

Read Ahead, Inc.

Financial Report

September 30, 2024

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Independent Auditor's Report

To the Board of Directors of
Read Ahead, Inc.

Opinion

We have audited the financial statements of Read Ahead, Inc. (the Organization), which comprise the statements of financial position as of September 30, 2024 and 2023, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2024 and 2023, 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 (GAAS). 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 the Organization, 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 for one year after the date that the financial statements are 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 GAAS 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 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 GAAS, 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.

Jericho, New York
August 11, 2025

Read Ahead, Inc.
Statements of Financial Position
September 30, 2024 and 2023

	2024	2023
ASSETS		
Current assets		
Cash	\$ 1,007,569	\$ 1,265,373
Contributions receivable	96,630	50,763
Prepaid expenses	160,723	80,430
	<hr/>	<hr/>
Total current assets	1,264,922	1,396,566
Non-current assets		
Office equipment (less accumulated depreciation of \$60,562 and \$52,895 at September 30, 2024 and 2023, respectively)	8,650	16,317
Right-of-use asset - operating lease	469,262	613,894
Security deposits	45,996	45,996
	<hr/>	<hr/>
Total non-current assets	523,908	676,207
	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,788,830	\$ 2,072,773
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LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	\$ 76,153	\$ 102,927
Lease obligation - operating lease, current portion	149,900	138,772
Deferred revenue	190,895	231,566
	<hr/>	<hr/>
Total current liabilities	416,948	473,265
Non-current liabilities		
Operating lease liability, net of current portion	346,846	496,746
	<hr/>	<hr/>
Total liabilities	763,794	970,011
	<hr/>	<hr/>
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,025,036	1,102,762
	<hr/>	<hr/>
Total net assets	1,025,036	1,102,762
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TOTAL LIABILITIES AND NET ASSETS	\$ 1,788,830	\$ 2,072,773
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The Notes to Financial Statements are an integral part of these statements.

Read Ahead, Inc.
Statements of Activities
Years Ended September 30, 2024 and 2023

	2024	2023
REVENUE		
Contributions	\$ 771,506	\$ 773,863
Grants - Foundation	40,000	135,000
	811,506	908,863
Event income	1,208,502	1,126,648
Less: costs of direct benefits to donors	150,852	125,050
Net event income	1,057,650	1,001,598
Interest income	14,491	237
Other income	5,139	3,714
Net gain on sale of investments	-	904
Contributed goods and services	100,235	27,505
Total revenue	1,989,021	1,942,821
EXPENSES		
Program services		
Reading and mentoring activities with school children	1,453,778	1,366,346
Supporting activities		
Management and general	354,220	314,942
Fundraising	258,749	205,283
Total expenses	2,066,747	1,886,571
Change in net assets	(77,726)	56,250
NET ASSETS WITHOUT DONOR RESTRICTIONS, beginning of year	1,102,762	1,046,512
NET ASSETS WITHOUT DONOR RESTRICTIONS, end of year	<u>\$ 1,025,036</u>	<u>\$ 1,102,762</u>

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

Read Ahead, Inc.
Statement of Functional Expenses
Year Ended September 30, 2024

		Program Services	Supporting Activities	
	Total	Reading and Mentoring	Management and General	Fundraising
Salaries	\$ 1,161,607	\$ 947,492	\$ 63,881	\$ 150,234
Payroll taxes	94,039	78,068	3,746	12,225
Payroll expenses	12,480	10,191	672	1,617
Rent	172,281	139,446	10,712	22,123
Telephone	5,442	3,322	1,594	526
Stationery, printing and postage	6,583	25	6,383	175
Insurance	29,541	-	29,541	-
Employee benefits	160,966	131,992	8,048	20,926
Depreciation	7,667	-	7,667	-
Utilities	5,918	4,833	318	767
Subscriptions	60,486	39,709	10,245	10,532
Professional fees	157,594	56,476	71,253	29,865
Meals and entertainment	51	-	51	-
Travel	3,930	3,930	-	-
Staff training	16,897	7,568	7,771	1,558
Filing fees	6	-	6	-
Credit card fees	40,075	-	40,075	-
Computer and website services	683	44	574	65
Office supplies	25,296	4,376	12,784	8,136
In-kind expense	100,235	26,306	73,929	-
Miscellaneous	4,970	-	4,970	-
TOTAL EXPENSES	\$ 2,066,747	\$ 1,453,778	\$ 354,220	\$ 258,749

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

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

		Program Services	Supporting Activities	
	Total	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	64,940	49,075	7,210	8,655
Professional fees	174,740	9,592	165,148	-
Meals and entertainment	3,393	2,416	950	27
Travel	2,766	204	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.
Statements of Cash Flows
Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (77,726)	\$ 56,250
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	7,667	16,591
Amortization of operating leases - right-of-use asset	144,632	142,129
Net (gain) on sale of investments	-	(904)
(Increase) decrease in operating assets		
Contributions receivable	(45,867)	995
Other receivable	-	24,800
Prepaid expenses	(80,293)	(26,303)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	(26,774)	(1,314)
Lease obligation	(138,772)	(120,505)
Deferred income	<u>(40,671)</u>	<u>39,247</u>
Net cash (used in) provided by operating activities	(257,804)	130,986
CASH FLOWS FROM INVESTING ACTIVITIES		
Reduction in office equipment	-	6,341
Sales of investments	-	82,784
(Purchases of) investments	<u>-</u>	<u>(81,880)</u>
Net cash provided by investing activities	<u>-</u>	<u>7,245</u>
Net (decrease) increase in cash	(257,804)	138,231
CASH, beginning of year	<u>1,265,373</u>	<u>1,127,142</u>
CASH, end of year	<u><u>\$ 1,007,569</u></u>	<u><u>\$ 1,265,373</u></u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Right-of-use asset obtained in exchange for lease liability	<u><u>\$ -</u></u>	<u><u>\$ 742,108</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

Nature of Organization

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 financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

The Organization had no net assets with donor restrictions as of September 30, 2024 and 2023.

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.

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, 2024 and 2023.

Cash and Cash Equivalents

The Organization considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents. Bank deposits are currently insured by the Federal Deposit Insurance Corporation (FDIC) for a maximum of \$250,000. Cash, at times, exceed federally insured limits.

Read Ahead, Inc.

Notes to Financial Statements

Property and Equipment

Purchased property and equipment are recorded and depreciated over the estimated useful lives using the straight-line method. It is the Organization's policy to capitalize equipment over \$1,000. Lesser amounts are expensed.

Deferred Revenue

Deferred revenue as of September 30, 2024 and 2023 consists of amounts received in advance for programs and events taking place in future years.

Contributions

Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of donor restrictions. Donor restricted contributions are reported as increases in net assets with donor restrictions. When the restriction is met the amount is shown as a reclassification of net assets with donor restrictions to net assets without donor restrictions. If a donor's restriction is met in the same period that the revenue is recognized, the contribution is reported as an increase in net assets without donor restrictions.

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 expenses and employee benefits	Time and effort
Rent	Time and effort
Telephone	Time and effort
Stationery, printing, and postage	Time and effort
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

Read Ahead, Inc.

Notes to Financial Statements

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, 2024 and 2023. These contributed goods and services have been recorded at their approximate fair value. Contributed goods and services for the years ended September 30, 2024 and 2023 totaled \$100,235 and \$27,505, respectively, and are recorded in the Statements of Activities as "Contributed goods and services" and on the Statements of Functional Expenses as "In-kind expense".

Income Taxes

The Organization is exempt from Organization under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation within the meaning of Section 509(a) of the Code. The Organization follows the guidance of the Organization Topic of the FASB Accounting Standards Codification related to uncertain tax positions. Management evaluated its tax positions and concluded that The Organization had not taken any uncertain tax positions that require adjustment to the financial statements at September 30, 2024 and 2023.

Lease Accounting

The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be a lease or contain a lease if the contract conveys the right to control the use of the identified property, plant, or equipment (an identified asset) in exchange for consideration. The Organization determines these assets are leased because the Organization has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. The Organization's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, the Organization separately identifies lease and nonlease components, such as common area and other maintenance costs, in calculating the right of use (ROU) assets and lease liabilities for its warehouse and showroom facilities and vehicles. The Organization has elected the practical expedient to not separate lease and nonlease components and classifies the contract as a lease if consideration in the contract allocated to the lease is greater than the consideration allocated to the nonlease component.

Leases result in the recognition of ROU assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent and lease incentives. The Organization has elected to use the risk-free rate as a practical expedient for its discount rate in order to determine present value.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the statement of financial position. Lease expense on such leases is recognized on a straight-line basis of the lease term.

Read Ahead, Inc.

Notes to Financial Statements

Adopted Accounting Pronouncement

Measurement of Credit Losses on Financial Instruments: In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments (ASU 2016-13), which replaced the current incurred loss impairment methodology for measurement of credit losses on financial instruments, including RRCC's accounts receivable, with a methodology (the "current expected credit losses model" or "CECL model") that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Under the CECL model, the allowance for losses on financial assets, measured at amortized cost, reflects management's estimate of credit losses over the remaining expected life of such assets.

The Organization adopted ASU 2016-13 as of October 1, 2023 using the modified retrospective method, and the adoption did not have a material impact on its financial statements.

Subsequent Events

The Organization has evaluated subsequent events and transactions through August 11, 2025, the date that the financial statements were available to be issued.

Note 3. Commitments and Contingencies

Operating Lease

The Organization has a 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, 2024, was 3.1 years and 3.9%, respectively.

The statement of financial position information related to the operating lease is as follows as of September 30, 2024:

Classification	Amounts
Right-of-use asset - operating lease	\$ 469,262
Lease obligation - operating leases, current	\$ 149,900
Lease obligation - operating leases, net of current	346,846
Total lease liabilities	\$ 496,746

Read Ahead, Inc.

Notes to Financial Statements

Future minimum lease payments and reconciliation to the statement of financial position at September 30, 2024 are as follows:

Years Ending September 30,	Amounts
2025	\$ 166,620
2026	171,202
2027	175,910
2028	14,692
	<hr/>
Total future undisclosed lease payments	528,424
Less present value discount	(31,678)
	<hr/>
Lease liability	<u>\$ 496,746</u>

Rent expense under the operating lease for the years ended September 30, 2024 and 2023 was \$172,281 and \$176,946, respectively.

Note 4. 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 \$20,770 and \$22,488 for the years ended September 30, 2024 and 2023, respectively.

Note 5. Availability and Liquidity

The following represents the Organization's financial assets at September 30, 2024 and 2023:

	2024	2023
Financial assets at year end:		
Cash	\$ 1,007,569	\$ 1,265,373
Contributions receivable	96,630	50,763
	<hr/>	<hr/>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,104,199</u>	<u>\$ 1,316,136</u>

The Organization's goal is to generally maintain financial assets to meet 90 days of operating expenses (approximately \$515,000). As part of its liquidity plan, excess cash is maintained in interest-bearing bank accounts at an FDIC insured institution.