

**READ AHEAD, INC.**

**Financial Statements**

**For the Years Ended September 30, 2015 and 2014**

**READ AHEAD, INC.**  
**For the Years Ended September 30, 2015 and 2014**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Read Ahead, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Read Ahead, Inc. (the "Organization") (formerly Everybody Wins Foundation, Inc.), which comprise the statements of financial position as of September 30, 2015 and 2014, and the related statements of activities, cash flows and functional expenses 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. Those standards require that we plan and perform the audit 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 Read Ahead, Inc. as of September 30, 2015 and 2014, 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.

*Buchbinder Tunick & Company LLP*

BUCHBINDER TUNICK & COMPANY LLP

January 14, 2016

**READ AHEAD, INC.**  
**Statements of Financial Position**  
**September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 573,476	\$ 530,747
Contributions receivable	36,429	42,931
Prepaid expenses	<u>6,436</u>	<u>2,964</u>
Total current assets	616,341	576,642
Office equipment (less accumulated depreciation of \$37,760 and \$28,215 at September 30, 2015 and 2014, respectively)	8,815	18,360
Security deposits	<u>21,918</u>	<u>21,918</u>
Total assets	<u>\$ 647,074</u>	<u>\$ 616,920</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 35,876	\$ 52,378
Deferred income	<u>17,438</u>	<u>-</u>
Total current liabilities	53,314	52,378
Deferred rent	<u>50,885</u>	<u>55,689</u>
Total liabilities	<u>104,199</u>	<u>108,067</u>
Commitments		
Net assets:		
Unrestricted	<u>542,875</u>	<u>508,853</u>
Total net assets	<u>542,875</u>	<u>508,853</u>
Total liabilities and net assets	<u>\$ 647,074</u>	<u>\$ 616,920</u>

See notes to financial statements.

**READ AHEAD, INC.**  
**Statement of Activities**  
**For the year ended September 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015</u>
Revenue:			
Contributions	\$ 590,333	\$ -	\$ 590,333
Grants - Foundation	<u>25,000</u>	<u>-</u>	<u>25,000</u>
	<u>615,333</u>	<u>-</u>	<u>615,333</u>
Event income	574,635	-	574,635
Less: costs of direct benefits to donors	<u>89,665</u>	<u>-</u>	<u>89,665</u>
Net event income	<u>484,970</u>	<u>-</u>	<u>484,970</u>
Interest income	<u>224</u>	<u>-</u>	<u>224</u>
Other income	<u>10,990</u>	<u>-</u>	<u>10,990</u>
Net gain on sale of investments	<u>98</u>	<u>-</u>	<u>98</u>
Total revenue	<u>1,111,615</u>	<u>-</u>	<u>1,111,615</u>
Expenses:			
Program services:			
Reading and mentoring activities with schoolchildren	674,497	-	674,497
Supporting activities:			
Management and general	267,304	-	267,304
Fundraising	<u>135,792</u>	<u>-</u>	<u>135,792</u>
Total expenses	<u>1,077,593</u>	<u>-</u>	<u>1,077,593</u>
Change in net assets	34,022	-	34,022
Net assets - unrestricted:			
Beginning of year	<u>508,853</u>	<u>-</u>	<u>508,853</u>
End of year	<u>\$ 542,875</u>	<u>\$ -</u>	<u>\$ 542,875</u>

See notes to financial statements.

**READ AHEAD, INC.**  
**Statement of Activities (Continued)**  
**For the year ended September 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2014</u>
Revenue:			
Contributions	\$ 427,869	\$ -	\$ 427,869
Grants - Foundation	<u>26,000</u>	<u>-</u>	<u>26,000</u>
	<u>453,869</u>	<u>-</u>	<u>453,869</u>
Event income	519,178	-	519,178
Less: cost of direct benefits to donors	<u>99,234</u>	<u>-</u>	<u>99,234</u>
Net event income	<u>419,944</u>	<u>-</u>	<u>419,944</u>
Interest income	<u>320</u>	<u>-</u>	<u>320</u>
Other income	<u>8,398</u>	<u>-</u>	<u>8,398</u>
Net gain on sale of investments	<u>592</u>	<u>-</u>	<u>592</u>
Total revenue	<u>883,123</u>	<u>-</u>	<u>883,123</u>
Expenses:			
Program services:			
Reading and mentoring activities with schoolchildren	654,298	-	654,298
Supporting activities:			
Management and general	322,547	-	322,547
Fundraising	<u>161,902</u>	<u>-</u>	<u>161,902</u>
Total expenses	<u>1,138,747</u>	<u>-</u>	<u>1,138,747</u>
Change in net assets	(255,624)	-	(255,624)
Net assets - unrestricted:			
Beginning of year	<u>764,477</u>	<u>-</u>	<u>764,477</u>
End of year	<u>\$ 508,853</u>	<u>\$ -</u>	<u>\$ 508,853</u>

See notes to financial statements.

**READ AHEAD, INC.**  
**Statements of Cash Flows**  
**For the years ended September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 34,022	\$ (255,624)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	9,545	7,724
Net (gain) on sale of investments	(98)	(592)
Changes in operating assets and liabilities:		
Decrease (increase) in contributions receivable	6,502	(2,931)
(Increase) decrease in prepaid expenses	(3,472)	21,250
(Decrease) increase in accounts payable and accrued expenses	(16,502)	20,260
Increase in deferred income	17,438	-
(Decrease) increase in deferred rent	<u>(4,804)</u>	<u>31</u>
Net cash provided by (used in) operating activities	<u>42,631</u>	<u>(209,882)</u>
Cash flows from investing activities:		
(Purchase of) office equipment	-	(15,206)
Sale of investments	10,076	10,706
(Purchase of) investments	<u>(9,978)</u>	<u>(10,114)</u>
Net cash provided by (used in) investing activities	<u>98</u>	<u>(14,614)</u>
Net increase (decrease) in cash	42,729	(224,496)
Cash:		
Beginning of year	<u>530,747</u>	<u>755,243</u>
End of year	<u>\$ 573,476</u>	<u>\$ 530,747</u>

See notes to financial statements.



**READ AHEAD, INC.**  
**Statement of Functional Expenses**  
**For the year ended September 30, 2015**

	<u>Total</u>	<u>Program Services</u>	<u>Supporting Activities</u>	
			<u>Management and General</u>	<u>Fundraising</u>
Salaries	\$ 671,293	\$ 460,171	\$ 123,115	\$ 88,007
Payroll taxes	78,022	53,484	14,309	10,229
Payroll expenses	5,004	3,430	918	656
Rent	88,594	60,731	16,248	11,615
Telephone	21,289	15,541	1,916	3,832
Stationery, printing and postage	1,882	1,375	169	338
Insurance	19,869	-	19,869	-
Employee benefits	59,575	40,839	10,926	7,810
Promotional materials	511	511	-	-
Depreciation	9,545	-	9,545	-
Books and program materials	50	50	-	-
Pension processing fees	2,205	-	2,205	-
School buses	18,523	18,523	-	-
School recognition events	291	291	-	-
Subscriptions	2,691	619	1,749	323
Professional fees	61,131	3,316	57,815	-
Meals and entertainment	971	553	418	-
Newsletter	459	459	-	-
Travel	4,382	1,928	1,972	482
Staff training	1,442	1,442	-	-
Filing fees	143	-	143	-
Credit card fees	9,633	-	-	9,633
Bad debt expense	2,650	-	2,650	-
Computer and website services	3,426	2,349	628	449
Office supplies	11,691	8,885	935	1,871
Office cleaning	1,470	-	1,470	-
Miscellaneous	851	-	304	547
	<u>\$ 1,077,593</u>	<u>\$ 674,497</u>	<u>\$ 267,304</u>	<u>\$ 135,792</u>

See notes to financial statements.

**READ AHEAD, INC.**  
**Statement of Functional Expenses (Continued)**  
**For the year ended September 30, 2014**

	<u>Total</u>	<u>Program Services</u>	<u>Supporting Activities</u>	
			<u>Management and General</u>	<u>Fundraising</u>
Salaries	\$ 651,408	\$ 398,727	\$ 145,134	\$ 107,547
Payroll taxes	75,881	46,447	16,906	12,528
Payroll expenses	3,531	2,161	787	583
Rent	87,124	53,329	19,411	14,384
Telephone	26,950	19,673	2,426	4,851
Stationery, printing and postage	2,553	1,865	229	459
Insurance	20,289	-	20,289	-
Employee benefits	59,547	36,449	13,267	9,831
Promotional materials	14,097	14,097	-	-
Depreciation	7,724	-	7,724	-
Books and program materials	19	19	-	-
Pension processing fee	1,190	-	1,190	-
School buses	23,030	23,030	-	-
School recognition events	3,220	3,220	-	-
Subscriptions	3,966	912	2,578	476
Professional fees	105,690	23,411	82,279	-
Meals and entertainment	5,746	3,275	2,471	-
Meetings	388	-	388	-
Travel	8,317	3,659	3,743	915
Staff training	2,764	2,764	-	-
Filing fees	125	-	125	-
Credit card fees	5,116	-	-	5,116
Computer and website services	6,914	4,232	1,540	1,142
Office supplies	22,405	17,028	1,792	3,585
Miscellaneous	753	-	268	485
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenses	<u>\$ 1,138,747</u>	<u>\$ 654,298</u>	<u>\$ 322,547</u>	<u>\$ 161,902</u>

See notes to financial statements.

**READ AHEAD, INC.**  
**Notes to Financial Statements**  
**September 30, 2015 and 2014**

**Note 1 - Nature of Operations**

Read Ahead, Inc. (the "Organization"), formerly named Everybody Wins Foundation Inc., is a corporation which was organized in the State of New York as a not-for-profit entity on March 7, 1991.

The purpose of the Organization is to recruit, train and supervise corporate employees and other members of the community who engage in reading and mentoring activities with schoolchildren.

**Note 2 - Summary of Significant Accounting Policies**

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting.

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to the following three classes of net assets:

- a. Unrestricted net assets - have no donor restrictions and have met all legal and donor requirements.
- b. Temporarily restricted net assets - are temporarily restricted by donor stipulations and requirements.
- c. Permanently restricted net assets - are permanently restricted by donor stipulations and requirements.

On September 17, 2010, the Organization adopted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). Accordingly, the Organization 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 made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Accounting Standards Codification ("ASC") No. 958-205, *Not-for-Profit Entities*, requires the portion of a donor-restricted endowment fund that is not classified as permanently restricted to be classified as temporarily restricted net assets until appropriated for expenditure.

**READ AHEAD, INC.**  
**Notes to Financial Statements (Continued)**  
**September 30, 2015 and 2014**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation (Continued)**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends 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. As of September 30, 2015 and 2014, the Organization had no permanently restricted net assets.

**Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Investment Valuation**

Investment in common stock is stated at fair value as determined by quoted market prices.

**Contributions Receivable**

The Organization carries its contributions receivable at cost, less an allowance for doubtful accounts as needed. On a periodic basis the Organization evaluates its contributions receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on its history of past write-offs and collections, and current credit conditions. As of September 30, 2015, an allowance for doubtful accounts in the amount of \$2,650 was deemed necessary by management.

**READ AHEAD, INC.**  
**Notes to Financial Statements (Continued)**  
**September 30, 2015 and 2014**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Equipment**

It is the Organization's policy to capitalize equipment over \$1,000. Lesser amounts are expensed. Purchased equipment is capitalized at cost. Donations of equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions 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 equipment are reported as restricted contributions. Equipment is depreciated using the straight-line method over the estimated useful lives of the assets.

**Contributions of Securities**

Contributions of securities are recorded at their fair value at the date of the contribution.

**Sources of Revenue**

Sources of revenue for the Organization's services are provided by contributions from individuals, corporations and private foundations, its annual fundraising event, as well as from other fundraising events.

**Functional Classification of Expenses**

In the accompanying statements of activities, expenses have been reported by their functional classification, a method of grouping expenses according to the purpose for which they were incurred. The primary functional classifications are program services and supporting activities. Program services are the activities that result in services being provided to members that fulfill the purposes or mission for which the organization exists. Supporting activities are all activities of an organization other than program services.

**Income Taxes**

The Organization files an annual Form 990, *Return of Organization Exempt from Income Tax*, with the Internal Revenue Service (the "IRS"). At September 30, 2015, the Organization's Form 990s for the years 2012 through 2015 remain eligible for examination by the IRS.

**READ AHEAD, INC.**  
**Notes to Financial Statements (Continued)**  
**September 30, 2015 and 2014**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Subsequent Events**

The Organization has evaluated subsequent events and transactions through January 14, 2016, the date that the financial statements were available to be issued.

**Note 3 - Concentrations of Credit Risk**

Financial instruments that subject the Organization to concentrations of credit risk include cash. The Organization maintains an account at a high quality financial institution and its deposit balance may, at times, exceed federally insured limits. The Organization has not experienced any losses on this account.

**Note 4 - Tax Status**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**Note 5 - Commitments**

The Organization moved during the year ended September 30, 2009 from its previous location and currently leases office space under an operating lease which expires in February 2020. Total rent expense was \$88,594 and \$87,124 for the years ended September 30, 2015 and 2014, respectively.

The future minimum annual rental commitments as of September 30, 2015 are as follows:

<u>Years Ending September 30,</u>	<u>Amount</u>
2016	\$ 81,640
2017	84,089
2018	86,612
2019	89,211
2020	<u>38,191</u>
Total	<u>\$ 379,743</u>

**READ AHEAD, INC.**  
**Notes to Financial Statements (Continued)**  
**September 30, 2015 and 2014**

**Note 6 - Retirement Plan**

Beginning in November 2013, the Organization sponsors a defined contribution 403(b) plan (the "Plan") covering all eligible employees of the Organization. The Organization makes annual contributions to the Plan equal to a percentage determined by the Organization prior to the end of each year. The Organization made a contribution of \$4,633 and \$6,941 for the years ended September 30, 2015 and 2014, respectively.