.

TAX STATUS

LVMC is a non-profit voluntary organization and is exempt from Federal income tax under Section 501(c)(3) and the U.S. Internal Revenue Code. LVMC has also been designated a publicly supported organization under Section 170(b)(1)(A)(vi) of the same code. The LVMC is also exempt from New Jersey State income taxes. The Organization's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending December 31, 2023, 2024 and 2025 are subject to examination by the IRS, generally for three years after they were filed.

See Accountant's Report.

**LITERACY VOLUNTEERS OF MORRIS COUNTY INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FUNCTIONAL EXPENSES

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services benefitted. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and taxes	Time and Effort
Rent	Square Footage
Depreciation	Square Footage
Insurance	Square Footage

LEASES

LVMC is a lessee in one operating lease for office space. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Organization recognizes a lease liability and a right of use (ROU) assets at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate. The implicit rates in the lease nor the incremental borrowing rate was readily determinable and accordingly, LVMC elected to use a risk-free discount rate based on the information available at the commencement date of the lease. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. LVMC recognizes lease cost associated with short-term leases on a straight-line basis over the lease term.

See Accountant's Report.

**LITERACY VOLUNTEERS OF MORRIS COUNTY INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

NOTE 3: INVESTMENTS

The marketable securities are classified as “available for sale” and are recorded at fair market value at December 31:

	<u>2025</u> <u>Fair Value</u>	<u>2025</u> <u>Cost</u>	<u>2024</u> <u>Fair Value</u>	<u>2024</u> <u>Cost</u>
Certificates of Deposit	\$ 24,021	\$ 24,000	\$150,996	\$150,677
Money Market Funds	38,500	38,500	760	760
U.S. Treasury Bonds	144,201	142,335	44,692	44,347
Common Stocks	<u>2,139</u>	<u>2,139</u>	<u>2,079</u>	<u>2,079</u>
	<u>\$208,863</u>	<u>\$206,974</u>	<u>\$198,527</u>	<u>\$197,863</u>

The marketable securities at December 31, 2025 and 2024 reflect an unrealized net gain of \$1,889 and \$664, respectively. The unrealized gross gains and (losses) at December 31, 2025 were \$1,898 and (\$9). The unrealized gross gains and (losses) at December 31, 2024 were \$775 and (\$111). The fair market values are determined based on quoted prices for identical instruments in active markets. The investments are subject to market risks and the money market and mutual funds are not insured nor guaranteed by an agency of the Federal government. The 2025 change in unrealized gain of \$1,225 is reflected in Other Income in the Statement of Activities. The certificates of deposit mature in 2026. The stated interest rates on the certificates of deposit range from 3.5% to 4.85%. The U.S. Treasury Bonds mature in 2026 with stated interest rates of .625%-1.625%. See Note 7 for additional information. All investments are subject to market risks.

NOTE 4 - CONTRIBUTED SERVICES

Although not reflected in the accompanying financial statements, many individuals have donated significant amounts of their time and performed a variety of tasks to assist LVMC’s program and service activities.

NOTE 5 - SPECIAL EVENTS

Special events generate revenue as well as raise awareness about LVMC’s mission. LVMC held an annual event during the year ended December 31, 2025. This event was recorded in changes in net assets without donor restrictions:

Special Events Revenues	\$60,800
Less: Cost of Direct Benefits to Donors	<u>(1,807)</u>
Net Revenues from Special Events	<u>\$58,993</u>

See Accountant’s Report.

**LITERACY VOLUNTEERS OF MORRIS COUNTY INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

NOTE 6 - LEASES

LVMC entered into a lease obligation as a lessee for office space from April 1, 2022 – March 31, 2025 and has classified this lease as an operating lease. A new lease for office space was entered into as of April 1, 2025 with a three-year term. This new lease resulted in a non-cash transaction of \$108,546 of an operating lease right-of-use asset and related operating lease liability. The original and updated leases do not have renewal options and do not have termination options by LVMC. Payments due under the lease contracts include fixed payments plus variable payments. The office space lease requires LVMC to make variable payments for their proportionate share of the building's property taxes, insurance and common area maintenance. These variable lease payments are not included in lease payments used to determine the lease liability and are recognized as variable costs when incurred.

The components of lease cost for the year ended December 31, 2025 are as follows:

Operating Lease Cost	\$38,880
Variable Lease Cost	<u>3,720</u>
	<u>\$42,600</u>

Amounts reported in the Statement of Financial Position as of December 31, 2025 were as follows:

Operating Lease ROU Asset	\$82,916
Operating Lease Liability	82,916

Other information related to the operating lease as of December 31, 2025 was as follows:

Supplemental cash flow information:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flow from lease obligations: \$35,310

Reductions to ROU asset resulting from reductions to lease obligation: (\$35,130)

Weighted average remaining lease term: 2.25 years

Weighted average discount rate: 5.0%

The following are the minimum future rental payments for the office space as of December 31, 2025 for the year ending December 31:

2026	\$38,880
2027	38,880
2028	<u>9,720</u>
Total undiscounted lease payments	<u>87,480</u>
Less imputed interest	<u>(4,564)</u>
Total Lease Liability	<u>\$82,916</u>

See Accountant's Report.

**LITERACY VOLUNTEERS OF MORRIS COUNTY INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

NOTE 7 – INVESTMENT FAIR VALUE MEASUREMENTS

LVMC reports certain assets at fair value in the financial statement. Fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarch categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

The following table presents assets and liabilities measured at fair value on a recurring basis at December 31, 2025:

<u>(in thousands)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment in Certificate of Deposits	\$ 0	\$ 24	\$ 0	\$ 24
Investment in Money Market Funds	39	0	0	39
Common Stocks	2	0	0	2
U.S. Treasury Bond	<u>0</u>	<u>144</u>	<u>0</u>	<u>144</u>
Total	<u>\$ 41</u>	<u>\$168</u>	<u>\$ 0</u>	<u>\$209</u>

NOTE 8 - LIQUIDITY

LVMC’s financial assets available within one year of December 31, 2025 for general expenditures are as follows:

Cash and cash equivalents	\$121,337
Investments	208,863
Contributions receivable	<u>59,679</u>
Financial assets available to meet general expenditures over the next year	<u>\$389,879</u>

As part of LVMC’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

See Accountant’s Report.

**LITERACY VOLUNTEERS OF MORRIS COUNTY INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

NOTE 9 – SUBSEQUENT EVENTS

LVMC evaluates events or transactions that occur subsequent to year end for potential recognition or disclosure in the financial statements through the date on which the financial statements are available to be issued. The financial statements were approved by management and available to be issued on February 16, 2026.

See Accountant's Report.