

Report of Independent Auditors and  
Financial Statements

**Raising a Reader**

December 31, 2025  
(with Comparative Totals for Year Ended December 31, 2024)



# Table of Contents

---

	<b>Page</b>
<b>Report of Independent Auditors</b>	1
<b>Financial Statements</b>	
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8

## **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, which comprise the statement of financial position as of December 31, 2025, 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 Raising a Reader as of December 31, 2025, 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 Raising a Reader 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 Raising a Reader'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 Raising a Reader'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 Raising a Reader'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 Raising a Reader's 2025 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated May 14, 2026. In our opinion, the summarized information presented herein as of and for the year ended December 31, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Baker Tilly US, LLP*

San Francisco, California  
May 14, 2026

## **Financial Statements**

---

**Raising a Reader**  
**Statements of Financial Position**  
**December 31, 2025 and 2024**

	2025	2024
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,691,346	\$ 1,777,474
Contributions and grants receivable, net	3,595,724	1,342,797
Accounts receivable	76,735	269,858
Inventory	484,108	456,957
Deposits and prepaid expenses	60,421	58,027
Property and equipment, net	15,650	21,900
Operating lease right-of-use assets	189,260	-
Total assets	\$ 6,113,244	\$ 3,927,013
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 80,660	\$ 158,658
Accrued payroll	227,000	178,320
Notes payable	302,344	166,257
Operating lease liabilities	194,567	-
Total liabilities	804,571	503,235
<b>NET ASSETS</b>		
Without donor restrictions	1,379,458	1,328,272
With donor restrictions	3,929,215	2,095,506
Total net assets	5,308,673	3,423,778
Total liabilities and net assets	\$ 6,113,244	\$ 3,927,013

See accompanying notes.

**Raising a Reader**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended December 31, 2025**  
**(with Comparative Totals for Year Ended December 31, 2024)**

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUES AND OTHER SUPPORT</b>				
Contributions and grants	\$ 206,271	\$ 4,351,712	\$ 4,557,983	\$ 1,905,429
In-kind donations	46,176	-	46,176	41,976
Sales revenue	1,536,248	-	1,536,248	2,765,590
Other income	115,942	-	115,942	197,411
Interest and dividend income	39,465	-	39,465	44,604
Net assets released from restrictions	2,518,003	(2,518,003)	-	-
Total revenues and other support	4,462,105	1,833,709	6,295,814	4,955,010
<b>EXPENSES</b>				
Program services	3,425,553	-	3,425,553	4,288,530
General and administrative	718,769	-	718,769	801,578
Development	266,597	-	266,597	307,345
Total expenses	4,410,919	-	4,410,919	5,397,453
<b>CHANGES IN NET ASSETS</b>	51,186	1,833,709	1,884,895	(442,443)
<b>NET ASSETS, beginning of year</b>	1,328,272	2,095,506	3,423,778	3,866,221
<b>NET ASSETS, end of year</b>	\$ 1,379,458	\$ 3,929,215	\$ 5,308,673	\$ 3,423,778

See accompanying notes.

**Raising a Reader**  
**Statements of Functional Expenses**  
**Years Ended December 31, 2025 and 2024**

	December 31, 2025			Total
	Program Services	General and Administrative	Development	
Salaries and benefits	\$ 1,730,155	\$ 484,329	\$ 217,119	\$ 2,431,603
Grants awarded	479,728	-	-	479,728
Cost of goods sold	675,872	-	-	675,872
Sales and use tax	45,185	16	-	45,201
Program training and incentives	6,527	-	-	6,527
Professional services	227,932	170,084	20,058	418,074
Occupancy	75,240	21,764	1,722	98,726
General office	125,446	29,913	16,609	171,968
Equipment, maintenance, and repair	13,948	3,753	2,374	20,075
Depreciation and amortization	8,004	1,299	822	10,125
Insurance	17,280	4,716	2,984	24,980
Travel and meetings	11,601	326	4,892	16,819
Outreach and marketing	5,582	169	-	5,751
Professional development and conference	55	2,400	17	2,472
Penalties, fines, and credit loss	2,998	-	-	2,998
<b>Total expenses</b>	<b>\$ 3,425,553</b>	<b>\$ 718,769</b>	<b>\$ 266,597</b>	<b>\$ 4,410,919</b>

	December 31, 2024			Total
	Program Services	General and Administrative	Development	
Salaries and benefits	\$ 2,292,152	\$ 510,381	\$ 267,439	\$ 3,069,972
Grants awarded	279,251	-	-	279,251
Cost of goods sold	1,297,859	-	-	1,297,859
Sales and use tax	28,853	-	-	28,853
Program training and incentives	21,667	-	-	21,667
Professional services	117,223	194,401	7,844	319,468
Occupancy	65,349	26,151	1,314	92,814
General office	121,747	30,617	18,325	170,689
Equipment, maintenance, and repair	8,139	210	140	8,489
Depreciation and amortization	9,529	1,160	775	11,464
Insurance	11,303	2,085	1,394	14,782
Travel and meetings	24,407	22,327	7,438	54,172
Outreach and marketing	5,997	131	88	6,216
Professional development and conference	4,962	14,115	176	19,253
Penalties, fines, and credit loss	92	-	2,412	2,504
<b>Total expenses</b>	<b>\$ 4,288,530</b>	<b>\$ 801,578</b>	<b>\$ 307,345</b>	<b>\$ 5,397,453</b>

See accompanying notes.

**Raising a Reader**  
**Statements of Cash Flows**  
**Years Ended December 31, 2025 and 2024**

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 1,884,895	\$ (442,443)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Changes in discount on receivables	179,771	(39,165)
Depreciation and amortization	10,125	10,330
Amortization of operating lease right-of-use assets	4,715	-
Credit loss expense	2,998	2,412
Loss on disposal of fixed asset	-	1,134
(Increase) decrease in assets		
Contributions and grants receivable	(2,432,698)	679,119
Accounts receivable	190,125	(236,721)
Inventory	(27,151)	11,288
Deposits and prepaid expenses	(2,394)	(14,624)
Operating lease right-of-use assets	(193,975)	-
Increase (decrease) in liabilities		
Operating lease liabilities	194,567	-
Accounts payable	(77,998)	(105,659)
Accrued payroll	48,680	64,746
	<u>(218,340)</u>	<u>(69,583)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of equipment	(3,875)	(6,427)
	<u>(3,875)</u>	<u>(6,427)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of notes payable	150,000	-
Payments on notes payable	(13,913)	(13,643)
	<u>136,087</u>	<u>(13,643)</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	(86,128)	(89,653)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>1,777,474</u>	<u>1,867,127</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 1,691,346</u>	<u>\$ 1,777,474</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION</b>		
Interest	\$ 4,624	\$ 4,301
Right-of-use assets obtained in exchange for lease liability	<u>\$ 193,975</u>	<u>\$ -</u>

See accompanying notes.

## **Raising a Reader**

### **Notes to Financial Statements**

---

#### **Note 1 – Organization**

Raising a Reader (the Organization) is a national nonprofit family engagement and early literacy program that helps families develop, practice, and maintain home literacy essential for school success. The Organization is operated through a 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, that reflect their families and communities and 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 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.

#### **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.

**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, 2024, 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.

## Raising a Reader Notes to Financial Statements

---

**Contributions, grants, 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, 2025 and 2024.

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 \$2,998 and \$2,412 for the years ended December 31, 2025 and 2024, respectively.

**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

**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, 2025 and 2024, no impairment exists for long-lived assets; however, future estimates as to the recovery of such assets may change based on revised circumstances.

**Leases** – Transactions give rise to leases when the Organization receives substantially all of the economic benefits from and has the ability to direct the use of the specified asset. The Organization has lessee activity classified as operating leases and is included in the operating lease right-of-use assets (ROU) and operating lease liabilities in the statements of financial position.

## Raising a Reader

### Notes to Financial Statements

---

Operating lease ROU assets represent the right to use an underlying asset for the lease term and operating lease liabilities represent obligations to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. When discount rates implicit in leases cannot be readily determined, the Organization uses an estimated incremental borrowing rate at lease commencement to perform lease classification tests and to measure lease liabilities and ROU assets. Certain optional renewal periods are not included in the determination of the lease liability and ROU asset if management determined it is not reasonably certain that the lease would be extended. The Organization has elected not to recognize ROU assets and lease liabilities for leases of terms less than twelve months.

**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, 2025 and 2024.

*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 statements 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.

As of December 31, 2025 and 2024, there were \$90,000 and \$125,000, respectively, of conditional contributions that were not yet recognized in the financial statements.

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 is 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

---

The change in accounts receivable consists of the following activity:

Balance, December 31, 2023	\$	33,137
Add: revenue recognized - performance obligation satisfied but payment not yet received		269,858
Less: payments received		<u>(33,137)</u>
Balance, December 31, 2024	\$	269,858
Add: revenue recognized - performance obligation satisfied but payment not yet received		76,735
Less: payments received		<u>(269,858)</u>
Balance, December 31, 2025	<u>\$</u>	<u>76,735</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:

	<u>2025</u>	<u>2024</u>
Office space	<u>\$ 46,176</u>	<u>\$ 41,976</u>
Contributed nonfinancial assets	<u>\$ 46,176</u>	<u>\$ 41,976</u>

During 2025 and 2024, Raising a Reader received donated office space for its headquarters and a warehouse in California. There were no donor restrictions associated with the contributions of office space and services for the years ended December 31, 2025 and 2024. There were no materials or supplies monetized for the years ended December 31, 2025 and 2024.

**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, 2025 and 2024.

## Raising a Reader

### Notes to Financial Statements

---

**Functional allocation of expenses** – The costs of providing program services have been summarized on a functional basis in the statements 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.

**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, 2025, the Organization received 85% of its contributions and grants revenue from two grantors. At December 31, 2025, 90% of contributions and grants receivable were due from two grantors and 84% of accounts receivable were due from one Affiliate. For the year ended December 31, 2024, the Organization received 60% of its contributions and grants revenue from two grantors. At December 31, 2024, 87% of contributions and grants receivable were due from two grantors and 75% of accounts receivable were due from two Affiliates.

**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 14, 2026, which is the date the financial statements were available to be issued.

## Raising a Reader

### Notes to Financial Statements

---

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

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

<u>Years Ending December 31,</u>	<u>2025</u>	<u>2024</u>
2025	\$ -	\$ 1,294,858
2026	1,058,653	50,000
2027	1,018,903	-
2028	850,000	-
2029	850,000	-
	<u>3,777,556</u>	<u>1,344,858</u>
Less: discount from multi-year contributions and grants receivable	<u>181,832</u>	<u>2,061</u>
Net contributions and grants receivable	<u>\$ 3,595,724</u>	<u>\$ 1,342,797</u>

The discount rate used was 3.66% and 4.30% for the years ended December 31, 2025 and 2024, respectively.

#### Note 4 – Property and Equipment, Net

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

	<u>2025</u>	<u>2024</u>
Computer hardware and software	\$ 554,939	\$ 551,065
Office furniture and equipment	47,076	47,076
Leasehold improvements	<u>22,136</u>	<u>22,136</u>
	624,151	620,277
Less: accumulated depreciation and amortization	<u>(608,501)</u>	<u>(598,377)</u>
Total property and equipment, net of accumulated depreciation and amortization	<u>\$ 15,650</u>	<u>\$ 21,900</u>

#### Note 5 – Leases

On November 20, 2025, the Organization entered into a commercial lease agreement for industrial warehouse and office space located in Milpitas, California. The lease commenced on December 1, 2025, and expires February 28, 2029. The agreement does not contain explicit renewal options, however, does contain a one-time termination option which is exercisable after January 1, 2028.

## Raising a Reader Notes to Financial Statements

As of December 31, lease assets and lease liabilities were as follows:

<u>Assets</u>	<u>Classification</u>	<u>2025</u>	<u>2024</u>
Operating leases	Operating lease right-of-use assets	\$ 189,260	\$ -
	Total	<u>\$ 189,260</u>	<u>\$ -</u>
<u>Liabilities</u>	<u>Classification</u>		
Current operating lease liability	Operating leases liabilities, current portion	\$ 54,849	\$ -
Noncurrent operating lease liability	Operating lease liabilities, net of current portion	<u>139,718</u>	<u>-</u>
	Total	<u>\$ 194,567</u>	<u>\$ -</u>

For the years ended December 31, total lease costs incurred by lease type and type of payment were as follows:

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 5,307	\$ -
Short-term lease cost	<u>12,645</u>	<u>-</u>
Total operating lease cost	<u>17,952</u>	<u>-</u>
Total lease cost	<u>\$ 17,952</u>	<u>\$ -</u>

For the years ended December 31, other supplemental quantitative disclosures were as follows:

	<u>2025</u>	<u>2024</u>
Right-of-use assets obtained in exchange for lease liabilities		
Operating leases	\$ 193,975	\$ -
Weighted average remaining lease term (in years)		
Operating leases	3.17	-
Weighted average discount rate		
Operating leases	3.49%	0.00%

## Raising a Reader

### Notes to Financial Statements

---

As of December 31, 2025, the undiscounted future lease payments over the lease term for operating leases, along with a reconciliation of the undiscounted cash flows to operating lease liabilities, were as follows:

Years Ending December 31,	<u>Operating Leases</u>
2026	\$ 63,685
2027	63,685
2028	63,685
2029	<u>10,614</u>
Total lease payments	201,669
Present value adjustment	<u>(7,102)</u>
Operating lease liabilities	<u><u>\$ 194,567</u></u>

#### **Note 6 – Related-Party Transactions**

The Organization's Board of Directors (current and former members) committed \$19,264 and \$14,263 of contributions and grants revenue as of December 31, 2025 and 2024, respectively, to the Organization to support the Organization's work.

#### **Note 7 – Net Assets with Donor Restrictions**

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

	2025	2024
Special program use by region	\$ 655,083	\$ 835,211
Time restricted	<u>3,274,132</u>	<u>1,260,295</u>
	<u><u>\$ 3,929,215</u></u>	<u><u>\$ 2,095,506</u></u>

All net assets with donor restrictions are expected to be released from restrictions by December 31, 2029.

## Raising a Reader Notes to Financial Statements

---

### Note 8 – 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). 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. 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.

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%.

In April 2025, Raising a Reader entered into a program-related investment agreement with The Dakota Foundation for \$150,000. The program related investment debt is payable through April 2029, with payments made quarterly at an interest rate of 3%.

Future minimum principal payments on the notes payable at December 31, are as follows:

Long-term note	Total Amount	Payments Due by Period					
		2026	2027	2028	2029	2030	Thereafter
Program-related Investment	\$ 15,244	\$ 10,137	\$ 5,107	\$ -	\$ -	\$ -	\$ -
Program-related Investment	150,000	24,075	49,244	50,738	25,943	-	-
Economic Injury Disaster Loan	137,100	3,974	4,085	4,199	4,315	4,436	116,091
Total note payable	<u>\$ 302,344</u>	<u>\$ 38,186</u>	<u>\$ 58,436</u>	<u>\$ 54,937</u>	<u>\$ 30,258</u>	<u>\$ 4,436</u>	<u>\$ 116,091</u>

### Note 9 – Liquidity and Funds Available

The following table reflects the Organization’s financial assets as of December 31, 2025 and 2024, 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.

## Raising a Reader

### Notes to Financial Statements

---

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

	2025	2024
Financial assets		
Cash and cash equivalents	\$ 1,691,346	\$ 1,777,474
Contributions and grants receivable, net	3,595,724	1,342,797
Accounts receivable	76,735	269,858
Financial assets, December 31	5,363,805	3,390,129
Less: those unavailable for general expenditure within one year, due to		
Receivables collectible beyond one year	2,718,903	50,000
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,644,902	\$ 3,340,129

The Organization manages its financial assets with a clear focus on mission impact, prioritizing resources in the following order: sustaining current operations, supporting planned future initiatives, advancing opportunities that strengthen the Organization’s mission, maintaining capital assets, addressing unanticipated expenses, and responding to sudden revenue shortfalls. To ensure alignment with its mission and values, the Organization annually develops budget principles that guide both the budgeting process and management.

#### **Note 10 – Commitments**

The Organization leased office and warehouse space under separate operating leases, including two month-to-month agreements that subsided at the end of 2025. 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 \$41,976 in 2025 and 2024, 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 \$11,704 in 2025 and 2024, respectively, are included in occupancy expense in the statements of functional expenses. The Organization terminated its agreement with Sobrato Family Foundation in December 2025.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.