

Reading to Kids
Statement of Financial Position
Fiscal Year: July 1 through June 30

	Year Ended	Year Ended			
	<u>6/30/2009</u>	<u>6/30/2008</u>	<u>6/30/2007</u>	<u>6/30/2006</u>	<u>6/30/2005</u>
Assets					
Cash and cash equivalents	\$ 110,646	\$ 124,497	\$ 120,236	\$ 76,627	\$ 63,676
Grants and pledges receivable	8,324	22,097	298	20,386	7,472
Other receivables	1,300	1,300	650	650	650
Inventories	13,850	12,710	9,680	7,417	6,873
Prepaid expenses	-	-	-	-	125
Prepaid insurance	2,272	2,298	2,286	2,098	2,153
Equipment, net of depreciation	2,270	2,425	3,035	2,565	3,394
Total assets	\$ 138,663	\$ 165,327	\$ 136,185	\$ 109,743	\$ 84,344
Liabilities					
Accounts payable	\$ 3,446	\$ 2,423	\$ 2,829	\$ 2,095	\$ 2,906
Accrued expenses	1,303	2,666	1,086	2,038	1,049
Total liabilities	4,749	5,089	3,915	4,134	3,955
Net assets					
Unrestricted	75,518	77,359	81,893	50,368	45,179
Temporarily restricted	58,396	82,879	50,377	55,241	35,211
Total net assets	133,914	160,238	132,270	105,610	80,389
Total liabilities and net assets	\$ 138,663	\$ 165,327	\$ 136,185	\$ 109,743	\$ 84,344

Reading to Kids
Statement of Activities
Fiscal Year: July 1 through June 30

	Year Ended		Year Ended		
	6/30/2009	6/30/2008	6/30/2007	6/30/2006	6/30/2005
Revenues and other support					
Individual contributions	\$ 41,931	\$ 46,955	\$ 33,449	\$ 28,342	\$ 24,630
Business donations	8,176	8,820	13,734	8,786	3,392
Corporate grants	28,500	27,000	28,500	7,000	19,000
Private foundation donations	2,300	5,650	2,750	10,500	3,500
Private foundation grants	16,500	58,500	52,500	50,000	32,250
Civic league grants	10,000	-	-	-	-
Public charity donations	4,160	5,120	400	1,000	486
Public charity grants	37,500	17,750	16,467	10,000	18,300
Publicly-supported organizations	641	504	108	1,762	1,194
Donated services	600	600	600	600	600
Donated food	1,775	2,647	2,314	840	946
Donated prizes	22,011	20,305	7,673	5,054	4,837
Donated volunteer recognition	1,322	2,441	2,352	1,531	1,515
Other in kind donations	-	-	-	110	217
Special events	30,099	16,037	9,380	7,427	-
Interest	2,816	3,711	4,360	1,334	455
Total revenues and other support	\$ 208,332	\$ 216,039	\$ 174,587	\$ 134,287	\$ 111,322
Expenses					
Employee salary	\$ 109,782	\$ 83,667	\$ 72,917	\$ 44,922	\$ 42,899
Employee benefits	7,804	6,721	5,748	3,586	3,235
Payroll taxes	10,551	7,768	7,345	4,947	4,755
Professional fees	1,568	1,476	3,569	3,110	1,208
Supplies	3,374	3,639	2,598	721	1,519
Telecommunications	2,257	1,793	1,732	1,972	1,816
Postage, delivery, copying	1,223	1,152	1,102	913	790
Information technology	2,879	1,738	2,755	2,220	1,642
Occupancy expenses	14,880	13,080	7,680	7,350	7,320
Conferences and meetings	1,086	1,104	1,267	1,107	738
Depreciation expense	932	1,295	877	2,357	1,520
Insurance	2,613	2,095	2,381	2,423	2,479
Fundraising expenses	829	589	554	369	65
Miscellaneous expenses	596	544	255	367	391
Total office and other expenses	160,374	126,659	110,779	76,364	70,377
Reading club expenses					
Books	29,313	26,271	17,450	14,068	16,319
Food	3,841	3,912	3,610	1,956	2,399
Parent supplies	3,800	3,203	1,369	770	849
Prizes	17,014	16,923	8,623	9,967	12,549
Teacher incentives	5,177	1,764	1,281	1,453	1,105
School support	330	-	-	-	-
Shipping for donated books	1,820	2,720	-	-	-
Volunteer expenses	1,358	2,480	2,352	1,531	1,625
Total reading club expenses	62,653	57,274	34,686	29,745	34,846
Fundraising direct expenses					
Special event direct expenses	11,629	4,138	2,461	2,958	-
Total fundraising direct expenses	11,629	4,138	2,461	2,958	-
Total expenses	\$ 234,656	\$ 188,071	\$ 147,926	\$ 109,067	\$ 105,222
Change in net assets	\$ (26,324)	\$ 27,968	\$ 26,661	\$ 25,220	\$ 6,100

**Reading to Kids
Statement of Expenses Per School
Fiscal Year: July 1 through June 30**

Expenses	Year Ended		Year Ended		
	6/30/2009	6/30/2008	6/30/2007	6/30/2006	6/30/2005
School expenses					
Gratts					
Books	\$ 3,569	\$ 3,990	\$ 3,032	\$ 3,389	\$ 3,797
Food	443	570	746	597	561
Parent supplies	373	431	197	144	270
Prizes	2,022	2,739	1,293	2,054	3,066
Teacher incentives	551	192	139	370	163
Total Gratts	6,958	7,922	5,408	6,554	7,856
Esperanza					
Books	4,386	3,862	3,894	3,738	3,598
Food	434	500	702	598	639
Parent supplies	393	112	102	199	265
Prizes	2,810	2,347	1,954	2,845	2,658
Teacher incentives	661	291	308	374	330
Total Esperanza	8,684	7,112	6,961	7,754	7,490
Magnolia					
Books	4,268	4,334	3,754	3,658	4,346
Food	551	640	842	420	730
Parent supplies	344	492	399	360	281
Prizes	2,443	2,950	1,836	2,246	3,071
Teacher incentives	703	234	274	297	359
School support	330	-	-	-	-
Total Magnolia	8,640	8,649	7,104	6,981	8,788
Noble					
Books	-	-	-	3,044	4,578
Food	-	-	-	292	469
Parent supplies	-	-	-	18	34
Prizes	-	-	-	2,649	3,754
Teacher incentives	-	-	-	337	252
Total Noble	-	-	-	6,341	9,087
Hoover					
Books	4,015	4,331	3,824	240	-
Food	481	566	713	49	-
Parent supplies	615	519	406	48	-
Prizes	2,479	2,912	2,073	172	-
Teacher incentives	698	247	305	74	-
Total Hoover	8,288	8,576	7,320	584	-
Politi					
Books	3,208	3,201	2,268	-	-
Food	521	541	390	-	-
Parent supplies	564	441	163	-	-
Prizes	1,876	1,761	1,102	-	-
Teacher incentives	606	192	174	-	-
Total Politi	6,775	6,135	4,097	-	-
White					
Books	2,532	2,904	679	-	-
Food	422	502	217	-	-
Parent supplies	220	498	102	-	-
Prizes	1,313	1,705	365	-	-
Teacher incentives	413	261	80	-	-
Total White	4,900	5,870	1,443	-	-
Los Angeles					
Books	4,283	3,191	-	-	-
Food	538	505	-	-	-
Parent supplies	727	611	-	-	-
Prizes	2,425	2,216	-	-	-
Teacher incentives	882	290	-	-	-
Total Los Angeles	8,855	6,813	-	-	-
Alta Loma					
Books	3,051	459	-	-	-
Food	451	88	-	-	-
Parent supplies	563	99	-	-	-
Prizes	1,646	293	-	-	-
Teacher incentives	664	58	-	-	-
Total Alta Loma	6,375	996	-	-	-
Total school expenses	\$ 59,475	\$ 52,074	\$ 32,334	\$ 28,214	\$ 33,221

Reading to Kids
Detailed Statement of Activities
For the Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Total
Revenues and other support			
Individual contributions	\$ 41,931	\$ -	\$ 41,931
Business donations	8,176	-	8,176
Corporate grants	1,500	27,000	28,500
Private foundation donations	2,300	-	2,300
Private foundation grants	1,500	15,000	16,500
Civic league grants	-	10,000	10,000
Public charity donations	4,160	-	4,160
Public charity grants	1,800	35,700	37,500
Publicly-supported organizations	641	-	641
Donated services	600	-	600
Donated food	1,775	-	1,775
Donated prizes	753	21,258	22,011
Donated volunteer recognition	1,322	-	1,322
Other in kind donations	-	-	-
Special events	30,099	-	30,099
Interest	2,816	-	2,816
Net assets released from restrictions			
Satisfaction of program restrictions	133,441	(133,441)	-
Total revenues and other support	\$ 232,814	\$ (24,483)	\$ 208,332
Expenses			
Office and other expenses			
Employee salary	\$ 109,782	\$ -	\$ 109,782
Employee benefits	7,804	-	7,804
Payroll taxes	10,551	-	10,551
Professional fees	1,568	-	1,568
Supplies	3,374	-	3,374
Telecommunications	2,257	-	2,257
Postage, delivery, copying	1,223	-	1,223
Information technology	2,879	-	2,879
Occupancy expenses	14,880	-	14,880
Conferences and meetings	1,086	-	1,086
Depreciation expense	932	-	932
Insurance	2,613	-	2,613
Fundraising direct expenses	-	-	-
Fundraising expenses	829	-	829
Miscellaneous expenses	596	-	596
Total office and other expenses	160,374	-	160,374
Reading club expenses			
Books	29,313	-	29,313
Food	3,841	-	3,841
Parent supplies	3,800	-	3,800
Prizes	17,014	-	17,014
Teacher incentives	5,177	-	5,177
School support	330	-	330
Shipping for donated books	1,820	-	1,820
Volunteer expenses	1,358	-	1,358
Total reading club expenses	62,653	-	62,653
Total expenses	\$ 223,027	\$ -	\$ 223,027
Change in net assets	\$ 9,787	\$ (24,483)	\$ (14,695)
Net assets at beginning of period	77,359	82,879	160,238
Net assets at end of period	\$ 87,147	\$ 58,396	\$ 145,543

Reading to Kids
Statement of Cash Flows
Fiscal Year: July 1 through June 30

	Year Ended	Year Ended			
	6/30/2009	6/30/2008	6/30/2007	6/30/2006	6/30/2005
Cash flows from operating activities					
Cash received from contributors	\$ 193,580	\$ 164,537	\$ 177,376	\$ 111,903	\$ 96,896
Cash paid to employees and vendors	(209,470)	(163,301)	(136,779)	(98,758)	(96,252)
Interest received	2,816	3,711	4,360	1,334	455
Net cash provided by operating activities	<u>(13,074)</u>	<u>4,946</u>	<u>44,956</u>	<u>14,479</u>	<u>1,099</u>
Cash flows from investing activities					
Purchase of equipment	<u>(777)</u>	<u>(685)</u>	<u>(1,347)</u>	<u>(1,528)</u>	<u>(1,622)</u>
Net cash provided by investing activities	<u>(777)</u>	<u>(685)</u>	<u>(1,347)</u>	<u>(1,528)</u>	<u>(1,622)</u>
Net increase in cash and cash equivalents	(13,851)	4,261	43,609	12,951	(522)
Cash and cash equivalents beginning of period	124,497	120,236	76,627	63,676	64,199
Cash and cash equivalents end of period	<u>\$ 110,646</u>	<u>\$ 124,497</u>	<u>\$ 120,236</u>	<u>\$ 76,627</u>	<u>\$ 63,676</u>
Reconciliation of change in net assets to net cash provided by operating activities					
Change in net assets	\$ (26,324)	\$ 27,968	\$ 26,661	\$ 25,220	\$ 6,100
Adjustments to reconcile change in net assets to net cash provided by operating activities					
Depreciation	932	1,295	877	2,357	1,520
(Increase) decrease in					
Grants and pledges receivable	13,773	(21,799)	20,088	(12,914)	(5,856)
Other receivables	-	(650)	-	-	-
Inventories	(1,140)	(3,030)	(2,264)	(543)	(297)
Prepaid expenses	-	-	-	125	125
Prepaid insurance	26	(12)	(188)	55	52
Increase (decrease) in					
Accounts payable	1,022	(405)	733	(810)	199
Accrued expenses	<u>(1,363)</u>	<u>1,580</u>	<u>(952)</u>	<u>989</u>	<u>(745)</u>
Net cash provided by operating activities	<u>\$ (13,074)</u>	<u>\$ 4,946</u>	<u>\$ 44,956</u>	<u>\$ 14,479</u>	<u>\$ 1,099</u>

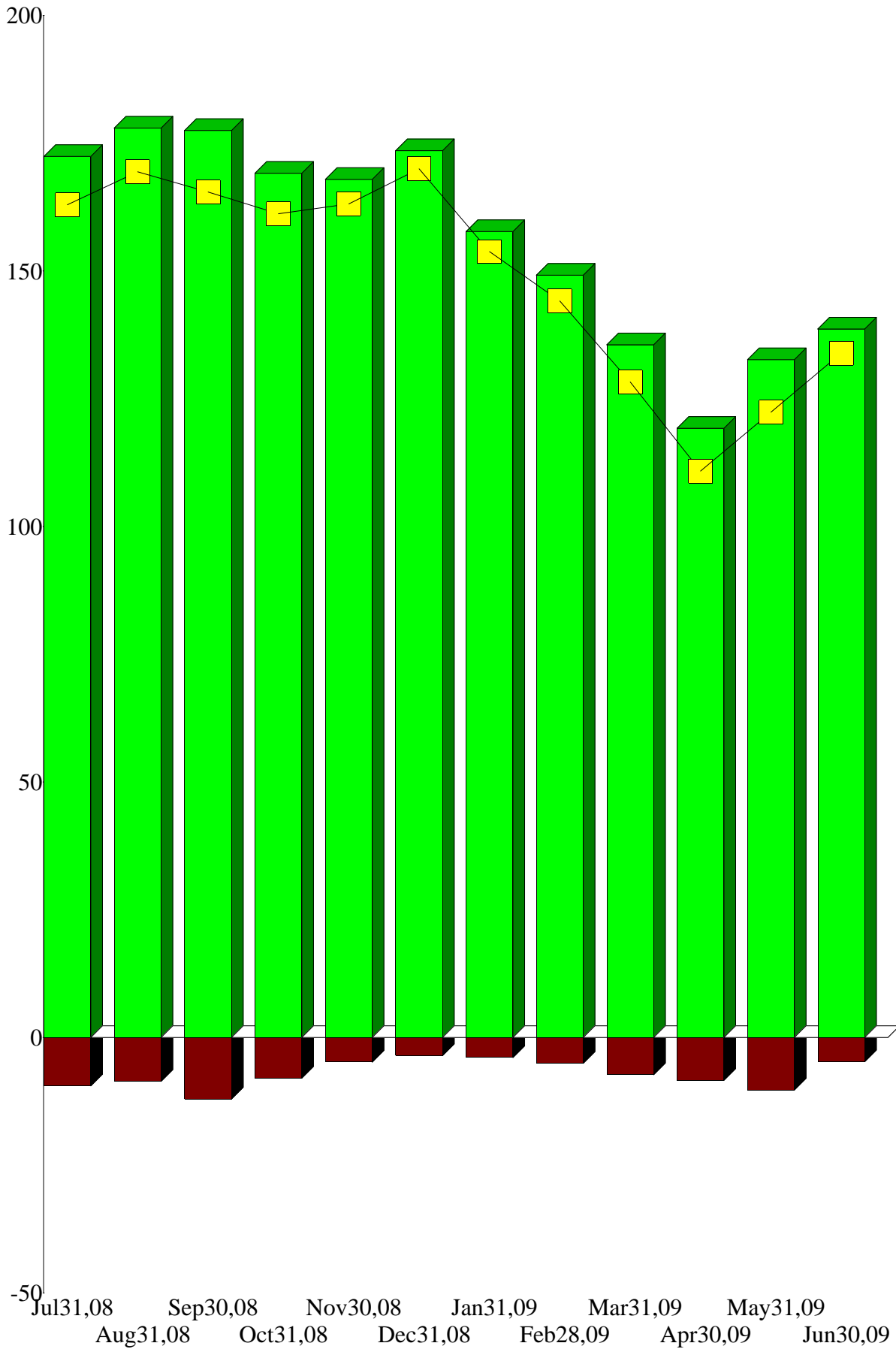
**Reading to Kids
Statement of Functional Expenses
For the Year Ended June 30, 2009**

	Program Expenses	General and Administrative	Fundraising	Total
Personnel expenses				
Employee salary	\$ 73,188	\$ 18,297	\$ 18,297	\$ 109,782
Employee benefits	5,203	1,301	1,301	7,804
Payroll taxes	7,034	1,759	1,759	10,551
Total personnel expenses	85,425	21,356	21,356	128,137
Reading club expenses				
Books	29,313	-	-	29,313
Food	3,841	-	-	3,841
Parent supplies	3,800	-	-	3,800
Prizes	17,014	-	-	17,014
Teacher incentives	5,177	-	-	5,177
School support	330	-	-	330
Shipping for donated books	1,820	-	-	1,820
Volunteer expenses	1,358	-	-	1,358
Total reading club expenses	62,653	-	-	62,653
Office and other expenses				
Professional fees	1,045	261	261	1,568
Supplies	2,250	562	562	3,374
Telecommunications	1,504	376	376	2,257
Postage, delivery, copying	815	204	204	1,223
Information technology	1,920	480	480	2,879
Occupancy expenses	9,920	2,480	2,480	14,880
Conferences and meetings	724	181	181	1,086
Depreciation expense	622	155	155	932
Insurance	1,742	435	435	2,613
Fundraising expenses	-	-	829	829
Miscellaneous expenses	397	99	99	596
Total office and other expenses	20,939	5,235	6,064	32,237
Total functional expenses	\$ 169,016	\$ 26,591	\$ 27,420	\$ 223,027
	75.8%	11.9%	12.3%	100.0%

Net Worth by Month
As of June 30, 2009

Assets
Liabilities
Net Worth

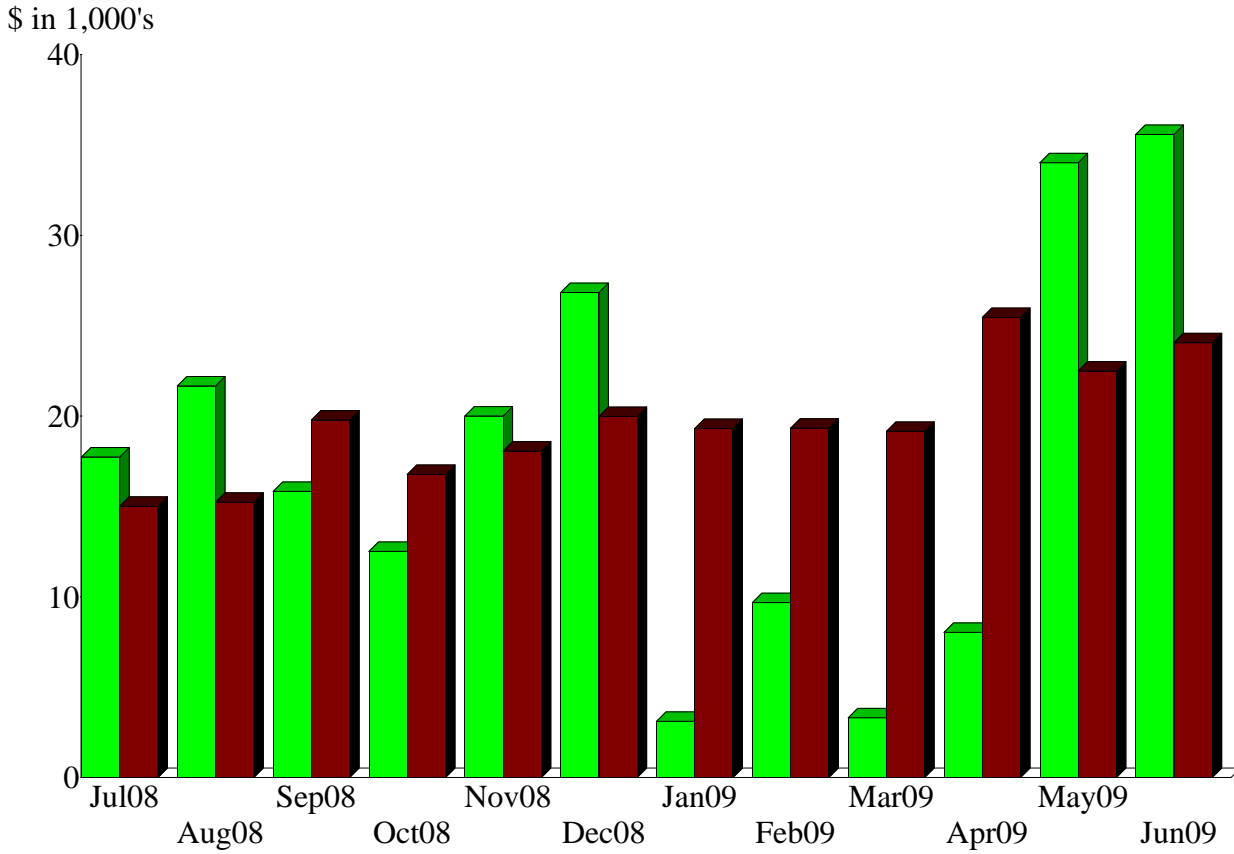
\$ in 1,000's
200



-50

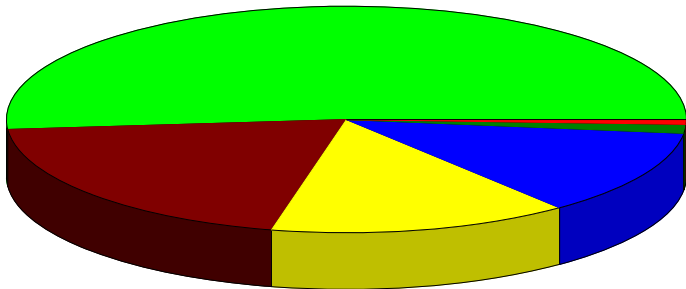
Income and Expense by Month
July 2008 through June 2009

Income
Expense



Income Summary
July 2008 through June 2009

409999 · Corporations & foundations	%51.43
399999 · Individual contributions	20.13
619999 · Special events	14.45
489999 · In-kind contributions	12.34
539999 · Investment income	1.35
439999 · Other grants	0.31
Total	\$208,331.73



By Account

Reading to Kids
Notes to Financial Statements
For the Year Ended June 30, 2009

NOTE 1 – ORGANIZATION

Reading to Kids is incorporated as a nonprofit corporation under the laws of the state of California and has been classified as an organization described in section 501(c)(3) of the federal Internal Revenue Code. The organization is exempt from both state and federal taxes.

Reading to Kids is an organization committed to helping children become better readers. Children who learn the joy of reading have the potential for a brighter future, and our hope is to spark that interest. *Reading to Kids* gathers children and volunteers into reading groups on the second Saturday of every month at elementary schools near downtown Los Angeles. We combine reading aloud with intellectual games, craft projects, and social interaction. These Saturday reading clubs utilize the well established read-aloud program.

In conjunction with the program for the children, teachers at the schools hold workshops for the parents on how they can be good readers at home to their children. *Reading to Kids* also donates books purchased for the reading clubs to the school libraries and donates prize books directly to the children.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reading to Kids uses the accrual basis of accounting, wherein revenues are recognized when earned and expenses when incurred. The reporting of contributions distinguishes among contributions received that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. During the preparation of these financial statements, *Reading to Kids* has reviewed its previous financial statements, and it has revised journal entries to ensure that all the entries comply with Generally Accepted Accounting Principles. Therefore, any conflicting items on these financial statements concerning previous periods are intended to replace items made on previously issued financial statements. These financials were prepared without audit from the corporation's books and records.

NOTE 3 – STATEMENT OF FINANCIAL POSITION

Cash and cash equivalents: Includes cash on deposit in banks and funds received but not yet deposited.

Other receivables: Includes security deposit from rental of office.

Inventories: Includes books and prizes purchased prior to reading clubs.

Equipment, net of depreciation: Current value of office computers and printers.

NOTE 4 – STATEMENT OF ACTIVITIES

Individual donations: A complete list of donors to *Reading to Kids* can be found at www.readingtokids.org.

Business donations: Includes unsolicited donations received from businesses and organizations.

Corporate grants: Competitive grants for which *Reading to Kids* has applied (AOL Time Warner Foundation; Bank of America Foundation; Candle Foundation; The Capital Group Companies Charitable Foundation; The Clorox Company Foundation; Countrywide Home Loans, Inc.; Dole Food Company; Experian; Hilton Hotels Corporation; IBM; Mattel Children's Foundation; Pacific Life Foundation; Raytheon Company; Target; Time Warner; Toyota Motor Sales, USA, Inc.; Vons Foundation; Walt Disney Company; Wells Fargo Foundation).

Private foundation donations: Bice Passavant Foundation; California Wellness Foundation; Goodrich Foundation; Helmut W. Schumann Foundation; Jacobson Charitable Foundation; James Irvine Foundation; Kleiner Cohen Foundation; Marilyn and Jeffrey Katzenberg Foundation; National Notary Foundation; The Riordan Foundation; Roth Family Foundation; Whitecap Foundation.

Private foundation grants (including Civic League and Social Welfare Organizations): Competitive grants for which *Reading to Kids* has applied (The Aaroe Associates Charitable Foundation; The Ahmanson Foundation; California Wellness Foundation; Crail-Johnson Foundation; The Durfee Foundation; Dwight Stuart Youth Foundation; George Hoag Family Foundation; Henry L. Guenther Foundation; National Starch & Chemical Foundation; The Ralph M. Parsons Foundation; The Riordan Foundation; The Rose Hills Foundation; S. Mark Taper Foundation; SKETCH Foundation; Weingart Foundation; Whitecap Foundation).

Public charity donations and grants: Public charity grants for which *Reading to Kids* has applied (Disney VoluntEARS Community Fund; Elfun (General Electric/GE Capital/NBC); Employees Charity Organization Northrop Grumman; Entertainment Industry Foundation; First Book; Independent Colleges-Southern California; Jack & Denny Smith Literacy Memorial Fund; KTLA-TV Charties Fund, a fund of the McCormick Foundation; Los Angeles Clippers Foundation; L.A. Lakers Youth Foundation; Los Angeles Times Family Fund; Ronald McDonald House Charities of Southern California; Tiger Woods Foundation; Vons Foundation; Water Buffalo Club; Westwood Village Rotary Club Foundation; Yahoo! Employee Foundation).

In-kind donations: Includes donated food and prizes for reading clubs

Donated volunteer hours: Donations from numerous sources, including: Barnes & Noble Encino; First Book; Scholastic.

Donated volunteer hours: Donated volunteer hours from May 1999 through June 2009 are not included in the Financial Statements, but their value has been estimated to be **\$1,546,573 (83,334 volunteer hours – value set by Independent Sector)**. (www.readingtokids.org/AboutUs/AboutStatistics.php)

NOTE 5 – STATEMENT OF FUNCTIONAL EXPENSES

Expenses identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses associated with more than one program or supporting service have been allocated among the programs and supporting services benefited based on our estimates of time spent on various programs and services. The statement does not include donated services, which are included throughout the rest of the financial statements.