

READ TO A CHILD, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED SEPTEMBER 30, 2025

READ TO A CHILD, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Read to a Child, Inc.

Opinion

We have audited the accompanying financial statements of Read to a Child, Inc.. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

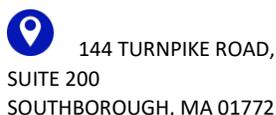
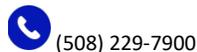
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Read to a Child, Inc.. as of September 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Read to a Child, Inc.. 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.



INDEPENDENT AUDITORS' REPORT

(Continued)

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 Read to a Child, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Read to a Child, Inc.'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 Read to a Child, Inc.'s ability to continue as a going concern for a reasonable period of time.

INDEPENDENT AUDITORS' REPORT

(Continued)

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.

Report on Summarized Comparative Information

The financial statements of Read to a Child, Inc. as of September 30, 2024, were audited by other auditors, whose report dated December 4, 2024, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Venning

Southborough, Massachusetts
December 12, 2025

READ TO A CHILD, INC.

STATEMENT OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2025

(With Comparative Totals as of September 30, 2024)

	2025	2024
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents (Notes 2, 3 and 6)	\$ 743,877	\$ 586,122
Contributions and Grants Receivable (Notes 2 and 3)	132,579	391,362
Prepaid Expenses	<u>16,138</u>	<u>12,194</u>
Total Current Assets	<u>892,594</u>	<u>989,678</u>
NONCURRENT ASSETS:		
Contributions and Grants Receivable (Notes 2 and 3)	20,000	-
Investments (Notes 2 and 3)	<u>137,381</u>	<u>24,008</u>
Total Noncurrent Assets	<u>157,381</u>	<u>24,008</u>
TOTAL ASSETS	<u>\$ 1,049,975</u>	<u>\$ 1,013,686</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable	\$ 19,422	\$ 6,288
Accrued Expenses	<u>47,235</u>	<u>38,977</u>
Total Current Liabilities	<u>66,657</u>	<u>45,265</u>
TOTAL LIABILITIES	<u>66,657</u>	<u>45,265</u>
NET ASSETS (Note 2):		
Without Donor Restrictions	773,030	690,047
With Donor Restrictions (Notes 3 and 5)	<u>210,288</u>	<u>278,374</u>
Total Net Assets	<u>983,318</u>	<u>968,421</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,049,975</u>	<u>\$ 1,013,686</u>

See Accompanying Notes and Independent Auditors' Report

READ TO A CHILD, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2025

(With Comparative Totals for the Year Ended September 30, 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
SUPPORT AND REVENUE (Note 2):				
Special Events Income	\$ 223,790	\$ -	\$ 223,790	\$ 377,076
Direct Special Event Costs	<u>(23,846)</u>	<u>-</u>	<u>(23,846)</u>	<u>(16,991)</u>
Net Special Event Income	199,944	-	199,944	360,085
Contributions	468,742	-	468,742	434,979
Grant Income	586,491	210,291	796,782	742,548
In-Kind Contributions	121,036	-	121,036	154,576
Net Assets Released from Restriction	278,377	(278,377)	-	-
Investment Income	<u>81,060</u>	<u>-</u>	<u>81,060</u>	<u>8,919</u>
TOTAL SUPPORT AND REVENUE	<u>1,735,650</u>	<u>(68,086)</u>	<u>1,667,564</u>	<u>1,701,107</u>
FUNCTIONAL EXPENSES (Note 2):				
Program Services	<u>1,298,956</u>	<u>-</u>	<u>1,298,956</u>	<u>1,252,608</u>
Support Services:				
Management and General	107,664	-	107,664	145,449
Fund Raising	<u>246,047</u>	<u>-</u>	<u>246,047</u>	<u>236,205</u>
Total Support Services	<u>353,711</u>	<u>-</u>	<u>353,711</u>	<u>381,654</u>
TOTAL FUNCTIONAL EXPENSES	<u>1,652,667</u>	<u>-</u>	<u>1,652,667</u>	<u>1,634,262</u>
INCREASE (DECREASE) IN NET ASSETS	82,983	(68,086)	14,897	66,845
NET ASSETS - BEGINNING OF YEAR	<u>690,047</u>	<u>278,374</u>	<u>968,421</u>	<u>901,576</u>
NET ASSETS - END OF YEAR	<u>\$ 773,030</u>	<u>\$ 210,288</u>	<u>\$ 983,318</u>	<u>\$ 968,421</u>

See Accompanying Notes and Independent Auditors' Report

READ TO A CHILD, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2025

(With Comparative Totals for the Year Ended September 30, 2024)

	SUPPORT SERVICES MANAGEMENT			2025	2024
	PROGRAM SERVICES	AND GENERAL	FUND RAISING	TOTAL	TOTAL
Salaries and Wages	\$ 973,151	\$ 61,550	\$ 179,121	\$ 1,213,822	\$ 1,157,232
Payroll Taxes	82,909	3,560	15,167	101,636	99,234
Employee Benefits	<u>73,695</u>	<u>4,956</u>	<u>15,208</u>	<u>93,859</u>	<u>91,606</u>
Total Payroll and Related Expenses	1,129,755	70,066	209,496	1,409,317	1,348,072
In-Kind Rent (Note 2)	77,376	4,956	14,184	96,516	101,084
Office and Telecommunications Expense	15,884	6,526	10,905	33,315	33,963
Direct Special Event Costs	-	-	23,846	23,846	16,991
Program Books and Supplies	22,093	-	-	22,093	23,162
Professional Fees and Consultants	9,855	2,073	10,001	21,929	30,923
In-Kind Professional Fees (Note 2)	19,200	-	-	19,200	49,492
Insurance	8,900	6,938	627	16,465	14,060
Professional Accounting Fees	-	15,000	-	15,000	14,200
Volunteer Transportation (Note 2)	10,660	-	-	10,660	8,000
Miscellaneous	2,427	161	138	2,726	3,087
Conferences and Meetings	1,510	371	145	2,026	2,651
Travel	1,296	21	371	1,688	3,368
Filing Fees	-	1,489	-	1,489	1,867
Memberships and Dues	-	-	180	180	333
Maintenance and Storage Expense	<u>-</u>	<u>63</u>	<u>-</u>	<u>63</u>	<u>-</u>
Gross Functional Expenses	1,298,956	107,664	269,893	1,676,513	1,651,253
Less Items Included in Statement of Activities:					
Direct Special Event Costs	<u>-</u>	<u>-</u>	<u>(23,846)</u>	<u>(23,846)</u>	<u>(16,991)</u>
Total Functional Expenses	<u>\$ 1,298,956</u>	<u>\$ 107,664</u>	<u>\$ 246,047</u>	<u>\$ 1,652,667</u>	<u>\$ 1,634,262</u>

See Accompanying Notes and Independent Auditors' Report

READ TO A CHILD, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

(With Comparative Totals for the Year Ended September 30, 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	\$ 14,897	\$ 66,845
Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:		
Unrealized Gain on Investments	(348)	-
(Increase) Decrease in Current & Noncurrent Assets:		
Contributions and Grants Receivable	238,783	14,678
Prepaid Expenses	(3,944)	2,326
Increase (Decrease) in Current Liabilities:		
Accounts Payable	13,134	(14,823)
Accrued Expenses	8,258	9,904
Deferred Income	-	(27,500)
Net Cash Provided by Operating Activities	<u>270,780</u>	<u>51,430</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Investments	(110,794)	(9,058)
Interest and Dividends Reinvested	<u>(2,231)</u>	<u>(932)</u>
Net Cash Used by Investing Activities	<u>(113,025)</u>	<u>(9,990)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	157,755	41,440
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>586,122</u>	<u>544,682</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 743,877</u>	<u>\$ 586,122</u>

See Accompanying Notes and Independent Auditors' Report

READ TO A CHILD, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 1 ORGANIZATION AND NATURE OF ACTIVITIES

Read to a Child is a national literacy and mentoring nonprofit that fosters a love of reading, improves literacy skills and supports socio-emotional well-being in students from under-resourced communities. In Read to a Child's Read Aloud Mentoring Program, an adult is partnered one-on-one with a student attending one of our partner elementary schools for a rewarding, weekly read aloud experience. Read to a Child has programs in the greater metropolitan areas of Boston, Detroit, Hartford, Los Angeles, and offices in Los Angeles, CA and Wellesley, MA. Support and revenue is primarily derived from contributions, special events and grants.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A description of the two net asset classes follows:

Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

With Donor Restrictions - Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time or are subject to donor-imposed restrictions such that they be maintained permanently by the Organization.

Summarized Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the prior-year financial statements, from which the summarized totals were derived.

READ TO A CHILD, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(Continued)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Organization considers equivalent to cash all money market funds and other deposits with an original maturity of ninety days or less from date of purchase. Cash equivalents are stated at cost which approximates market.

Property and Equipment

Property and equipment is stated at cost at the date of acquisition or fair value at the date of gift. Assets are capitalized if they are expected to have a useful life of greater than one year and their cost of acquisition exceeds one thousand dollars. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Depreciation expense is provided on a straight-line basis over the estimated useful life of the asset, which ranges from three to five years. There is no depreciation expense for the year ended September 30, 2025.

Contributions and Grants Receivable

Contributions and grants receivable are unconditional promises to give that are recognized when the promise is received, and they are reported at net realizable value. An allowance for uncollectible receivables is provided based upon management's analysis of the individual receivables and management's judgment, considering such factors as prior collection history, the relationship with the donor, and other relevant factors. There was no allowance for uncollectible receivables considered necessary at September 30, 2025. Contributions and grants receivable are expected to be collected on the following timeline:

Fiscal Year 2026	\$ 132,579
Fiscal Year 2027	<u>20,000</u>
Total	<u>\$ 152,579</u>

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

READ TO A CHILD, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

(Continued)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Public Support and Revenue Recognition

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions, if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions in accordance with the restriction. Net assets with restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restriction when the donor stipulated time restriction ends or the purpose restriction is accomplished by the Organization.

Employee Retention Credit

During fiscal year 2023, the Organization applied for payments under the Employee Retention Credit (ERC). The ERC is a refundable credit against certain payroll taxes allowed to an eligible employer for qualifying wages, that was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). The Organization has met the ERC's eligibility requirements and recorded the credits as government grant income in the amount of \$323,540 on the statement of activities and as a grant receivable on the statement of financial position for the year ended September 30, 2023. During the year ended September 30, 2025, \$272,663 of the ERC grant receivable was received, along with an interest payment of \$72,126, which is recognized as investment income in the statement of activities. As of September 30, 2025, \$50,877 of the ERC grant receivable remains uncollected, and the Organization has been in communication with the Internal Revenue Service to secure payment of the credit.

Laws and regulations concerning government programs, including the ERC established by the CARES Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Organization.

READ TO A CHILD, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

(Continued)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Nonfinancial Assets

Noncash donations are recorded as contributions at their fair market value at their date of donation. The Organization reports the donations in the net assets without donor restriction category, unless explicit donor stipulations specify how the donated assets must be used. Donated items such as vacation and entertainment related excursions and sports memorabilia are auctioned and sold during special events. The proceeds from these sales are recognized as special event income. For the year ended September 30, 2025, auction and related sales from donated auction items were \$24,450.

Donated services are recognized as in-kind contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased. In the operation of its Read Aloud Mentoring Program, the Organization relies heavily upon volunteers to read aloud to elementary students each week during the school year. No value for these services is reflected in the financial statements, as the criteria for recording these services in accordance with generally accepted accounting principles has not been met.

During the year, the Organization received and fully utilized in-kind contributions as follows:

Rent	\$ 96,516
Professional Fees	19,200
Transportation Services	<u>5,320</u>
Total In-kind Contributions	<u>\$ 121,036</u>

Investments and Fair Market Value

In accordance with the *Fair Value Measurement* standard, the Organization measures its investments at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The standards establish a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value.

READ TO A CHILD, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(Continued)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Fair Market Value (Continued)

This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets, Level 2 inputs consist of inputs other than quoted prices that are observable for the asset either directly or indirectly, including in markets that are not considered to be active, and Level 3 consists of inputs that are unobservable and which require significant judgment or estimation.

A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. The inputs and methodology used for valuing the investments are not indicators of the risks associated with those instruments. As of September 30, 2025, the Organization's investments are comprised entirely of cash and money market funds, which are Level 1 assets within the fair value hierarchy.

Functional Expenses

The Organization classifies its expenses on a functional basis among its program and support services. Expenses that can be identified with specific program or support services are charged directly to their functional classification. Other expenses that are common to several services are allocated by various statistical bases.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

Under FASB ASC 740-10, *Income Taxes*, an organization should recognize the tax benefit associated with uncertain tax positions taken for tax return purposes only when it is more likely than not that position will be sustained. Management does not believe there are any material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits, interest or penalties.

READ TO A CHILD, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(Continued)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

Read to a Child, Inc. qualifies as a tax-exempt nonprofit organization under Section 501(c)(3) of the Internal Revenue Code, and as such, does not pay income taxes.

Subsequent Events

The Organization has evaluated subsequent events through December 12, 2025, the date that the financial statements were available to be issued. No significant subsequent events have been identified.

NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has a policy to manage its liquidity and reserves by following three principal guidelines, which include operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term goals will be met. On an annual basis the Board of Directors approves the range of cash that the Organization shall maintain, which generally targets a minimum of two months operating cash and a maximum of eight months operating cash. As of September 30, 2025, the cash balance was within the targeted range.

The following reflects the Organization's financial assets as of September 30, 2025:

Cash and Cash Equivalents	\$ 743,877
Investments	137,381
Contributions and Grants Receivable	<u>132,579</u>
Total Financial Assets	1,013,837
Less Imposed Restrictions:	
Donor Restricted Funds	<u>(210,288)</u>
Total Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 803,549</u>

In addition, there is a \$175,000 line of credit in place that could be drawn upon if needed.

READ TO A CHILD, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

(Continued)

NOTE 4 LINE OF CREDIT

The Organization has a revolving line of credit of \$175,000 with Eastern Bank at a variable interest rate based on the bank's base rate plus 1.50%, which was 8.50% at September 30, 2025. The line of credit is secured by the assets of the Organization. The line of credit was not utilized and was fully available at year end.

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

As of September 30, 2025, net assets with donor restrictions are available for the following purposes:

Read Aloud Mentoring Program for FY26	\$ 190,288
Program Technology	<u>20,000</u>
Total Net Assets with Donor Restrictions	<u>\$ 210,288</u>

NOTE 6 CONCENTRATIONS OF BUSINESS AND CREDIT RISK

The Organization maintains its cash balances in various financial institutions. The amount insured by the Federal Deposit Insurance Corporation is \$250,000 per bank. At September 30, 2025, the uninsured cash balance was approximately \$250,600.

NOTE 7 RETIREMENT PLAN

Effective January 1, 2016, the Organization adopted a 401(k) defined contribution retirement plan for the purpose of providing eligible employees who have attained the age of 18 a tax-deferred retirement plan. For the year ended September 30, 2025, the Organization did not elect to make any employer contributions into the plan.