



Report of Independent Auditors and  
Financial Statements

**Raising A Reader**

December 31, 2023  
(with Comparative Total for Year Ended December 31,  
2022)

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## **Report of Independent Auditors**

The Board of Directors  
Raising A Reader

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Raising A Reader (the Organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 December 31, 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 (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 audit. 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 within one year after the date that the financial statements are available to be 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.

### ***Other Matter***

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 21, 2023. In our opinion, the summarized information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



San Francisco, California  
May 17, 2024

## **Financial Statements**

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**Raising A Reader**  
**Statements of Financial Position**  
**December 31, 2023 and 2022**

	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,867,127	\$ 1,328,144
Contributions and grants receivable, net	1,985,163	940,551
Accounts receivable	33,137	385,922
Inventory	468,245	588,262
Deposits and prepaid expenses	43,403	61,352
Property and equipment, net of accumulated depreciation and amortization	26,937	21,961
Total assets	\$ 4,424,012	\$ 3,326,192
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 264,317	\$ 183,955
Accrued payroll	113,574	-
Notes payable	179,900	193,653
Total liabilities	557,791	377,608
<b>NET ASSETS</b>		
Without donor restrictions	1,428,329	1,499,409
With donor restrictions	2,437,892	1,449,175
Total net assets	3,866,221	2,948,584
Total liabilities and net assets	\$ 4,424,012	\$ 3,326,192

See accompanying notes.

**Raising A Reader**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended December 31, 2023**  
**(with Comparative Total for Year Ended December 31, 2022)**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUES AND OTHER SUPPORT</b>				
Contributions and grants	\$ 890,884	\$ 2,876,844	\$ 3,767,728	\$ 1,281,311
In-kind donations	46,176	-	46,176	346,716
Sales revenue	1,815,961	-	1,815,961	3,355,286
Gain on debt extinguishment	-	-	-	278,457
Other income	92,665	-	92,665	78,749
Interest and dividend income	23,661	-	23,661	5,327
Net assets released from restrictions	1,888,127	(1,888,127)	-	-
Total revenues and other support	<u>4,757,474</u>	<u>988,717</u>	<u>5,746,191</u>	<u>5,345,846</u>
<b>EXPENSES</b>				
Program services	3,658,314	-	3,658,314	3,958,045
General and administrative	767,266	-	767,266	698,232
Development	402,974	-	402,974	371,061
Total expenses	<u>4,828,554</u>	<u>-</u>	<u>4,828,554</u>	<u>5,027,338</u>
<b>CHANGES IN NET ASSETS</b>	(71,080)	988,717	917,637	318,508
<b>NET ASSETS, beginning of year</b>	<u>1,499,409</u>	<u>1,449,175</u>	<u>2,948,584</u>	<u>2,630,076</u>
<b>NET ASSETS, end of year</b>	<u><u>\$ 1,428,329</u></u>	<u><u>\$ 2,437,892</u></u>	<u><u>\$ 3,866,221</u></u>	<u><u>\$ 2,948,584</u></u>

See accompanying notes.

**Raising A Reader**  
**Statements of Functional Expenses**  
**Years Ended December 31, 2023 and 2022**

	December 31, 2023			
	Program Services	General and Administrative	Development	Total
Salaries and benefits	\$ 1,745,168	\$ 461,930	\$ 353,282	\$ 2,560,380
Grants awarded	371,996	-	-	371,996
Cost of goods sold	919,339	-	-	919,339
Sales and use tax	63,293	10	8	63,311
Program training and incentives	22,142	-	-	22,142
Professional services	226,765	186,603	10,605	423,973
Occupancy	69,376	23,712	1,354	94,442
General office	137,918	27,301	19,736	184,955
Interest expense	414	3,136	-	3,550
Equipment, maintenance, and repair	6,634	-	-	6,634
Depreciation and amortization	8,430	912	666	10,008
Insurance	2,085	17,091	268	19,444
Travel and meetings	53,326	30,644	2,647	86,617
Outreach and marketing	11,593	155	113	11,861
Professional development and conference	16,936	15,772	1,295	34,003
Penalties, fines, and bad debt	2,899	-	13,000	15,899
<b>Total expenses</b>	<b>\$ 3,658,314</b>	<b>\$ 767,266</b>	<b>\$ 402,974</b>	<b>\$ 4,828,554</b>

	December 31, 2022			
	Program Services	General and Administrative	Development	Total
Salaries and benefits	\$ 1,424,517	\$ 419,971	\$ 294,433	\$ 2,138,921
Grants awarded	182,740	-	-	182,740
Cost of goods sold	1,551,494	-	35	1,551,529
Sales and use tax	15,010	4	46	15,060
Program training and incentives	704	-	-	704
Professional services	264,582	110,812	14,116	389,510
Occupancy	178,836	42,915	16,067	237,818
General office	172,893	46,474	25,010	244,377
Interest expense	-	5,281	-	5,281
Equipment, maintenance, and repair	11,503	1,117	700	13,320
Depreciation and amortization	9,885	1,381	865	12,131
Insurance	-	27,968	-	27,968
Travel and meetings	19,093	12,869	869	32,831
Outreach and marketing	1,511	45	515	2,071
Donated services	125,277	29,395	18,405	173,077
<b>Total expenses</b>	<b>\$ 3,958,045</b>	<b>\$ 698,232</b>	<b>\$ 371,061</b>	<b>\$ 5,027,338</b>

See accompanying notes.



**Raising A Reader**  
**Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 917,637	\$ 318,508
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Changes in discount on receivables	9,060	30,582
Depreciation and amortization	10,008	12,131
Credit loss expense	15,899	-
Gain on debt extinguishment	-	(278,457)
(Increase) decrease in assets:		
Contributions and grants receivable	(1,069,571)	(206,127)
Accounts receivable	352,785	(128,910)
Inventory	120,017	84,076
Deposits and prepaid expenses	17,949	115,626
Increase (decrease) in liabilities:		
Related-party payables	-	(5,115)
Accounts payable	80,362	26,544
Accrued payroll	113,574	(186,421)
	<u>567,720</u>	<u>(217,563)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of beneficial interest	-	294,134
Purchases of equipments	(14,984)	(9,401)
	<u>(14,984)</u>	<u>284,733</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of notes payable	-	50,000
Payments on notes payable	(13,753)	(6,347)
	<u>(13,753)</u>	<u>43,653</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	538,983	110,823
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>1,328,144</u>	<u>1,217,321</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 1,867,127</u>	<u>\$ 1,328,144</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION</b>		
Interest	\$ 3,550	\$ 5,281
Forgiveness of PPP Loan	<u>\$ -</u>	<u>\$ 278,457</u>

See accompanying notes.

# Raising A Reader

## Notes to Financial Statements

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### **Note 1 – Organization**

Raising A Reader (the “Organization”) is a national nonprofit family engagement and literacy program that helps families develop, practice, and maintain home literacy habits essential for school success. The Organization is operated through a diverse national network of affiliates (e.g., school systems, libraries, or community agencies) at more than 2,900 locations nationally, serving families with children between the ages of 0 to 8 years old. Children participating in these programs are exposed to high-quality, developmentally appropriate children’s books, providing them with both a mirror reflecting their own world and a window to the world beyond. Through initial training and ongoing support, Raising A Reader parents, even those with limited English proficiency or low literacy skills, learn how to engage their children in storytelling with picture books. The program also includes an introduction to community resources, such as the public library, setting up families for a lifetime of book enjoyment. More than 39 independent evaluations confirm the valuable impact of the Organization on family engagement and early literacy skills.

The Organization was incorporated in the State of California in 2000 and has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. Raising A Reader was established as a Supporting Organization, Internal Revenue Code (the “Code”) 509(a)(3), of Silicon Valley Community Foundation (the “Community Foundation”). Though Raising A Reader operates as a distinct legal entity, the Organization’s finances have been consolidated annually with the Community Foundation through 2022 year end.

On December 30, 2022, Raising A Reader and Silicon Valley Community Foundation (“SVCF”) entered into a disaffiliation agreement for Raising A Reader to become an independent, autonomous nonprofit public benefit corporation that is no longer part of Silicon Valley Community Foundation. The disaffiliation is intended to serve the mutual interests of both entities. As a result of the disaffiliation agreement, all applicable agreements between the two legal entities were terminated, all Raising A Reader related assets and properties were transferred from Silicon Valley Community Foundation to Raising A Reader, and certain post close covenants were agreed upon as necessary for the independent operation of Raising A Reader.

### **Note 2 – Significant Accounting Policies**

**Basis of presentation** – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

**Use of estimates** – Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingencies at the date of the statements of financial position and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management’s estimates.

## Raising A Reader Notes to Financial Statements

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**Summarized financial information** – The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization’s financial statements as of and for the year ended December 31, 2022, from which the summarized information was derived.

**Cash and cash equivalents** – All highly liquid investments, with an original maturity of three months or less when purchased, are considered to be cash equivalents.

**Contributions, grants receivable, and accounts receivable** – Contributions, grants, and accounts receivable are reviewed for collectability and an allowance for credit losses is established when needed. The allowance estimate is derived from a review of the Organization’s historical losses based on the aging of receivables (or other methodology if applicable). This estimate is adjusted for management’s assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Organization’s customer base have remained constant since the Organization’s inception. No allowance was deemed necessary for contributions, grants, and accounts receivable for the years ended December 31, 2023 and 2022.

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the Organization’s accounting policy election. The total amount of write-offs was \$12,974 and \$0 for the years ending December 31, 2023 and 2022.

**Inventory** – A cornerstone of the Raising A Reader program are the high-quality books that have been selected for participants as well as the red bags used to circulate the books among the children and households. The Organization sells or grants these items to affiliates who are implementing the program. The Organization purchases most books and materials as needed to fulfill orders; however, a small amount of inventory is maintained in a warehouse to manage short-term demand. Inventory in stock is valued on the basis of weighted-average cost of items on hand.

**Property and equipment** – Property and equipment are stated at cost or, if donated, at the estimated fair value at the date of donation. Assets with a value of \$5,000 or more, and with a useful life of more than one year, are depreciated using the straight-line method of depreciation over the following estimated useful lives:

Computer hardware and software	4 years
Office furnishings and equipment	7 years
Leasehold improvements	Shorter of term or life of lease

## Raising A Reader Notes to Financial Statements

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**Impairment of long-lived assets** – Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Management believes that as of December 31, 2023, no impairment exists for long-lived assets; however, future estimates as to the recovery of such assets may change based on revised circumstances.

**Classes of net assets** – The accompanying financial statements have been prepared in accordance with U.S. GAAP and the guidelines set forth in the industry audit and accounting guide for Not-for-Profit Entities issued by the American Institute of Certified Public Accountants (“AICPA”). Under these guidelines, contributions of cash and other assets are classified as one of the following two categories:

*Without donor restrictions* – Net assets without donor restrictions include resources for which there are no donor restrictions. Such amounts are available to support the Organization’s general operations and programs. The Organization does not have any Board of Directors designated net assets as of December 31, 2023 and 2022.

*With donor restrictions* – Net assets with donor restrictions include resources with donor-imposed restrictions that will be fulfilled by actions of the Organization and/or become net assets without donor restrictions by the passage of time. When the donor or time restriction is fulfilled, net assets with donor restrictions are released to net assets without donor restrictions and are reported in the accompanying statements of activities and changes in net assets as net assets released from restrictions.

**Revenue recognition** – Grants from corporations or private foundations and contributions are recognized in full when received or unconditionally promised. Contributions and grants receivable that are expected to be collected in more than one year are recorded at fair value based on discounted cash flows. The discount on these amounts is computed using the rate applicable in the year the promises were received. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the original contributions. All contributions are considered available for use without donor restrictions unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in net assets with donor restrictions. Net assets with donor restrictions become net assets without donor restrictions and are reported in the statement of activities and changes in net assets as net assets released from restrictions, when time restrictions expire, or the contributions are used for the restricted purpose.

The Organization did not receive conditional grants for the years ended December 31, 2023 and 2022.

Sales revenues are reported at the amount at which the Organization expects to be entitled in exchange for providing program books and curriculum materials. The sale of these goods are recognized upon completion of the performance obligation, specifically after the goods are shipped or otherwise released to the intended recipient. The Organization invoices as performance obligations are met and satisfied.

## Raising A Reader Notes to Financial Statements

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The change in accounts receivable consists of the following activity:

Balance, December 31, 2021	\$	257,012
Add: revenue recognized - performance obligation satisfied but payment not yet received		385,922
Less: payments received		<u>(257,012)</u>
Balance, December 31, 2022	\$	385,922
Add: revenue recognized - performance obligation satisfied but payment not yet received		33,137
Less: payments received		<u>(385,922)</u>
Balance, December 31, 2023	<u>\$</u>	<u>33,137</u>

**In-kind donations** – The Organization recognizes the value of donated office space, equipment and/or supplies at the fair value for similar items. Donated services are recognized at fair value if the services meet the recognition criteria prescribed by generally accepted accounting principles, which include a) requiring specialized skills, b) being provided by someone with those skills, and c) having to be purchased if they were not donated. Donated goods and services for the fiscal years ended December 31 included in the statements of activities and changes in net assets, were as follows:

	2023	2022
Professional Services	\$ -	\$ 173,076
Office space	<u>46,176</u>	<u>173,640</u>
Contributed nonfinancial assets	<u>\$ 46,176</u>	<u>\$ 346,716</u>

During 2023 and 2022, Raising A Reader received donated office space for headquarters and warehouse in California. There were no donor restrictions associated with the contributions of office space and services for the years ended December 31, 2023 and 2022. There were no materials or supplies monetized for the years ended December 31, 2023 and 2022.

**Grants awarded** – The Organization uses donated funds to grant the Raising A Reader program to thousands of children and families each year. Grants include books and materials, as well as financial support to offset the affiliates' cost of implementing the program and are recorded as expenses when approved by management and considered unconditional. There were no conditional grants as of December 31, 2023 and 2022.

**Functional allocation of expenses** – The costs of providing program services have been summarized on a functional basis in the statement of activities and changes in net assets and statements of functional expenses. When appropriate, costs are allocated on a direct cost basis to the various programs or supporting services. In some cases, expenses are incurred, that support the work performed under more than one function. Such expenses are allocated across the functions based on actual usage. Certain costs have been allocated among programs, general and administration, and development, that are benefited based on periodic review of personnel time, department headcount, and square footages.

## Raising A Reader

### Notes to Financial Statements

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**Income taxes** – The Organization has been granted tax-exempt status under Section 501(c)(3) of the Code and Section 23701d of the California Revenue and Taxation Code, and as such no provision for income tax has been made. The Organization does not have any material uncertain tax positions or unrelated business income. The Organization files exempt organization returns and, if applicable, unrelated business income tax returns in the U.S. federal and California jurisdictions.

**Concentrations of risk** – Financial instruments, which potentially subject the Organization to credit risk, consist primarily of cash. The Organization’s cash has been placed with a major financial institution. At times, such amounts may exceed Federal Deposit Insurance Corporation (“FDIC”) limits. The Organization closely monitors these balances and has not experienced credit losses.

For the year ended December 31, 2023, the Organization received 89% of its contributions and grants revenue from four grantors. At December 31, 2023, 81% of contributions and grants receivable were due from one grantor and 69% of accounts receivable were due from two affiliates. For the year ended December 31, 2022, the Organization received 87% of its contributions and grants revenue from five grantors. At December 31, 2022, 87% of contributions and grants receivable were due from two grantors and 87% of accounts receivable were due from five affiliates.

**Recent accounting pronouncements** – On January 1, 2023, the Organization adopted Accounting Standards Update (“ASU”) 2016-13 *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to accounts receivables. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

**Subsequent events** – Subsequent events are events or transactions that occur after the statement of financial position date, but before financial statements are available to be issued. The Organization recognizes the effects of subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after the statement of financial position date and before the financial statements are available to be issued.

The Organization has evaluated subsequent events through May 17, 2024, which is the date the financial statements were available to be issued.

## Raising A Reader Notes to Financial Statements

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### Note 3 – Contributions and Grants Receivable, Net

The Organization expects to receive contributions and grants receivable, net as follows:

Years Ending December 31,	2023	2022
2023	\$ -	\$ 472,717
2024	1,201,389	250,000
2025	825,000	250,000
	2,026,389	972,717
Less: discount from multi-year contributions and grants receivable	41,226	32,166
Net contributions and grants receivable	\$ 1,985,163	\$ 940,551

The discount rate used was 5.26% and 4.55% for the years ended December 31, 2023 and 2022, respectively.

### Note 4 – Property and Equipment, Net

Property and equipment, net consisted of the following at December 31:

	2023	2022
Computer hardware and software	\$ 546,394	\$ 531,410
Office furniture and equipment	47,076	47,076
Leasehold improvements	22,136	22,136
	615,606	600,622
Less: accumulated depreciation and amortization	(588,669)	(578,661)
Total property and equipment, net of accumulated depreciation and amortization	\$ 26,937	\$ 21,961

## Raising A Reader Notes to Financial Statements

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### Note 5– Related-Party Transactions

A former director on the Board of the Organization is a key member of the Masonic Grand Lodge of California, an organization that has been a major partner with the Organization since 2011. Since the inception of this instrumental partnership, the Raising A Reader classic program has been implemented in over 800 classrooms throughout California. With a continued multi-year pledge from the Masonic Grand Lodge of California of \$273,000, which was recorded as revenue in 2023, the Organization is working to launch even more classrooms with the classic program. The pledge receivable outstanding from Masonic Grand Lodge of California was \$136,500 and \$0 as of December 31, 2023 and 2022, respectively.

The Organization’s Board of Directors (current and former members) committed \$21,716 and \$18,620 as of December 31, 2023 and 2022 to the Organization to support the Organization’s work.

### Note 6 – Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes as of December 31:

	<u>2023</u>	<u>2022</u>
Special program use by region	\$ 839,229	\$ 1,392,175
Time restricted	<u>1,598,663</u>	<u>57,000</u>
	<u>\$ 2,437,892</u>	<u>\$ 1,449,175</u>

All net assets with donor restrictions are expected to be released from restrictions by December 31, 2025.

### Note 7 – Notes Payable

On July 14, 2020, the Organization received loan proceeds in amount of \$150,000 under the Small Business Administration’s Economic Injury Disaster Loan Program (“EIDL”). The EIDL was expanded by the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) to meet the financial needs of small business owners impacted by novel coronavirus (“COVID-19”). The Small Business Administration’s EIDL program provides small businesses and nonprofit with low-interest loans that can provide vital economic support to small businesses and nonprofits to help overcome the temporary loss of revenue they are experiencing due to COVID-19. EIDL interest rate is 2.75% for not-for-profits. The EIDL is payable over thirty years at an interest rate of 2.75%, with a deferral of payments for the first 12 months according to the EIDL agreement.



## Raising A Reader Notes to Financial Statements

In September 2022, Raising A Reader entered into a program-related investment agreement with The Dakota Foundation for \$50,000. The program related investment debt is payable through July, 2027, with payments made quarterly at an interest rate of 1%. Future minimum principal payments on the notes payable at December 31, are as follows:

Long-term note	Total amount	Payments Due by Period					
		2024	2025	2026	2027	2028	Thereafter
Program-related Investment	\$ 35,218	\$ 7,443	\$ 10,012	\$ 10,112	\$ 7,651	\$ -	\$ -
Economic Injury Disaster Loan	144,682	3,753	3,858	3,965	4,075	4,189	124,842
Total note payable	<u>\$ 179,900</u>	<u>\$ 11,196</u>	<u>\$ 13,870</u>	<u>\$ 14,077</u>	<u>\$ 11,726</u>	<u>\$ 4,189</u>	<u>\$ 124,842</u>

### Note 8 – Liquidity and Funds Available

The following table reflects the Organization's financial assets as of December 31, 2023 and 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

Financial assets available to meet cash needs for general expenditures within one year as of the statements of financial position date, comprise the following:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 1,867,127	\$ 1,328,144
Contributions and grants receivable, net	1,985,163	940,551
Accounts receivable	<u>33,137</u>	<u>385,922</u>
Financial assets, December 31	3,885,427	2,654,617
Less: those unavailable for general expenditure within one year, due to:		
Receivables collectible beyond one year	<u>825,000</u>	<u>250,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,060,427</u>	<u>\$ 2,404,617</u>

The Organization's policy is to structure its financial assets to be available to cover the following in order of priority: current operations, capital assets, planned future operations, opportunities to enhance the Organization's mission, unanticipated expenses, and sudden shortfalls in revenues.

## Raising A Reader Notes to Financial Statements

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### **Note 9 – Commitments**

The Organization leases office and warehouse space under separate operating leases, including two month-to-month leases in 2023. Due to the generosity of the Sobrato Family Foundation, which owns and operates the leased space in California, the Organization's rent expense has been waived during the term of the leases, provided the Organization maintains its 501(c)(3) status. This waived rent is recorded as in-kind donations in the year received and totaled \$46,176 and \$173,640 in 2023 and 2022, respectively. The Organization is typically responsible for the annual operating expenses known as common area maintenance (CAM) charges associated with the leased space. These amounts, which totaled \$11,704 and \$29,656 in 2023 and 2022, respectively, are included in occupancy expense in the statements of functional expenses.

