

Read Ahead, Inc.

Financial Report
September 30, 2023

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Independent Auditor's Report

To the Board of Directors of
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, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Notes 2 and 5 to the financial statements, on October 1, 2022, the entity adopted new accounting guidance under ASC 842, *Leases*. Our opinion is not modified with respect to this matter.

Other Matter

The financial statements of Read Ahead, Inc. for the year ended September 30, 2022 were audited by Buchbinder Tunick & Co., which entered into an asset purchase agreement with Weaver and Tidwell, L.L.P. effective January 1, 2024, expressed an unmodified opinion on those financial statements on August 7, 2023.

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.

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The Board of Directors of
Read Ahead, Inc.

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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

New York, New York
August 5, 2024

Read Ahead, Inc.
 Statements of Financial Position
 September 30, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,265,373	\$ 1,127,142
Contributions receivable	50,763	51,758
Other receivable	-	24,800
Prepaid expenses	80,430	54,127
Total current assets	1,396,566	1,257,827
Office equipment (less accumulated depreciation of \$52,895 and \$36,305 at September 30, 2023 and 2022, respectively)	16,317	39,249
Right-of-use asset - operating lease	613,894	-
Security deposits	45,996	45,996
TOTAL ASSETS	\$ 2,072,773	\$ 1,343,072
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 102,927	\$ 104,241
Lease obligation - operating lease, current portion	138,772	-
Deferred income	231,566	192,319
Total current liabilities	473,265	296,560
LEASE OBLIGATION - OPERATING LEASE, net of current portion	496,746	-
Total liabilities	970,011	296,560
COMMITMENTS		
Net assets without donor restrictions	1,102,762	1,046,512
Total net assets	1,102,762	1,046,512
TOTAL LIABILITIES AND NET ASSETS	\$ 2,072,773	\$ 1,343,072

The Notes to Financial Statements are an integral part of these statements.

Read Ahead, Inc.
 Statements of Activities
 Years Ended September 30, 2023 and 2022

	2023	2022
REVENUE		
Contributions	\$ 773,863	\$ 860,322
Grants - Foundation	135,000	50,000
	908,863	910,322
Event income	1,126,648	978,455
Less costs of direct benefits to donors	125,050	113,604
	1,001,598	864,851
Net event income		
Interest income	237	198
Other income	3,714	9,040
Net gain on sale of investments	904	550
Contributed goods and services	27,505	38,610
	1,942,821	1,823,571
Total revenue		
EXPENSES		
Program services		
Reading and mentoring activities with school children	1,366,346	1,348,045
Supporting activities		
Management and general	314,942	193,526
Fundraising	205,283	224,964
	1,886,571	1,766,535
Total expenses		
Change in net assets	56,250	57,036
NET ASSETS WITHOUT DONOR RESTRICTIONS, beginning of year	1,046,512	989,476
NET ASSETS WITHOUT DONOR RESTRICTIONS, end of year	\$ 1,102,762	\$ 1,046,512

The Notes to Financial Statements are an integral part of these statements.

Read Ahead, Inc.
Statement of Functional Expenses
Year Ended September 30, 2023

	Total	Program Services	Supporting Activities	
		Reading and Mentoring	Management and General	Fundraising
Salaries	\$ 1,002,618	\$ 832,173	\$ 40,105	\$ 130,340
Payroll taxes	82,826	68,746	3,313	10,767
Payroll expenses	8,834	7,332	353	1,149
Rent	176,946	146,865	7,077	23,004
Telephone	10,648	8,986	78	1,584
Stationery, printing and postage	2,041	-	2,041	-
Insurance	29,675	24,630	1,187	3,858
Employee benefits	128,262	106,457	5,130	16,675
Depreciation	16,591	-	16,591	-
School recognition events	10,350	8,964	1,386	-
Subscriptions	64,941	49,075	7,210	8,656
Professional fees	174,741	9,593	165,148	-
Meals and entertainment	3,392	2,416	950	26
Travel	2,765	203	2,562	-
Staff training	16,992	6,390	3,241	7,361
Filing fees	17	-	17	-
Credit card fees	33,821	-	33,239	582
Computer and website services	74,370	73,051	484	835
Office supplies	23,913	12,375	11,092	446
In-kind expense	27,505	9,090	18,415	-
Miscellaneous	(4,677)	-	(4,677)	-
TOTAL EXPENSES	\$ 1,886,571	\$ 1,366,346	\$ 314,942	\$ 205,283

The Notes to Financial Statements are an integral part of this statement.

Read Ahead, Inc.
Statement of Functional Expenses
Year Ended September 30, 2022

	Total	Program Services	Supporting Activities	
		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	\$ 1,766,535	\$ 1,348,045	\$ 193,526	\$ 224,964

The Notes to Financial Statements are an integral part of this statement.

Read Ahead, Inc.
 Statements of Cash Flows
 Years Ended September 30, 2023

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 56,250	\$ 57,036
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	16,591	17,158
Amortization of operating leases - right-of-use asset	142,129	-
Net (gain) on sale of investments	(904)	(550)
(Increase) decrease in operating assets		
Contributions receivable	995	(2,682)
Other receivable	24,800	210,770
Prepaid expenses	(26,303)	4,958
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	(1,314)	1,121
Lease obligation	(120,505)	-
Deferred income	39,247	19,067
	<u>130,986</u>	<u>306,878</u>
Net cash provided by operating activities	130,986	306,878
CASH FLOWS FROM INVESTING ACTIVITIES		
Reduction (purchase of) office equipment	6,341	(12,565)
Sale of investments	82,784	28,447
(Purchase of) investments	(81,880)	(18,042)
	<u>7,245</u>	<u>(2,160)</u>
Net cash provided by (used in) investing activities	7,245	(2,160)
Net increase in cash	138,231	304,718
CASH, beginning of year	<u>1,127,142</u>	<u>822,424</u>
CASH, end of year	<u>\$ 1,265,373</u>	<u>\$ 1,127,142</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Right-of-use - operating lease	<u>\$ 471,765</u>	<u>\$ -</u>

The Notes to Financial Statements are an integral part of these statements.

Read Ahead, Inc.

Notes to Financial Statements

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 no net assets with donor restrictions as of September 30, 2023 and 2022.

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.

Read Ahead, Inc.

Notes to Financial Statements

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, 2023 and 2022.

Other Receivable

The Organization has an additional \$-0- and \$24,800, in "Other Receivable" as of September 30, 2023 and 2022, respectively.

Other Receivable and Other Income

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, 2023 and 2022 for prepaid income for the year ending September 30, 2024 and the year ended September 30, 2024, 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, 2023 and 2022.

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

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.

Expense	Method of Allocation
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.

The Organization recognizes contributed goods and services for professional fees and books that were utilized principally in either the Organization's program operations or supporting services during the years ended September 30, 2023 and 2022. These contributed goods and services have been recorded at their approximate fair value. Contributed goods and services for the years ended September 30, 2023 and 2022 totaled \$27,505 and \$38,610, 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, 2023, the Organization's Form 990s for the years 2020 through 2023 remain eligible for examination by the IRS.

Read Ahead, Inc.

Notes to Financial Statements

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, including subsequent related ASU amendments, that supersedes Accounting Standards Codification (ASC) 840 *Leases* and replaces it with ASC 842 *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

As a result of the adoption of the new lease accounting guidance for lessees, the Organization recognized on October 1, 2022 a right-of-use asset – operating lease and a lease obligation – operating lease. Refer to Footnote 5.

Subsequent Events

The Organization has evaluated subsequent events and transactions through August 5, 2024, 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

Operating Lease

The Organization has one non-cancellable operating lease for office space in New York, New York. The lease expires on October 31, 2027. The operating lease includes a base fee which increases annually.

The Organization recognizes a right-of-use asset, which represents the Organization's right to use the underlying asset for the lease term, and a lease liability, which represents the present value of the Organization's obligation to make payments arising over the lease term. The present value of the lease payments is calculated using the Organization's risk-free rate.

The weighted-average remaining lease term and the weighted average discount rate for the operating lease as of September 30, 2023, was 4.1 years and 3.9%, respectively.

Read Ahead, Inc.

Notes to Financial Statements

Lease asset and liabilities are classified on the balance sheet as follows:

Classification	Amounts
Right-of-use asset - operating lease	<u>\$ 613,894</u>
Lease obligation - operating leases, current	138,772
Lease obligation - operating leases, net of current	<u>496,746</u>
Total lease liabilities	<u>\$ 635,518</u>

Rent expense is recorded on the straight-line basis. Future minimum rental payments required under operating lease agreements are listed below:

Year Ending September 30,	Amounts
2024	\$ 161,119
2025	166,620
2026	171,202
2027	175,910
2028	14,692
Thereafter	<u>-</u>
Total future minimum lease payments	689,543
Less Interest	<u>(54,025)</u>
Present value of lease payments	<u>\$ 635,518</u>

At September 30, 2022, minimum future rental payments under the non-cancellable operating lease were as follows:

Year Ending September 30,	Amounts
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>

Total rent expense charged to operations was \$132,568 for the year ended September 30, 2022.

Read Ahead, Inc.

Notes to Financial Statements

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 contributions of \$22,488 and \$16,150 for the years ended September 30, 2023 and 2022, respectively.

Note 7. Availability and Liquidity

Financial assets consist of the following at September 30, 2023 and 2022:

	2023	2022
Financial assets at year end		
Cash	\$ 1,265,373	\$ 1,127,142
Contributions receivable	50,763	51,758
Total financial assets	1,316,136	1,178,900
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	-	-
Financial assets available to meet general expenditures over the next twelve months	\$ 1,316,136	\$ 1,178,900

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$465,000). As part of its liquidity plan, excess cash is maintained in interest-bearing bank accounts at an FDIC insured institution.