

READ AHEAD, INC.

Financial Statements

For the Years Ended September 30, 2019 and 2018

The logo for BUCHBINDER features a vertical orange bar on the left side of the word "BUCHBINDER", which is written in a dark blue, sans-serif font. A horizontal blue line is positioned below the orange bar, extending to the left edge of the letter "B".

READ AHEAD, INC.
Financial Statements
For the Years Ended September 30, 2019 and 2018

INDEX

| | <u>Page</u> |
|-------------------------------------|-------------|
| Independent Auditor's Report | 1-2 |
| Financial Statements | |
| Statements of Financial Position | 3 |
| Statements of Activities | 4-5 |
| Statements of Cash Flows | 6 |
| Statements of Functional Expenses | 7-8 |
| Notes to Financial Statements | 9-14 |



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"), which comprise the statements of financial position as of September 30, 2019 and 2018, 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.

One Pennsylvania Plaza
Suite 3500
New York, New York 10119
212.695.5003

6720-A Rockledge Drive
Suite 510
Bethesda, Maryland 20817
240.200.1400

150 Clove Road
5th Floor
Little Falls, New Jersey 07424
973.812.0100

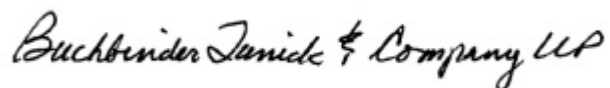
Buchbinder Tunick & Company LLP
Certified Public Accountants
buchbinder.com
Follow us on [linkedIn](#)

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, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2019, the Organization adopted new accounting guidance ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to that matter.



BUCHBINDER TUNICK & COMPANY LLP

New York, NY
August 11, 2020

READ AHEAD, INC.
Statements of Financial Position
September 30, 2019 and 2018

| | 2019 | 2018 |
|---|------------|------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 779,584 | \$ 798,280 |
| Contributions receivable | 156,140 | 60,290 |
| Prepaid expenses | 39,451 | 34,741 |
| Total current assets | 975,175 | 893,311 |
| Office equipment (less accumulated depreciation of \$49,003 and \$47,528 at September 30, 2019 and 2018, respectively) | 2,124 | 2,522 |
| Security deposits | 21,918 | 21,918 |
| Total assets | \$ 999,217 | \$ 917,751 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 81,012 | \$ 54,235 |
| Deferred income | 187,382 | 159,593 |
| Total current liabilities | 268,394 | 213,828 |
| Deferred rent | 7,166 | 21,918 |
| Total liabilities | 275,560 | 235,746 |
| Commitments | | |
| Net assets: | | |
| Without donor restrictions | 682,157 | 682,005 |
| With donor restrictions | 41,500 | - |
| Total net assets | 723,657 | 682,005 |
| Total liabilities and net assets | \$ 999,217 | \$ 917,751 |

See notes to financial statements.

READ AHEAD, INC.
Statement of Activities
For the year ended September 30, 2019

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>2019</u> |
|---|---------------------------------------|------------------------------------|-------------------|
| Revenue: | | | |
| Contributions | \$ 546,227 | \$ 45,000 | \$ 591,227 |
| Grants - Foundation | <u>55,250</u> | <u>-</u> | <u>55,250</u> |
| | <u>601,477</u> | <u>45,000</u> | <u>646,477</u> |
| Event income | 856,498 | - | 856,498 |
| Less: costs of direct benefits to donors | <u>105,523</u> | <u>-</u> | <u>105,523</u> |
| Net event income | <u>750,975</u> | <u>-</u> | <u>750,975</u> |
| Interest income | <u>512</u> | <u>-</u> | <u>512</u> |
| Other income | <u>1,457</u> | <u>-</u> | <u>1,457</u> |
| Net gain on sale of investments | <u>162</u> | <u>-</u> | <u>162</u> |
| Contributed goods and services | <u>78,205</u> | <u>-</u> | <u>78,205</u> |
| Net assets released from restrictions | <u>3,500</u> | <u>(3,500)</u> | <u>-</u> |
| Total revenue | <u>1,436,288</u> | <u>41,500</u> | <u>1,477,788</u> |
| Expenses: | | | |
| Program services: | | | |
| Reading and mentoring activities with schoolchildren | 1,010,180 | - | 1,010,180 |
| Supporting activities: | | | |
| Management and general | 128,914 | - | 128,914 |
| Fundraising | <u>297,042</u> | <u>-</u> | <u>297,042</u> |
| Total expenses | <u>1,436,136</u> | <u>-</u> | <u>1,436,136</u> |
| Change in net assets | 152 | 41,500 | 41,652 |
| Net assets: | | | |
| Beginning of year | <u>682,005</u> | <u>-</u> | <u>682,005</u> |
| End of year | <u>\$ 682,157</u> | <u>\$ 41,500</u> | <u>\$ 723,657</u> |

See notes to financial statements.

READ AHEAD, INC.
Statement of Activities (Continued)
For the year ended September 30, 2018

| | Without Donor Restrictions | With Donor Restrictions | 2018 |
|---|-------------------------------|----------------------------|------------|
| Revenue: | | | |
| Contributions | \$ 582,443 | \$ - | \$ 582,443 |
| Grants - Foundation | 77,500 | - | 77,500 |
| | 659,943 | - | 659,943 |
| Event income | 793,944 | - | 793,944 |
| Less: cost of direct benefits to donors | 112,548 | - | 112,548 |
| Net event income | 681,396 | - | 681,396 |
| Interest income | 611 | - | 611 |
| Other income | 934 | - | 934 |
| Net gain on sale of investments | 7,171 | - | 7,171 |
| Contributed goods and services | 206,701 | - | 206,701 |
| Total revenue | 1,556,756 | - | 1,556,756 |
| Expenses: | | | |
| Program services: | | | |
| Reading and mentoring activities with schoolchildren | 1,088,473 | - | 1,088,473 |
| Supporting activities: | | | |
| Management and general | 129,076 | - | 129,076 |
| Fundraising | 259,242 | - | 259,242 |
| Total expenses | 1,476,791 | - | 1,476,791 |
| Change in net assets | 79,965 | - | 79,965 |
| Net assets: | | | |
| Beginning of year | 602,040 | - | 602,040 |
| End of year | \$ 682,005 | \$ - | \$ 682,005 |

See notes to financial statements.

READ AHEAD, INC.
Statements of Cash Flows
For the years ended September 30, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|---|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 41,652 | \$ 79,965 |
| Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities: | | |
| Depreciation | 1,475 | 1,415 |
| Net (gain) on sale of investments | (162) | (7,171) |
| Changes in operating assets and liabilities: | | |
| (Increase) in contributions receivable | (95,850) | (23,165) |
| (Increase) in prepaid expenses | (4,710) | (994) |
| Increase (decrease) in accounts payable and accrued expenses | 26,777 | (7,412) |
| Increase in deferred income | 27,789 | 68,138 |
| (Decrease) in deferred rent | <u>(14,752)</u> | <u>(12,154)</u> |
| Net cash (used in) provided by operating activities | <u>(17,781)</u> | <u>98,622</u> |
| Cash flows from investing activities: | | |
| (Purchase of) furniture and equipment | (1,077) | (1,305) |
| Sale of investments | 10,436 | 32,245 |
| (Purchase of) investments | <u>(10,274)</u> | <u>(25,074)</u> |
| Net cash (used in) provided by investing activities | <u>(915)</u> | <u>5,866</u> |
| Net (decrease) increase in cash | (18,696) | 104,488 |
| Cash: | | |
| Beginning of year | <u>798,280</u> | <u>693,792</u> |
| End of year | <u>\$ 779,584</u> | <u>\$ 798,280</u> |

See notes to financial statements.

READ AHEAD, INC.
Statement of Functional Expenses
For the year ended September 30, 2019

| | <u>Total</u> | <u>Program Services</u> | <u>Supporting Activities</u> | |
|----------------------------------|----------------------------|-----------------------------|-----------------------------------|--------------------------|
| | | | <u>Management and General</u> | <u>Fundraising</u> |
| Salaries | \$ 826,588 | \$ 598,780 | \$ 58,109 | \$ 169,699 |
| Payroll taxes | 78,748 | 57,045 | 5,536 | 16,167 |
| Payroll expenses | 6,753 | 4,892 | 475 | 1,386 |
| Rent | 91,845 | 66,532 | 6,457 | 18,856 |
| Telephone | 17,105 | 13,684 | 855 | 2,566 |
| Stationery, printing and postage | 2,295 | 1,836 | 115 | 344 |
| Insurance | 25,573 | 18,525 | 1,798 | 5,250 |
| Employee benefits | 94,650 | 68,564 | 6,654 | 19,432 |
| Promotional materials | 1,072 | 1,072 | - | - |
| Depreciation | 1,475 | - | 1,475 | - |
| Books and program materials | 128 | 128 | - | - |
| Pension processing fees | 2,911 | - | 2,911 | - |
| School buses | 14,250 | 14,250 | - | - |
| School recognition events | 9,599 | 9,599 | - | - |
| Subscriptions | 14,162 | 11,330 | 708 | 2,124 |
| Professional fees | 84,019 | 17,965 | 32,654 | 33,400 |
| Meals and entertainment | 3,818 | 2,176 | 1,642 | - |
| Travel | 7,595 | 6,075 | 760 | 760 |
| Staff training | 9,752 | 9,752 | - | - |
| Filing fees | 140 | - | 140 | - |
| Credit card fees | 20,462 | - | - | 20,462 |
| Computer and website services | 9,722 | 7,043 | 683 | 1,996 |
| Office supplies | 28,077 | 22,461 | 2,808 | 2,808 |
| In-kind expense | 78,205 | 78,205 | - | - |
| Miscellaneous | 7,192 | 266 | 5,134 | 1,792 |
| Total expenses | <u>\$ 1,436,136</u> | <u>\$ 1,010,180</u> | <u>\$ 128,914</u> | <u>\$ 297,042</u> |

See notes to financial statements.

READ AHEAD, INC.
Statement of Functional Expenses (Continued)
For the year ended September 30, 2018

| | <u>Total</u> | <u>Program Services</u> | <u>Supporting Activities</u> | |
|----------------------------------|---------------------|-----------------------------|-----------------------------------|--------------------|
| | | | <u>Management and General</u> | <u>Fundraising</u> |
| Salaries | \$ 790,269 | \$ 559,589 | \$ 67,963 | \$ 162,717 |
| Payroll taxes | 76,007 | 53,821 | 6,537 | 15,649 |
| Payroll expenses | 5,565 | 3,941 | 479 | 1,145 |
| Rent | 90,703 | 64,227 | 7,800 | 18,676 |
| Telephone | 16,467 | 13,174 | 823 | 2,470 |
| Stationery, printing and postage | 4,645 | 3,716 | 232 | 697 |
| Insurance | 21,412 | 15,162 | 1,841 | 4,409 |
| Employee benefits | 79,483 | 56,282 | 6,836 | 16,365 |
| Promotional materials | 2,784 | 2,784 | - | - |
| Depreciation | 1,415 | - | 1,415 | - |
| Books and program materials | (201) | (201) | - | - |
| Pension processing fees | 2,719 | - | 2,719 | - |
| School buses | 14,500 | 14,500 | - | - |
| School recognition events | 9,131 | 9,131 | - | - |
| Subscriptions | 7,261 | 5,809 | 363 | 1,089 |
| Professional fees | 51,960 | 22,069 | 24,710 | 5,181 |
| Meals and entertainment | 1,189 | 678 | 511 | - |
| Meetings | 288 | 96 | 96 | 96 |
| Travel | 7,358 | 5,886 | 736 | 736 |
| Staff training | 7,179 | 7,179 | - | - |
| Filing fees | 142 | - | 142 | - |
| Credit card fees | 17,984 | - | - | 17,984 |
| Computer and website services | 38,203 | 27,052 | 3,285 | 7,866 |
| Office supplies | 21,096 | 16,877 | 2,110 | 2,109 |
| In-kind expense | 206,701 | 206,701 | - | - |
| Miscellaneous | 2,531 | - | 478 | 2,053 |
| Total expenses | \$ 1,476,791 | \$ 1,088,473 | \$ 129,076 | \$ 259,242 |

See notes to financial statements.

READ AHEAD, INC.
Notes to Financial Statements
September 30, 2019 and 2018

Note 1 - Nature of Operations

Read Ahead, Inc. (the "Organization"), formerly 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's net assets and revenue, expenses, 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 and reported as follows:

Net assets without donor restrictions – net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – net assets subject to donor-imposed stipulations. These stipulations may be met either by actions of the Organization or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained permanently.

Revenue is reported as increases in net assets without donor restrictions unless its use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Contributions whose restrictions are met in the year of contribution are reported as net assets without donor restrictions.

READ AHEAD, INC.
Notes to Financial Statements (Continued)
September 30, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

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. There was no allowance for doubtful accounts deemed necessary by management as of September 30, 2019 and 2018.

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, which is 3-5 years for furniture and computer equipment, and the life of the lease for the leasehold improvements.

READ AHEAD, INC.
Notes to Financial Statements (Continued)
September 30, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

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 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 that fulfill the purposes or mission for which the organization exists. Supporting activities are all activities of an organization other than program services.

| <u>Expense</u> | <u>Method of Allocation</u> |
|---|-----------------------------|
| Salaries, payroll taxes, and employee benefits | Time and effort |
| Rent | Time and effort |
| Telephone | Time and effort |
| Stationery, printing, and postage | Time and effort |
| Promotional materials, books and program materials, school buses | Purpose of expenditure |
| Insurance | Purpose of expenditure |
| Professional fees | Purpose of expenditure |
| School recognition events | Purpose of expenditure |
| Subscriptions | Time and effort |
| Travel, meals and entertainment | Purpose of expenditure |
| Credit card fees | Purpose of expenditure |
| In-kind expense | Time and effort |
| Computer and website services | Purpose of expenditure |
| Office supplies | Time and effort |
| Staff training | Purpose of expenditure |
| Miscellaneous | Time and effort |
| Depreciation | Time and effort |

READ AHEAD, INC.
Notes to Financial Statements (Continued)
September 30, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

Contributed Goods and Services

Contributed goods and services are recognized if the goods or services received: (a) create or enhance long-lived assets, or (b) required specialized skills are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Organization recognizes contributed goods and services for professional fees and books that were utilized principally in the Organization's program operations during the years ended September 30, 2019 and 2018. These contributed goods and services have been recorded at their approximate fair value. Contributed goods and services for the years ended September 30, 2019 and 2018 totaled \$78,205 and \$206,701, respectively.

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, 2019, the Organization's Form 990s for the years 2016 through 2019 remain eligible for examination by the IRS.

New Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Subsequent Events

The Organization has evaluated subsequent events and transactions through August 11, 2020, the date that the financial statements were available to be issued.

READ AHEAD, INC.
Notes to Financial Statements (Continued)
September 30, 2019 and 2018

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 \$91,843 and \$90,703 for the years ended September 30, 2019 and 2018, respectively. Subsequent to year end, the Organization signed an agreement to move to a different location in the same building under an operating lease which expires in October 2027.

The future minimum annual rental commitments as of September 30, 2019 are as follows:

| <u>Years Ending September 30.</u> | <u>Amount</u> |
|---------------------------------------|---------------------|
| 2020 | \$ 38,191 |
| 2021 | 126,488 |
| 2022 | 141,782 |
| 2023 | 145,681 |
| 2024 | 162,523 |
| Thereafter | <u>529,572</u> |
| Total | <u>\$ 1,144,237</u> |

READ AHEAD, INC.
Notes to Financial Statements (Continued)
September 30, 2019 and 2018

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 \$12,953 and \$10,828 for the years ended September 30, 2019 and 2018, respectively.

Note 7 - Net Assets with Donor Restrictions

Net assets with donor restrictions at September 30, 2019 and 2018 are being held in cash and are available for the following purposes:

| | <u>2019</u> | <u>2018</u> |
|--------------------------|-------------|-------------|
| Specific purpose: | | |
| Full-time Chief of Staff | \$ 41,500 | \$ - |

Note 8 - Availability and Liquidity

Financial assets consist of the following at September 30, 2019 and 2018:

| | <u>2019</u> | <u>2018</u> |
|--|-------------------|-------------------|
| Financial assets at year end: | | |
| Cash | \$ 779,584 | \$ 798,280 |
| Contributions receivable | <u>156,140</u> | <u>60,290</u> |
| Total financial assets | <u>935,724</u> | <u>858,570</u> |
| Less amounts not available to be used within one year: | | |
| Net assets with donor restrictions | - | - |
| Less net assets with purpose restrictions to be met in less than a year | <u>-</u> | <u>-</u> |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 935,724</u> | <u>\$ 858,570</u> |

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$360,000). As part of its liquidity plan, excess cash is maintained in interest-bearing bank accounts at an FDIC insured institution.