Reach Out & Read®

Greater New York

FINANCIAL STATEMENTS

June 30, 2018

C O N T E N T S

Wegner CPAs

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 statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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, 2018, 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.

Wegner CPAs LLP

Wegner CPAs, LLP
New York, New York
October 5, 2018

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

ASSETS		
Cash and cash equivalents	$	721,537
Unconditional promises to give		19,226
Prepaid expenses		6,246
Other assets		9,972
Investments		25,719
Total assets	$	782,700
LIABILITIES		
Accounts payable	$	8,692
Accrued expenses		1,179
Payroll liabilities		1,854
Refundable advance		112,500
Total liabilities		124,225
NET ASSETS		
Unrestricted		650,475
Temporarily restricted		8,000
Total net assets		658,475
Total liabilities and net assets	$	782,700

See accompanying notes.

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

	Unrestricted	Temporarily Restricted	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: cost of direct benefit to donor	(80,012)	-	(80,012)
Investment income	1,509	-	1,509
Net assets released from 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 - beginning of year	503,075	9,000	512,075
Net assets - 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, 2018

	Program Services	Management and General	Fundraising	Direct Benefit to Donor	Total
Purchased books donated to others	$ 424,693	$ -	$ -	$ -	$ 424,693
Personnel	225,696	49,371	77,582	-	352,649
Donated books donated to others	200,121	-	-	-	200,121
Professional fees	7,500	108,321	14,787	17,323	147,931
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
Promotion and marketing	-	-	9,973	-	9,973
Insurance	3,873	436	532	-	4,841
Supplies	3,199	-	-	1,361	4,560
Telephone and internet	3,533	397	486	-	4,416
Miscellaneous	1,784	200	790	-	2,774
Grants 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.
STATEMENT OF CASH FLOWS
Year ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 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	(932)
(Increase) decrease in assets	
Unconditional promises to give	12,280
Prepaid expenses	(111)
Other assets	(746)
Increase (decrease) in liabilities	
Accounts payable	(13,126)
Accrued expenses	461
Payroll liabilities	1,854
Refundable advance	(32,500)
Net cash flows from operating activities	113,788
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends retained in investments	(577)
Net change in cash	113,211
Cash and cash equivalents - beginning of year	608,326
Cash and cash equivalents - end of year	$ 721,537

See accompanying notes.

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

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

Temporarily restricted net assets—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions. Temporarily restricted net assets at June 30, 2018 are available for future annual benefit speakers.

Permanently restricted net assets—Net assets that have been restricted by donors to be maintained by the Organization in perpetuity.

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, 2018, the Organization had received conditional promises to give of $11,000 conditional upon the organization raising matching funds. All unconditional promises to give at June 30, 2018 were due within one year.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Furniture and Equipment

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

Investments

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

Contributions

Contributions are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement 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 measurers and are recognized as revenue in the year in which the conditions are met. Refundable advances represent amounts received but not yet recognized.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Income Tax Status

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

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

Date of Management's Review

Management has evaluated subsequent events through October 5, 2018, the date which the financial statements were available to be issued.

NOTE 2—CONCENTRATIONS OF CREDIT RISK

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, 2018, uninsured cash balances totaled approximately $444,000.

NOTE 3—INVESTMENTS

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

Bonds	$ 5,488
Common stocks	9,020
Mutual funds	11,211
Investments	$ 25,719

NOTE 3—INVESTMENTS (continued)

Investment return at June 30, 2018 consisted of the following:

Interest and dividends	$	577
Realized and unrealized gains		932
Investment income	$	1,509

NOTE 4—FAIR VALUE AND MEASUREMENTS

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

	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 5—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, 2018 and the corresponding expenses were as follows:

	Program Services	Management and General	Fundraising	Total
Donated books donated to o	$ 200,121	$ -	$ -	$ 200,121
Professional fees	7,500	39,546	7,280	54,326
Storage	12,240	-	-	12,240
Total in-kind contributions	$ 219,861	$ 39,546	$ 7,280	$ 266,687

NOTE 6—LEASE AGREEMENTS

The Organization leases office space under an operating lease that expires October 2018 with three one-year renewal options. Lease expense for the year ended June 30, 2018 was $96,782.

NOTE 7—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 year ended June 30, 2018.