

**READ AHEAD, INC.**  
**Financial Statements**  
**For the Years Ended September 30, 2022 and 2021**

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**INDEX**

	<u>Page</u>
<b>Independent Auditor's Report</b>	1-2
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-18



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Read Ahead, Inc.

### Opinion

We have audited the accompanying financial statements of Read Ahead, Inc. (the "Organization") which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Read Ahead, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

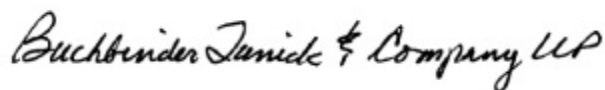
## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



BUCHBINDER TUNICK & COMPANY LLP

New York, NY  
August 7, 2023

**READ AHEAD, INC.**  
**Statements of Financial Position**  
**September 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 1,127,142	\$ 822,424
Investments in marketable securities	-	9,855
Contributions receivable	51,758	49,076
Other receivable	24,800	235,570
Prepaid expenses	<u>54,127</u>	<u>59,085</u>
Total current assets	1,257,827	1,176,010
Office equipment (less accumulated depreciation of \$36,305 and \$19,147 at September 30, 2022 and 2021, respectively)	39,249	43,842
Security deposits	<u>45,996</u>	<u>45,996</u>
Total assets	<u>\$ 1,343,072</u>	<u>\$ 1,265,848</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 104,241	\$ 103,120
Deferred income	<u>192,319</u>	<u>173,252</u>
Total current liabilities	<u>296,560</u>	<u>276,372</u>
Total liabilities	<u>296,560</u>	<u>276,372</u>
Commitments		
Net assets without donor restrictions	<u>1,046,512</u>	<u>989,476</u>
Total net assets	<u>1,046,512</u>	<u>989,476</u>
Total liabilities and net assets	<u>\$ 1,343,072</u>	<u>\$ 1,265,848</u>

See notes to financial statements.

**READ AHEAD, INC.**  
**Statement of Activities**  
**For the year ended September 30, 2022**

	<u>2022</u>
Revenue:	
Contributions	\$ 860,322
Grants - Foundation	<u>50,000</u>
	<u>910,322</u>
Event income	978,455
Less: costs of direct benefits to donors	<u>113,604</u>
Net event income	<u>864,851</u>
Interest income	<u>198</u>
Other income	<u>9,040</u>
Net gain on sale of investments	<u>550</u>
Contributed goods and services	<u>38,610</u>
Total revenue	<u>1,823,571</u>
Expenses:	
Program services:	
Reading and mentoring activities with schoolchildren	1,348,045
Supporting activities:	
Management and general	193,526
Fundraising	<u>224,964</u>
Total expenses	<u>1,766,535</u>
Change in net assets	57,036
Net assets without donor restrictions:	
Beginning of year	<u>989,476</u>
End of year	<u><u>\$ 1,046,512</u></u>

See notes to financial statements.

**READ AHEAD, INC.**  
**Statement of Activities (Continued)**  
**For the year ended September 30, 2021**

	<u>2021</u>
Revenue:	
Contributions	\$ 992,837
Grants - Foundation	42,500
Grants - government	<u>199,437</u>
	<u>1,234,774</u>
Event income	581,566
Less: cost of direct benefits to donors	<u>51,249</u>
Net event income	<u>530,317</u>
Interest income	<u>200</u>
Other income	<u>190,585</u>
Net (loss) on sale of investments	<u>(42)</u>
Contributed goods and services	<u>55,418</u>
Total revenue	<u>2,011,252</u>
Expenses:	
Program services:	
Reading and mentoring activities with schoolchildren	1,384,236
Supporting activities:	
Management and general	186,488
Fundraising	<u>226,162</u>
Total expenses	<u>1,796,886</u>
Change in net assets	214,366
Net assets without donor restrictions:	
Beginning of year	<u>775,110</u>
End of year	<u><u>\$ 989,476</u></u>

See notes to financial statements.

**READ AHEAD, INC.**  
**Statement of Functional Expenses**  
**For the year ended September 30, 2022**

		Program Services	Supporting Activities	
	Total	Reading and Mentoring	Management and General	Fundraising
Salaries	\$ 1,044,782	\$ 877,617	\$ 31,343	\$ 135,822
Payroll taxes	92,354	77,577	2,771	12,006
Payroll expenses	9,123	7,663	274	1,186
Rent	132,568	111,357	3,977	17,234
Telephone	20,168	5,427	14,741	-
Stationery, printing and postage	989	-	989	-
Insurance	26,697	22,425	801	3,471
Employee benefits	100,530	84,445	3,016	13,069
Depreciation	17,158	-	17,158	-
School recognition events	4,194	4,194	-	-
Subscriptions	82,238	65,272	4,972	11,994
Professional fees	116,824	23,688	93,136	-
Meals and entertainment	833	-	833	-
Travel	2,047	921	1,126	-
Staff training	18,362	18,362	-	-
Filing fees	261	-	261	-
Credit card fees	28,489	-	-	28,489
Computer and website services	11,415	7,549	2,348	1,518
Office supplies	15,353	2,938	12,335	80
In-kind expense	38,610	38,610	-	-
Miscellaneous	3,540	-	3,445	95
Total expenses	<u>\$ 1,766,535</u>	<u>\$ 1,348,045</u>	<u>\$ 193,526</u>	<u>\$ 224,964</u>

See notes to financial statements.



**READ AHEAD, INC.**  
**Statement of Functional Expenses (Continued)**  
**For the year ended September 30, 2021**

		Program Services	Supporting Activities	
	Total	Reading and Mentoring	Management and General	Fundraising
Salaries	\$ 1,043,704	\$ 876,711	\$ 31,311	\$ 135,682
Payroll taxes	92,949	78,078	2,788	12,083
Payroll expenses	13,955	11,722	419	1,814
Rent	132,571	111,360	3,977	17,234
Telephone	14,307	7,206	7,101	-
Stationery, printing and postage	1,406	820	462	124
Insurance	25,754	21,633	773	3,348
Employee benefits	80,939	67,989	2,428	10,522
Promotional materials	723	723	-	-
Depreciation	14,833	-	14,833	-
School recognition events	116,791	116,791	-	-
Subscriptions	56,884	27,189	9,227	20,468
Professional fees	75,254	268	74,986	-
Travel	4,048	30	4,018	-
Staff training	19,820	19,820	-	-
Filing fees	16	-	16	-
Credit card fees	24,450	-	-	24,450
Computer and website services	12,425	4,323	8,102	-
Office supplies	5,477	355	4,780	342
In-kind expense	55,418	39,218	16,200	-
Miscellaneous	5,162	-	5,067	95
Total expenses	<u>\$ 1,796,886</u>	<u>\$ 1,384,236</u>	<u>\$ 186,488</u>	<u>\$ 226,162</u>

See notes to financial statements.

**READ AHEAD, INC.**  
**Statements of Cash Flows**  
**For the years ended September 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 57,036	\$ 214,366
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	17,158	14,833
Net (gain) loss on sale of investments	(550)	42
(Increase) decrease in operating assets:		
Contributions receivable	(2,682)	(31,616)
Other receivable	210,770	(190,507)
Prepaid expenses	4,958	(3,371)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	1,121	(33,034)
Deferred income	<u>19,067</u>	<u>(139,052)</u>
Net cash provided by (used in) operating activities	<u>306,878</u>	<u>(168,339)</u>
Cash flows from investing activities:		
(Purchase of) office equipment	(12,565)	(17,986)
Sale of investments	28,447	23,528
(Purchase of) investments	<u>(18,042)</u>	<u>(23,007)</u>
Net cash (used in) investing activities	<u>(2,160)</u>	<u>(17,465)</u>
Net increase (decrease) in cash	304,718	(185,804)
Cash:		
Beginning of year	<u>822,424</u>	<u>1,008,228</u>
End of year	<u>\$ 1,127,142</u>	<u>\$ 822,424</u>

See notes to financial statements.

**READ AHEAD, INC.**  
**Notes to Financial Statements**  
**September 30, 2022 and 2021**

**Note 1 - Nature of Operations**

Read Ahead, Inc. (the "Organization"), formerly Everybody Wins Organization 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.

The Organization had not net assets with donor restrictions as of September 30, 2022 and 2021.

**READ AHEAD, INC.**  
**Notes to Financial Statements (Continued)**  
**September 30, 2022 and 2021**

**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. No allowance for doubtful accounts was deemed necessary by management as of September 30, 2022 and 2021.

**Other Receivable and Other Income**

The Organization was eligible for the Employee Retention Credit ("ERC"), which was created by Congress to encourage employers to retain their employees on the payroll.

The Organization has an Employee Retention Credit of \$-0- and \$235,570 as of September 30, 2022 and 2021, respectively.

The Organization recognized other income related to the ERC of \$-0- and \$190,507 for the years ended September 30, 2022 and 2021, respectively.

The Organization has an additional \$24,800 and \$-0-, in "Other Receivable" as of September 30, 2022 and 2021, respectively.

**READ AHEAD, INC.**  
**Notes to Financial Statements (Continued)**  
**September 30, 2022 and 2021**

**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 for 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.

**Deferred Income**

Deferred income consists of funds held as of September 30, 2022 and 2021 for prepaid event income for the year ending September 30, 2023 and the year ended September 30, 2022, respectively.

**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 organizations (including foundations), its annual fundraising event, as well as from other fundraising events.

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization has not received any conditional contributions for the years ended September 30, 2022 and 2021.

Unconditional contributions are recorded as revenue with or without donor restrictions depending on the existence and/or nature of any donor-imposed time or purpose restrictions. When the restrictions are satisfied, the funds are released to net assets without donor restrictions. Contributions with donor restrictions that are received and expended in the same year are treated as contributions without donor restrictions.

**READ AHEAD, INC.**  
**Notes to Financial Statements (Continued)**  
**September 30, 2022 and 2021**

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

**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,	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

**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.

**READ AHEAD, INC.**  
**Notes to Financial Statements (Continued)**  
**September 30, 2022 and 2021**

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

**Contributed Goods and Services (Continued)**

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, 2022 and 2021. These contributed goods and services have been recorded at their approximate fair value. Contributed goods and services for the years ended September 30, 2022 and 2021 totaled \$38,610 and \$55,418, respectively, and are recorded in the Statement of Activities as "Contributed goods and services" and on the Statement of Functional Expenses as "In-kind expense".

**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, 2022, the Organization's Form 990s for the years 2019 through 2022 remain eligible for examination by the IRS.

**Subsequent Events**

The Organization has evaluated subsequent events and transactions through August 7, 2023, 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.

**READ AHEAD, INC.**  
**Notes to Financial Statements (Continued)**  
**September 30, 2022 and 2021**

**Note 5 - Commitments**

The Organization leased office space under an operating lease which expires in November 2027. Total rent expense was \$132,568 and \$132,571 for the years ended September 30, 2022 and 2021, respectively.

The future minimum annual rental commitments as of September 30, 2022 and thereafter are as follows:

<u>Years Ending September 30,</u>	<u>Amount</u>
2023	\$ 145,681
2024	162,523
2025	166,992
2026	171,585
2027	176,303
Thereafter	<u>29,384</u>
Total	<u>\$ 852,468</u>

**Note 6 - Fair Value Measurements**

Financial Accounting Standards Board ("FASB") *Accounting Standards Codification* ("ASC") 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. It defines fair value as an exit price, which is the price that would be received for an asset or paid to transfer a liability in the Organization's principal or most advantageous market for the asset or liability, in an orderly transaction between market participants on the measurement date.

The fair value hierarchy generally requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the entity's own assumptions based on market data and the entity's judgments about the assumptions that market participants would use in pricing the asset or liability, and are to be developed based on the best information available in the circumstances.



**READ AHEAD, INC.**  
**Notes to Financial Statements (Continued)**  
**September 30, 2022 and 2021**

**Note 6 - Fair Value Measurements (Continued)**

The Organization determines the fair market value of its investments in securities based on the established fair value definition and hierarchy levels. The three levels within the hierarchy that may be used to measure fair value are:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs, including Level 1 prices that have been adjusted; quoted prices for similar assets or liabilities; quoted prices in markets that are less active than traded exchanges; and other inputs that are observable or can be substantially corroborated by observable market data.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are a significant component of the fair value of the assets or liabilities.

The lowest level of input that is a significant component of the fair value measurements determines the placement of the entire fair value measurement in the hierarchy. The Organization's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the classification of fair value assets and liabilities within the fair value hierarchy levels.

The following is a description of the valuation methods used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2022 and 2021.

**Common stocks:**

Common stocks are valued at the daily closing price as reported in actively traded markets.

**Mutual funds:**

Mutual funds are valued at the net asset value of the shares held by the Organization at year end. These funds are required to publish their daily net asset value (NAV) and to transact at that price.

**READ AHEAD, INC.**  
**Notes to Financial Statements (Continued)**  
**September 30, 2022 and 2021**

**Note 6 - Fair Value Measurements (Continued)**

The preceding valuation methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth, by level, the Organization's assets that were accounted for at fair value on a recurring basis as of September 30, 2022:

Investments in securities:

	<u>Total Fair Value</u>	<u>Quoted Prices (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Other Unobservable Inputs (Level 3)</u>
Investments at fair value:				
Common stocks:				
Domestic	\$ -	\$ -	\$ -	\$ -
Total investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The following table sets forth, by level, the Organization's assets that were accounted for at fair value on a recurring basis as of September 30, 2021:

Investments in securities:

	<u>Total Fair Value</u>	<u>Quoted Prices (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Other Unobservable Inputs (Level 3)</u>
Investments at fair value:				
Mutual funds:				
Index funds	\$ 9,855	\$ 9,855	\$ -	\$ -
Total investments	<u>\$ 9,855</u>	<u>\$ 9,855</u>	<u>\$ -</u>	<u>\$ -</u>

**READ AHEAD, INC.**  
**Notes to Financial Statements (Continued)**  
**September 30, 2022 and 2021**

**Note 7 - 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 contributions of \$16,150 and \$16,307 for the years ended September 30, 2022 and 2021, respectively.

**Note 8 - Availability and Liquidity**

Financial assets consist of the following at September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash	\$ 1,127,142	\$ 822,424
Contributions receivable	<u>51,758</u>	<u>49,076</u>
Total financial assets	<u>1,178,900</u>	<u>871,500</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>
	<u>-</u>	<u>-</u>
Financial assets available to meet general		
expenditures over the next twelve months	<u>\$ 1,178,900</u>	<u>\$ 871,500</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$432,000). As part of its liquidity plan, excess cash is maintained in interest-bearing bank accounts at an FDIC insured institution.

**READ AHEAD, INC.**  
**Notes to Financial Statements (Continued)**  
**September 30, 2022 and 2021**

**Note 9 - Paycheck Protection Program Loan**

The Organization applied for the Paycheck Protection Program Loan ("PPP Loan") to assist in paying its employees and certain other qualifying expenses during the COVID-19 crisis.

On February 4, 2021, the Organization received a PPP Loan in the amount of \$199,437, from Chase Bank. The Organization has used all of the proceeds of the PPP Loan to pay its qualified expenses, as defined in the SBA PPP loan requirements, and substantially met all conditions. In December 2021, the Organization submitted its application for loan forgiveness.

On December 14, 2021, the PPP Loan proceeds totaling \$199,437 were forgiven in full and are shown in the statement of activities as "Grants – government".

The Organization has elected to recognize the entire loan balance as income, as allowed under FASB ASC 958-605, *Not-for-Profit (NFP) Entities – Revenue Recognition*. Under this ASC, the PPP Loan forgiveness is dependent on meeting certain conditions and would be considered a conditional contribution. Conditional contributions are recognized as income when the conditions on which they depend are met.