



FINANCIAL STATEMENTS

June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Reach Out and Read of Greater New York, Inc.
New York, New York

We have audited the accompanying financial statements of Reach Out and Read of Greater New York, Inc., which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

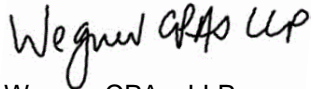
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Reach Out and Read of Greater New York, Inc. as of June 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.

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, Reach Out and Read of Greater New York, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. The requirements of the update have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.



Wegner CPAs, LLP
New York, New York
March 25, 2020

REACH OUT AND READ OF GREATER NEW YORK, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 493,826	\$ 721,537
Unconditional promises to give	74,015	19,226
Prepaid expenses	6,580	6,246
Other assets	13,448	9,972
Investments	27,339	25,719
Total assets	\$ 615,208	\$ 782,700
LIABILITIES		
Accounts payable	\$ 35,470	\$ 8,692
Accrued expenses	5,424	1,179
Payroll liabilities	1,625	1,854
Refundable advance	72,500	112,500
Total liabilities	115,019	124,225
NET ASSETS		
Without donor restrictions	492,189	650,475
With donor restrictions	8,000	8,000
Total net assets	500,189	658,475
Total liabilities and net assets	\$ 615,208	\$ 782,700

See accompanying notes.

REACH OUT AND READ OF GREATER NEW YORK, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants and contributions	\$ 210,448	\$ 470,000	\$ 680,448
In-kind contributions	175,457	-	175,457
Special events	191,498	-	191,498
Less: costs of direct benefits to donors	(57,558)	-	(57,558)
Investment income, net	1,620	-	1,620
Other income	14,781	-	14,781
Net assets released from purpose restrictions	470,000	(470,000)	-
Total support and revenue	1,006,246	-	1,006,246
EXPENSES			
Program services	803,704	-	803,704
Management and general	234,133	-	234,133
Fundraising	126,695	-	126,695
Total expenses	1,164,532	-	1,164,532
Change in net assets	(158,286)	-	(158,286)
Net assets at beginning of year	650,475	8,000	658,475
Net assets at end of year	\$ 492,189	\$ 8,000	\$ 500,189

See accompanying notes.

REACH OUT AND READ OF GREATER NEW YORK, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants and contributions	\$ 311,064	\$ 557,582	\$ 868,646
In-kind contributions	266,687	-	266,687
Special events	299,819	-	299,819
Less: costs of direct benefits to donors	(80,012)	-	(80,012)
Investment income, net	1,509	-	1,509
Net assets released from purpose restrictions	558,582	(558,582)	-
Total support and revenue	1,357,649	(1,000)	1,356,649
EXPENSES			
Program services	936,023	-	936,023
Management and general	163,546	-	163,546
Fundraising	110,680	-	110,680
Total expenses	1,210,249	-	1,210,249
Change in net assets	147,400	(1,000)	146,400
Net assets at beginning of year	503,075	9,000	512,075
Net assets at end of year	\$ 650,475	\$ 8,000	\$ 658,475

See accompanying notes.

REACH OUT AND READ OF GREATER NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019

	Program Services	Management and General	Fundraising	Direct Benefits to Donors	Total
Personnel	\$ 244,717	\$ 53,532	\$ 84,120	\$ -	\$ 382,369
Purchased books	373,760	-	-	-	373,760
Professional fees	-	95,669	24,329	-	119,998
Donated services	-	71,648	-	-	71,648
Donated books	99,729	-	-	-	99,729
Rent and utilities	38,454	3,753	4,689	46,250	93,146
Office expenses	23,941	5,237	8,230	11,308	48,716
Storage	13,770	-	-	-	13,770
Insurance	2,720	594	935	-	4,249
Miscellaneous	983	3,247	-	-	4,230
Promotion and marketing	-	-	3,679	-	3,679
Telephone and internet	2,073	453	713	-	3,239
Supplies	3,057	-	-	-	3,057
Grant to others	500	-	-	-	500
Total expenses	803,704	234,133	126,695	57,558	1,222,090
Less: Special event expenses deducted directly from support and revenue on the statement of activities	-	-	-	57,558	57,558
Total expenses included in the expense section on the statement of activities	\$ 803,704	\$ 234,133	\$ 126,695	\$ -	\$ 1,164,532

See accompanying notes.

REACH OUT AND READ OF GREATER NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2018

	Program Services	Management and General	Fundraising	Direct Benefits to Donors	Total
Personnel	\$ 225,696	\$ 49,371	\$ 77,582	\$ -	\$ 352,649
Purchased books	424,693	-	-	-	424,693
Professional fees	-	68,775	7,507	17,323	93,605
Donated services	7,500	39,546	7,280	-	54,326
Donated books	200,121	-	-	-	200,121
Rent and utilities	36,369	3,549	4,435	52,433	96,786
Office expenses	11,307	1,272	2,095	8,895	23,569
Storage	12,240	-	-	-	12,240
Insurance	3,873	436	532	-	4,841
Miscellaneous	1,784	200	790	-	2,774
Promotion and marketing	-	-	9,973	-	9,973
Telephone and internet	3,533	397	486	-	4,416
Supplies	3,199	-	-	1,361	4,560
Grant to others	5,500	-	-	-	5,500
Depreciation	208	-	-	-	208
Total expenses	936,023	163,546	110,680	80,012	1,290,261
Less: Special event expenses deducted directly from support and revenue on the statement of activities	-	-	-	80,012	80,012
Total expenses included in the expense section on the statement of activities	\$ 936,023	\$ 163,546	\$ 110,680	\$ -	\$ 1,210,249

See accompanying notes.

REACH OUT AND READ OF GREATER NEW YORK, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (158,286)	\$ 146,400
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	-	208
Net realized and unrealized gains on investments	(999)	(932)
(Increase) decrease in assets		
Unconditional promises to give	(54,789)	12,280
Prepaid expenses	(334)	(111)
Other assets	(3,476)	(746)
Increase (decrease) in liabilities		
Accounts payable	26,778	(13,126)
Accrued expenses	4,245	461
Payroll liabilities	(229)	1,854
Refundable advance	(40,000)	(32,500)
Net cash flows from operating activities	<u>(227,090)</u>	<u>113,788</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends retained in investments	<u>(621)</u>	<u>(577)</u>
Net change in cash	<u>(227,711)</u>	<u>113,211</u>
Cash and cash equivalents - beginning of year	<u>721,537</u>	<u>608,326</u>
Cash and cash equivalents - end of year	<u>\$ 493,826</u>	<u>\$ 721,537</u>

See accompanying notes.

REACH OUT AND READ OF GREATER NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

Reach Out and Read of Greater New York, Inc. ("the Organization") was incorporated in 1999 as a voluntary not-for-profit organization to provide support, guidance, training, and financial and technical resources to member programs participating in national pediatric early-literacy initiatives, as well as to engage in research on the effects of this early pediatric literacy intervention and to collaborate with the efforts of others in studying the issue.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, unless the investments are held for meeting restrictions for purchase of property and equipment, payment of long-term debt, or endowment.

Promises to Give

Conditional promises to give are not recognized in the financial statements until conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due dates. As of June 30, 2019 and 2018, the Organization had received conditional promises to give of \$13,500 and \$11,000, respectively, conditional upon the organization raising matching funds. All unconditional promises to give at June 30, 2019 and 2018 were due within one year.

Furniture and Equipment

Furniture and equipment are capitalized at cost and depreciated using the straight-line method. Depreciation expense for the year ended June 30, 2018 was \$208. Furniture and equipment with a cost of \$11,296 was fully depreciated at June 30, 2019 and 2018.

Investments

The Organization reports investments in marketable equity securities with readily determinable fair values at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Investment securities are exposed to various risks, such as interest rates, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Income Tax Status

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

REACH OUT AND READ OF GREATER NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions are reported as increases in net assets with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

Donated Materials, Services, and Facilities

Donated materials, services, and facilities are recognized as support at their estimated fair values in the period received. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Refundable Advance

Certain contributions the Organization received are conditional upon certain performance measures and are recognized as revenue in the year in which the conditions are met. Refundable advances represent amounts received but not yet recognized.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncement

The Organization adopted the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. This 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 financial statements accordingly. The changes required by the update have been applied retrospectively to all periods presented.

Government Grants

The Organization receives grants from government agencies and others that are conditional upon The Organization incurring qualifying expenses. Revenue from these grants is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by The Organization, both a receivable from the grantor agency and revenue are recorded. Grants are also restricted by the grantor for a specific purpose.

REACH OUT AND READ OF GREATER NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, rent and utilities, office expenses, insurance and telephone and internet, which are allocated on the basis of estimates of time and effort.

Date of Management's Review

Management has evaluated subsequent events through March 25, 2020, the date which the financial statements were available to be issued.

NOTE 2—CONCENTRATIONS OF CREDIT RISKS

The Organization maintains cash and temporary investments at one financial institution located in New York, New York. Balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2019 and 2018, uninsured cash balances totaled approximately \$348,000 and \$444,000, respectively.

NOTE 3—INVESTMENTS

Investments at June 30, 2019 and 2018 were comprised of the following:

	2019	2018
Bonds	\$ 5,848	\$ 5,488
Common stocks	9,487	9,020
Mutual funds	12,004	11,211
Investments	\$ 27,339	\$ 25,719

NOTE 4—LEASE AGREEMENTS

The Organization leased office space under an operating lease that expired October 2018. The lease contained three one-year renewal options, the most recent of which became effective in November 2019 and ends in October 2020. Lease expense for the years ended June 30, 2019 and 2018 was \$46,672 and \$44,350, respectively. Future minimum lease payments are as follows for the years ending June 30:

2020	\$ 48,072
2021	16,181
Total	\$ 64,253

REACH OUT AND READ OF GREATER NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 5—FAIR VALUE AND MEASUREMENTS

Fair values of assets and liabilities measured on a recurring basis at June 30, 2019 and 2018 are as follows:

2019	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Bonds	\$ 5,848	\$ -	\$ 5,848	\$ -
Common stocks	9,487	9,487	-	-
Mutual funds	12,004	12,004	-	-
Total	\$ 27,339	\$ 21,491	\$ 5,848	\$ -

2018	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Bonds	\$ 5,488	\$ -	\$ 5,488	\$ -
Common stocks	9,020	9,020	-	-
Mutual funds	11,211	11,211	-	-
Total	\$ 25,719	\$ 20,231	\$ 5,488	\$ -

Fair values for common stocks and mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values for bonds are determined based on recent prices of similar assets.

NOTE 6—RETIREMENT PLAN

The Organization has adopted a 403(b) retirement plan ("Plan"), which covers all full-time eligible employees. The Plan provides for a discretionary non-elective contribution by the Organization up to 5% of eligible employees' compensation. The organization did not make any contributions for the years ended June 30, 2019 and 2018.

REACH OUT AND READ OF GREATER NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 7—IN-KIND CONTRIBUTIONS

The fair value of donated materials, services, and facilities included as in-kind contributions in the statement of activities for the year ending June 30, 2019 and 2018 and the corresponding expenses were as follows:

<u>2019</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Donated books	\$ 99,729	\$ -	\$ -	\$ 99,729
Donated services	-	71,648	-	71,648
Storage	4,080	-	-	4,080
Total in-kind contributions	<u>\$ 103,809</u>	<u>\$ 71,648</u>	<u>\$ -</u>	<u>\$ 175,457</u>
<u>2018</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Donated books	\$ 200,121	\$ -	\$ -	\$ 200,121
Donated services	7,500	39,546	7,280	54,326
Storage	12,240	-	-	12,240
Total in-kind contributions	<u>\$ 219,861</u>	<u>\$ 39,546</u>	<u>\$ 7,280</u>	<u>\$ 266,687</u>

NOTE 8—LIQUIDITY AND AVAILABILITY

The following table represents the Organization's financial assets as of the date of the statement of financial position reduced by amounts not available for general expenditures within one year because of contractual or donor-imposed restrictions. General expenditures are defined as all budgeted programmatic and operational expenses for the subsequent year.

Cash and cash equivalents	\$ 493,826
Unconditional promises to give	74,015
Investments	<u>27,339</u>
Total financial assets at year end	595,180
Less those unavailable for general expenditures within one year, due to:	
Restricted by donor with purpose restrictions	<u>(8,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 587,180</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.