



FINANCIAL STATEMENTS

June 30, 2021 and 2020

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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, 2021 and 2020, 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

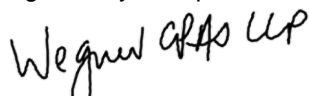
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2021 and 2020, 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.



Wegner CPAs, LLP
New York, New York
March 16, 2022

REACH OUT AND READ OF GREATER NEW YORK, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 915,490	\$ 425,733
Unconditional promises to give	64,053	325,625
Prepaid expenses	29,360	24,406
Other assets	4,208	12,150
Investments	34,784	28,660
Furniture and equipment	21,570	11,926
Less: accumulated depreciation	(12,925)	(11,926)
Total assets	\$ 1,056,540	\$ 816,574
LIABILITIES		
Accounts payable	\$ 6,112	\$ 14,088
Accrued expenses	14,090	11,882
Payroll liabilities	4,934	-
Paycheck Protection Program loan	63,612	-
Notes payable	485,000	385,000
Total liabilities	573,748	410,970
NET ASSETS		
Without donor restrictions	327,292	306,604
With donor restrictions	155,500	99,000
Total net assets	482,792	405,604
Total liabilities and net assets	\$ 1,056,540	\$ 816,574

See accompanying notes.

REACH OUT AND READ OF GREATER NEW YORK, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Grants and contributions	\$ 249,623	\$ 487,750	\$ 737,373
In-kind contributions	306,094	-	306,094
Special events	27,221	-	27,221
Investment income, net	6,124	-	6,124
Net assets released from purpose restrictions	431,250	(431,250)	-
Total revenues	1,020,312	56,500	1,076,812
EXPENSES			
Literacy program	667,898	-	667,898
Management and general	214,414	-	214,414
Fundraising	117,312	-	117,312
Total expenses	999,624	-	999,624
Change in net assets	20,688	56,500	77,188
Net assets at beginning of year	306,604	99,000	405,604
Net assets at end of year	\$ 327,292	\$ 155,500	\$ 482,792

See accompanying notes.

REACH OUT AND READ OF GREATER NEW YORK, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Grants and contributions	\$ 250,738	\$ 630,500	\$ 881,238
In-kind contributions	249,428	-	249,428
Special events	2,409	-	2,409
Investment income, net	1,321	-	1,321
Other income	364	-	364
Net assets released from purpose restrictions	539,500	(539,500)	-
Total revenues	1,043,760	91,000	1,134,760
EXPENSES			
Literacy program	725,265	-	725,265
Management and general	351,757	-	351,757
Fundraising	152,323	-	152,323
Total expenses	1,229,345	-	1,229,345
Change in net assets	(185,585)	91,000	(94,585)
Net assets at beginning of year	492,189	8,000	500,189
Net assets at end of year	\$ 306,604	\$ 99,000	\$ 405,604

See accompanying notes.

REACH OUT AND READ OF GREATER NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	Literacy Program	Management and General	Fundraising	Total
Personnel	\$ 268,966	\$ 64,784	\$ 81,855	\$ 415,605
Donated books granted to others	205,318	-	-	205,318
Purchased books granted to others	132,335	-	-	132,335
Donated services	-	87,396	5,600	92,996
Professional fees	1,400	30,768	13,727	45,895
Miscellaneous	3,654	23,000	-	26,654
Office expenses	22,073	5,317	6,718	34,108
Rent and utilities	14,952	1,459	1,823	18,234
Storage	13,135	-	-	13,135
Promotion and marketing	-	-	6,717	6,717
Grants to others	3,200	-	-	3,200
Insurance	2,049	494	624	3,167
Telephone and internet	816	197	248	1,261
Depreciation	-	999	-	999
Total expenses	\$ 667,898	\$ 214,414	\$ 117,312	\$ 999,624

See accompanying notes.

REACH OUT AND READ OF GREATER NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

	Literacy Program	Management and General	Fundraising	Total
Personnel	\$ 225,454	\$ 76,511	\$ 79,219	\$ 381,184
Donated books granted to others	82,740	-	-	82,740
Purchased books granted to others	327,992	-	-	327,992
Donated services	-	165,189	1,500	166,689
Professional fees	12,632	95,099	59,043	166,774
Miscellaneous	2,809	-	-	2,809
Office expenses	14,336	4,865	5,037	24,238
Rent and utilities	41,190	4,019	5,023	50,232
Storage	10,800	-	-	10,800
Insurance	4,651	1,579	1,634	7,864
Telephone and internet	2,468	838	867	4,173
Supplies	193	3,657	-	3,850
Total expenses	\$ 725,265	\$ 351,757	\$ 152,323	\$ 1,229,345

See accompanying notes.

REACH OUT AND READ OF GREATER NEW YORK, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 77,188	\$ (94,585)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	999	-
Net realized and unrealized gains on investments	(5,514)	(670)
(Increase) decrease in assets		
Unconditional promises to give	261,572	(251,610)
Prepaid expenses	(4,954)	(17,826)
Other assets	7,942	1,298
Increase (decrease) in liabilities		
Accounts payable	(7,976)	(21,382)
Accrued expenses	2,208	6,458
Payroll liabilities	4,934	(1,625)
Refundable advance	-	(72,500)
Net cash flows from operating activities	<u>336,399</u>	<u>(452,442)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends retained in investments	(610)	(651)
Purchase of furniture and equipment	(9,644)	-
Net cash flows from investing activities	<u>(10,254)</u>	<u>(651)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	63,612	-
Proceeds from notes payable	100,000	385,000
Net cash flows from financing activities	<u>163,612</u>	<u>385,000</u>
Net change in cash	489,757	(68,093)
Cash and cash equivalents at beginning of year	<u>425,733</u>	<u>493,826</u>
Cash and cash equivalents at end of year	<u><u>\$ 915,490</u></u>	<u><u>\$ 425,733</u></u>

See accompanying notes.

REACH OUT AND READ OF GREATER NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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. The Organizations is primarily funded through grants and contributions.

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. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due dates. All unconditional promises to give at June 30, 2021 and 2020 were due within one year.

Investments

The Organization reports investments in marketable equity securities with readily determinable fair values and all investments in debt securities 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.

Furniture and Equipment

Furniture and equipment are capitalized at cost and depreciated using the straight-line method.

Income Tax Status

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

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.

REACH OUT AND READ OF GREATER NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Government Grants

The Organization's programs are funded in part by grants and contracts from government agencies that are conditioned upon 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 an unconditional promise to give from the grantor agency and revenue are recorded. Grants 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. Costs are allocated to these grants in accordance with established procedures and are subject to audit by the various government agencies. No determination has been made regarding the effect, if any, such audits could have on the financial statements. For the years ended June 30, 2021 and 2020, 99% of the Organization's total government grant and contribution revenue was derived from one agency each year.

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.

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, which is allocated on the basis of estimates of time and effort, and rent and utilities, office expenses, insurance, and telephone and internet, which are allocated based on personnel dollars.

Literacy program – The Organization prepares New York's youngest children to succeed in school by partnering with doctors to prescribe books and encourage families to read together.

Management and general – Includes the activities necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities, and perform other administrative functions.

Fundraising – Provides the structure necessary to encourage and secure private financial support from government agencies, individuals, foundations, and others.

REACH OUT AND READ OF GREATER NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Date of Management's Review

Management has evaluated subsequent events through March 16, 2022, the date which the financial statements were available to be issued.

NOTE 2—CONCENTRATIONS OF CREDIT RISKS

The Organization maintains cash and cash equivalents 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, 2021 and 2020, uninsured cash balances totaled approximately \$660,000 and \$172,000, respectively.

NOTE 3—INVESTMENTS

Investments consist of the following:

	<u>2021</u>	<u>2020</u>
Bonds	\$ 6,525	\$ 6,275
Common stocks	13,643	9,666
Mutual funds	<u>14,616</u>	<u>12,719</u>
Investments	<u>\$ 34,784</u>	<u>\$ 28,660</u>

Mutual funds and U.S. common and preferred stocks are valued at unadjusted quoted prices reported on the active markets on which the individual securities are traded, which are Level 1 fair value measurements. Corporate and U.S. government bonds are valued using a market approach that uses as inputs observed interest rates and yield curves, prices in active markets for similar assets, and prices for identical assets in inactive markets that have been adjusted by observable indexes, which are Level 2 fair value measurements.

NOTE 4—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 made contributions of approximately \$5,600 for the year ended June 30, 2021. The Organization did not make any contributions for the year ended June 30, 2020.

NOTE 5—LEASE AGREEMENTS

The Organization leased office space under an operating lease that expired October 2018. The lease contained three one-year renewal options, the first of which became effective in November 2019 and ended in October 2020. The Organization elected to not renew the lease beyond October 31, 2020. Lease expense for the years ended June 30, 2021 and 2020 was \$16,181 and \$48,072, respectively.

REACH OUT AND READ OF GREATER NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
 June 30, 2021 and 2020

NOTE 6—PAYCHECK PROTECTION PROGRAM LOAN

On June 1, 2021, the Organization received a \$63,612 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). The loan accrues interest at 1% but payments are deferred for borrowers who apply for forgiveness until SBA remits the borrower's forgiveness amount to the lender. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by the Organization during the covered period. Eligible expenses may include payroll costs, interest on mortgages, rent, and utilities. Any unforgiven portion is payable over five years. The Organization has not yet applied for forgiveness. The Organization must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review the Organization's good-faith certification concerning the necessity of its loan request, whether the Organization calculated the loan amount correctly, whether the Organization used loan proceeds for the allowable uses specified in the CARES Act, and whether the Organization is entitled to loan forgiveness in the amount claimed on its application. If SBA determines the Organization was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 7—NOTES PAYABLE

On April 3, 2020, the Organization entered into an agreement with the Nonprofit Finance Fund for a 24-month, 0% interest COVID-19 Response Loan in the amount of \$385,000. Terms of the loan provide for three quarterly principal payments beginning at month 18.

On May 28, 2021, the Organization obtained a 60-month, 2% interest loan from the NDC Community Impact Loan Fund in the amount of \$100,000. Terms of the loan provide for monthly interest payments beginning 1 month after the loan date and monthly principal and interest payments beginning 13 months after the loan date.

Future minimum maturities for the years ended June 30 are as follows:

2022	\$ 258,334
2023	148,333
2024	20,000
2025	20,000
2026	20,000
Thereafter	<u>18,333</u>
Total	<u>\$ 485,000</u>

REACH OUT AND READ OF GREATER NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 8—NET ASSETS

Net assets with donor restrictions are restricted for the following purposes at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
East New York Reads	\$ 55,000	\$ 45,000
South Jamaica Reads	40,000	35,000
I Will Talk to You Little One	30,000	-
Grants to others	10,500	10,500
East Harlem	10,000	-
Staten Island	10,000	-
Read's Initiative	-	8,500
Total net assets with donor restrictions	<u>\$ 155,500</u>	<u>\$ 99,000</u>

NOTE 9—RELATED PARTY TRANSACTIONS

During the years ended June 30, 2021 and 2020, the Organization received \$87,396 and \$165,189 in pro bono legal services from a law firm whose partner serves as the Board Chair to the Organization. The legal support was for general administrative purposes.

NOTE 10—IN-KIND CONTRIBUTIONS

In-kind contributions were comprised of the following for the years ended June 30, 2021 and 2020:

<u>2021</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Donated books	\$ 205,318	\$ -	\$ -	\$ 205,318
Donated office expenses	5,035	1,213	1,532	7,780
Donated legal and marketing services	-	87,396	5,600	92,996
Total in-kind contributions	<u>\$ 210,353</u>	<u>\$ 88,609</u>	<u>\$ 7,132</u>	<u>\$ 306,094</u>
<u>2020</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Donated books	\$ 82,739	\$ -	\$ -	\$ 82,739
Donated legal and marketing services	-	165,189	1,500	166,689
Total in-kind contributions	<u>\$ 82,739</u>	<u>\$ 165,189</u>	<u>\$ 1,500</u>	<u>\$ 249,428</u>

REACH OUT AND READ OF GREATER NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11—CONSEQUENCES OF COVID-19

The Organization’s operations may be affected by the ongoing COVID-19 outbreak that was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption and effect on the Organization is uncertain; however, it may result in a material adverse impact on the Organization’s financial position, activities, and cash flows. Possible effects may include, but are not limited to, disruption to the Organization’s donors and revenues, absenteeism in the Organization’s workforce, unavailability of supplies used in the Organization’s programs, and a decline in value of assets held by the Organization.

NOTE 12—LIQUIDITY AND AVAILABILITY

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

	2021	2020
Cash and cash equivalents	\$ 915,490	\$ 425,733
Unconditional promises to give	64,053	325,625
Investments	34,784	28,660
Total financial assets at year end	1,014,327	780,018
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with purpose restrictions	(155,500)	(99,000)
Financial assets available to meet cash needs general expenditures within one year	\$ 858,827	\$ 681,018

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.