



READING ASSIST[®] INSTITUTE
WILMINGTON, DELAWARE

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

READING ASSIST® INSTITUTE

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to the Financial Statements	8
 SINGLE AUDIT	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	18
Schedule of Expenditures of Federal Awards	21
Notes to Schedule of Expenditures of Federal Awards	22
Schedule of Findings and Recommendations	23



INDEPENDENT AUDITOR'S REPORT

May 22, 2025

To the Board of Directors
Reading ASSIST® Institute
Wilmington, Delaware

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Reading ASSIST® Institute, a nonprofit organization, which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years 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 Reading ASSIST® Institute as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Reading ASSIST® Institute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this

To the Board of Directors
Reading ASSIST® Institute

includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Reading ASSIST® Institute's ability to continue as a going concern for one year after the date that the financial statements are 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 and *Government 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 GAAS and *Government 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 the Reading ASSIST® Institute'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 Reading ASSIST® Institute'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.

To the Board of Directors
Reading ASSIST® Institute

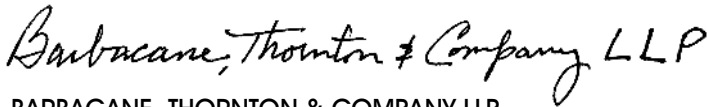
Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of federal awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), is presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2025 on our consideration of Reading ASSIST® Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Reading ASSIST® Institute's internal control over financial reporting and compliance.


BARBACANE, THORNTON & COMPANY LLP

READING ASSIST® INSTITUTE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,067,403	\$ 240,840
Accounts receivable	257,440	751,196
Prepaid expenses	19,642	17,456
Total current assets	<u>1,344,485</u>	<u>1,009,492</u>
Noncurrent Assets:		
Furniture and Equipment:		
Furniture and office equipment	82,900	82,900
Less: accumulated depreciation	<u>(82,900)</u>	<u>(82,900)</u>
Net furniture and equipment	-	-
Right-to-use asset	110,112	186,779
Investments	3,508,227	3,087,677
Other assets	<u>300</u>	<u>-</u>
Total noncurrent assets	<u>3,618,639</u>	<u>3,274,456</u>
TOTAL ASSETS	<u><u>\$ 4,963,124</u></u>	<u><u>\$ 4,283,948</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 92,913	\$ 59,680
Accrued salaries	86,958	111,411
Deferred revenues	218,300	-
Lease liability	<u>47,820</u>	<u>46,559</u>
Total current liabilities	<u>445,991</u>	<u>217,650</u>
Noncurrent Liabilities:		
Lease liability	<u>22,880</u>	<u>65,882</u>
Total noncurrent liabilities	<u>22,880</u>	<u>65,882</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	3,930,733	2,985,632
Board-designated endowment	<u>43,520</u>	<u>24,784</u>
Total without donor restrictions	<u>3,974,253</u>	<u>3,010,416</u>
With donor restrictions	<u>520,000</u>	<u>990,000</u>
Total net assets	<u>4,494,253</u>	<u>4,000,416</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,963,124</u></u>	<u><u>\$ 4,283,948</u></u>

The accompanying notes are an integral part of these financial statements.

READING ASSIST[®] INSTITUTE
STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, (LOSSES), AND OTHER SUPPORT						
Contributions	\$ 312,046	\$ 20,000	\$ 332,046	\$ 252,433	\$ -	\$ 252,433
Government grants	370,800	1,451,454	1,822,254	370,800	624,105	994,905
Tuition income and material fees	2,884,889	-	2,884,889	1,901,286	-	1,901,286
Investment income (loss) - net	456,026	-	456,026	287,569	-	287,569
Employee Retention Credit	-	-	-	-	229,671	229,671
Net assets released from restrictions	1,941,454	(1,941,454)	-	1,288,844	(1,288,844)	-
TOTAL REVENUE, GAINS, (LOSSES), AND OTHER SUPPORT	5,965,215	(470,000)	5,495,215	4,100,932	(435,068)	3,665,864
OPERATING EXPENSES						
Program services	4,181,724	-	4,181,724	2,589,203	-	2,589,203
Management and general	501,113	-	501,113	334,414	-	334,414
Fundraising	318,541	-	318,541	205,349	-	205,349
TOTAL EXPENSES	5,001,378	-	5,001,378	3,128,966	-	3,128,966
CHANGE IN NET ASSETS	963,837	(470,000)	493,837	971,966	(435,068)	536,898
NET ASSETS, BEGINNING OF YEAR	3,010,416	990,000	4,000,416	2,038,450	1,425,068	3,463,518
NET ASSETS, END OF YEAR	<u>\$ 3,974,253</u>	<u>\$ 520,000</u>	<u>\$ 4,494,253</u>	<u>\$ 3,010,416</u>	<u>\$ 990,000</u>	<u>\$ 4,000,416</u>

The accompanying notes are an integral part of these financial statements.

READING ASSIST® INSTITUTE
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	2024				2023			
	Program Service	Management and General	Fund Raising	Total	Program Service	Management and General	Fund Raising	Total
Salaries and wages	\$ 2,890,448	\$ 230,798	\$ 232,159	\$ 3,353,405	\$ 1,880,494	\$ 150,155	\$ 151,040	\$ 2,181,689
Payroll taxes	268,511	23,482	40,214	332,207	135,276	11,830	20,260	167,366
Employee benefits	116,008	62,746	-	178,754	79,670	43,092	-	122,762
Total salaries and related expenses	3,274,967	317,026	272,373	3,864,366	2,095,440	205,077	171,300	2,471,817
Advertising	27,074	2,884	485	30,443	62,048	6,610	1,111	69,769
Dues and subscriptions	1,045	4,232	51	5,328	1,152	4,668	57	5,877
Equipment and space rental	23,768	23,069	23,068	69,905	16,460	15,977	15,977	48,414
Human resources	56,723	35,219	-	91,942	3,780	2,347	-	6,127
Insurance	8,657	16,587	-	25,244	11,148	21,361	-	32,509
Office expense	44,648	2,850	3,936	51,434	32,319	2,063	2,850	37,232
Professional fees	446,849	84,553	-	531,402	181,413	34,327	-	215,740
Program materials	51,612	510	-	52,122	24,611	243	-	24,854
Public relations	5,144	127	17,896	23,167	3,737	92	13,001	16,830
Reference material	19	53	-	72	25	69	-	94
Repairs and maintenance	-	-	-	-	-	58	-	58
Staff development	3,825	2,981	636	7,442	5,549	4,325	922	10,796
Telecommunications	-	5,066	-	5,066	-	3,683	-	3,683
Travel and meal expense	8,726	2,518	96	11,340	11,963	3,452	131	15,546
Tutor expense	228,667	-	-	228,667	139,558	-	-	139,558
Website	-	3,438	-	3,438	-	30,062	-	30,062
Subtotal	4,181,724	501,113	318,541	5,001,378	2,589,203	334,414	205,349	3,128,966
Depreciation	-	-	-	-	-	-	-	-
TOTAL EXPENSES	\$ 4,181,724	\$ 501,113	\$ 318,541	\$ 5,001,378	\$ 2,589,203	\$ 334,414	\$ 205,349	\$ 3,128,966

The accompanying notes are an integral part of these financial statements.

READING ASSIST[®] INSTITUTE
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributors and grantors	\$ 2,372,600	\$ 1,247,338
Cash received from clients	3,409,692	1,458,117
Cash paid to employees and suppliers	<u>(4,920,253)</u>	<u>(2,894,983)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>862,039</u>	<u>(189,528)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	<u>(35,476)</u>	<u>(2,086,702)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(35,476)</u>	<u>(2,086,702)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	826,563	(2,276,230)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>240,840</u>	<u>2,517,070</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,067,403</u></u>	<u><u>\$ 240,840</u></u>

The accompanying notes are an integral part of these financial statements.

READING ASSIST® INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE A THE ORGANIZATION

The Reading ASSIST® Institute ("the Organization") is a not-for-profit organization that exists to advance literacy by training teachers and volunteers in a multi-sensory, sequential approach to intensive phonics for the teaching of reading, writing, and spelling to those children who need an alternative approach.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Financial Statement Presentation

In accordance with the section of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") regarding financial statements of not-for-profit organizations, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. In addition, the Organization is required to present a statement of cash flows.

Investment Income and Gains (Losses)

Investment income and gains (losses) from donor-restricted investments are reported as changes in net assets with donor restrictions in the reporting period in which the income and gains (losses) are recognized.

Revenue Recognition

The Organization's primary sources of income include grants from governmental agencies, corporate and foundation grants and contributions from the general public. These revenues are accounted for under ASC Subtopic 958-605 (ASC 958-605), "Not-for-Profit Entities: Revenue Recognition," recognizing revenue at the time of the gift if no donor restriction or barriers to the conditional receipt of the grant have been established in their underlying agreements, or over the course of time as barriers are overcome or donor restrictions have been satisfied if those conditions have been established.

Grants and contributions received are recorded as support with donor restrictions or support without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Program service fees for tutoring services are recognized when the tutoring services are performed and billed. These billings occur quarterly as the Organization charges schools a flat rate for each tutor provided.

READING ASSIST® INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated a certain portion of net assets without donor restrictions for operating reserves.

Net Assets With Donor Restrictions – Contributions restricted by donors (or certain grantors) are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. This policy is applied to all contributions, with the exception of those from the United Way of Delaware, which requires its recipients to include contributions as restricted for reporting purposes.

Income Tax Status

No provision has been made for income taxes since the Organization qualifies as a tax-exempt organization under the Internal Revenue Code Section 501(c)(3), and its activities do not result in any income tax liability. In accordance with the section of the FASB ASC regarding accounting for uncertainty in income taxes, the Organization is required to recognize the financial statement effects of a tax position if it is more likely than not that the position will be sustained upon examination. The Organization has no uncertain tax positions that qualify for recognition in the financial statements.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax penalties and interest as a result of such challenge.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

READING ASSIST® INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investments

In accordance with the FASB ASC section regarding accounting for investments of a not-for-profit organization, investments are reported at fair value. Donated securities also are reported at fair value as of the date of receipt. All realized and unrealized gains and losses arising from fluctuations in market value, sales, or other disposition of assets are accounted for in the class of net assets that owns the assets.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and related benefits are allocated based on time spent by each employee on the specified function. Direct expenses, such as tutor expense, are recorded to program service. Costs not directly attributable to a specific function are allocated based on an informal time study of time spent on each program or support function.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE C FURNITURE AND EQUIPMENT AND DEPRECIATION

Furniture and equipment are stated at cost if purchased. Donated facilities and equipment are recorded at their fair market values at the date of receipt. When such assets are sold or otherwise disposed of, the cost and accumulated depreciation are removed from their respective accounts, and any gain or loss on such disposition is recognized in the statement of activities. The Organization's policy is to capitalize items with a cost equal to or greater than \$500. Expenditures for maintenance, repairs, minor renewals, and betterments which do not improve or extend the useful life of the respective asset are expensed.

Depreciation is provided on a straight-line basis over the three to seven-year useful lives of the assets. Depreciation for the fiscal years ended June 30, 2024 and 2023 amounted to \$0 and \$0, respectively.

READING ASSIST® INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE D INVESTMENTS

Long-term investments consist of the following investment categories at June 30:

	<u>2024</u>	<u>2023</u>
Money market funds	\$ 8,153	\$ 8,021
Mutual funds:		
Component funds	45,473	40,805
Growth funds	806,326	694,141
International funds	468,024	413,632
Return funds	1,154,079	1,106,451
Value funds	<u>1,026,172</u>	<u>824,627</u>
TOTALS	<u><u>\$ 3,508,227</u></u>	<u><u>\$ 3,087,677</u></u>

Fair Value Measurement

The FASB ASC section regarding accounting for fair value measurements and disclosure establishes a hierarchy for information and valuations used in measuring fair value, which is broken down into the following three levels:

Level 1 – Valuations are based on quoted market prices in active markets for identical assets or liabilities.

Level 2 – Valuations are based on inputs that are observable, either directly or indirectly, other than quoted prices included within Level 1.

Level 3 – Valuations are based on information that is unobservable and significant to the overall fair value measurement.

The tables below present the Organization's investments measured at fair value on a recurring basis by level within the hierarchy established by the FASB ASC section regarding accounting for fair value measurements and disclosure.

<u>Description</u>	<u>Fair Value Measurements at June 30, 2024</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 8,153	\$ 8,153	\$ -	\$ -
Mutual funds:				
Component funds	45,473	-	45,473	-
Growth funds	806,326	806,326	-	-
International funds	468,024	468,024	-	-
Return funds	1,154,079	1,154,079	-	-
Value funds	<u>1,026,172</u>	<u>1,026,172</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 3,508,227</u></u>	<u><u>\$ 3,462,754</u></u>	<u><u>\$ 45,473</u></u>	<u><u>\$ -</u></u>

READING ASSIST® INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE D INVESTMENTS (cont'd)

Description	Fair Value Measurements at June 30, 2023			
		Level 1	Level 2	Level 3
Money market funds	\$ 8,021	\$ 8,021	\$ -	\$ -
Mutual funds:				
Component funds	40,805	-	40,805	-
Growth funds	694,141	694,141	-	-
International funds	413,632	413,632	-	-
Return funds	1,106,451	1,106,451	-	-
Value funds	824,627	824,627	-	-
	<u>\$ 3,087,677</u>	<u>\$ 3,046,872</u>	<u>\$ 40,805</u>	<u>\$ -</u>

Investment income (loss) consists of the following components at June 30:

	2024	2023
Unrealized gain (loss)	\$ 322,653	\$ 221,111
Realized gain (loss)	(934)	(5,094)
Interest income, net of fees	134,307	71,552
TOTALS	<u>\$ 456,026</u>	<u>\$ 287,569</u>

NOTE E NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2024 and 2023, net assets with donor restrictions were available for the following purposes:

	2024	2023
Subject to expenditure for specified purpose: Reading ASSIST® Intervention Program	\$ 420,000	\$ 890,000
Subject to the passage of time: Individual endowment	100,000	100,000
Net assets with donor restrictions	<u>\$ 520,000</u>	<u>\$ 990,000</u>

NOTE F BOARD DESIGNATED – ENDOWMENT FUND

The Board of Directors, through the generosity of an anonymous donor, established an endowment fund to teach underprivileged children how to read, write, and spell.

READING ASSIST® INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE F BOARD DESIGNATED – ENDOWMENT FUND (cont'd)

Investment transactions are directed by and subject to the oversight of the Reading ASSIST® Institute Board Finance Committee.

Spending Policy

Upon determination by the Reading ASSIST® Institute Board Finance Committee, investment earnings on the principal may be withdrawn to fund the teaching of underprivileged children.

Strategy Employed for Achieving Objectives

Per the Organization's investment policy, the assets of the endowment fund shall be invested in a manner intended to maximize the total return of the fund over the long term. The assets shall be invested in broadly diversified portfolios of various equity mutual funds, fixed-income mutual fund, or high quality corporate or government bonds. The assets are to be divided among asset classes within the following ranges:

Equity mutual funds	50% to 70%
Fixed income mutual funds, corporate bond, and government bonds	30% to 50%

At no time will individual stocks be purchased. Stocks gifted to the Organization may be retained or sold and reinvested above as deemed appropriate.

Changes in endowment for the years ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Endowment net assets, beginning of year	\$ 24,784	\$ 10,228
Net appreciation (depreciation)	<u>18,736</u>	<u>14,556</u>
Endowment net assets, end of year	<u>\$ 43,520</u>	<u>\$ 24,784</u>

NOTE G OPERATING LEASES

At June 30, 2024, the Organization had two lease agreements in effect for office equipment and office space. The Organization calculated the present value of the lease agreement at the risk-free rate as of the incurrence of each lease. The weighted remaining life of the leases as of June 30, 2024 was 2.42 years, and the weighted discount rate as of June 30, 2024 was 0.42%.

READING ASSIST® INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE G OPERATING LEASES (cont'd)

Future payments on the leases existing at June 30, 2024 are as follows:

<u>Year Ending June 30,</u>	
2025	\$ 48,256
2026	20,924
2027	918
2028	918
2029	612
Less: discount	<u>(928)</u>
	<u>\$ 70,700</u>

NOTE H ADVERTISING

The Organization expenses the production costs of advertising when incurred.

NOTE I CONCENTRATIONS

During the year ended June 30, 2024, the Organization received 21% of its total revenue, gains, and other support from a single grantor. During the year ended June 30, 2023, the Organization received 24% of its total revenue, gains, and other support from a single contributor.

NOTE J CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts which, at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. All accounts are FDIC insured for up to \$250,000. Cash at June 30, 2024 and 2023 exceeded FDIC limits by \$818,872 and \$2,785, respectively.

NOTE K LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets at June 30, 2024:

Financial assets at year end:	
Cash and cash equivalents	\$ 1,067,403
Investments	3,508,227
Accounts receivable	<u>257,440</u>
Total financial assets available at year-end	<u>4,833,070</u>

READING ASSIST® INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE K LIQUIDITY AND AVAILABILITY (cont'd)

(cont'd)

Less: amounts not available to be used within one year:

 Net assets with donor restrictions 520,000

Financial assets available to meet general
 expenditures within one year \$ 4,313,070

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and investments.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities as well as the conduct of services undertaken to support those activities to be general expenditures, including administration and fund-raising expenses. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

The Organization's Board of Directors has designated a portion of its unrestricted resources for operating reserves. The Board-designated funds are invested in cash and cash equivalents and marketable securities and remain available to be spent for operations at the discretion of the Board. The funds could be drawn upon through a Board resolution.

NOTE L SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through May 22, 2025, the date the financial statements were available to be issued.

SINGLE AUDIT



INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

May 22, 2025

To the Board of Directors
Reading ASSIST® Institute
Wilmington, Delaware

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Reading ASSIST® Institute ("the Organization") which comprise the statement of financial position as of June 30, 2024 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 22, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


BARBACANE, THORNTON & COMPANY LLP



INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

May 22, 2025

To the Board of Directors
Reading ASSIST® Institute
Wilmington, Delaware

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Reading ASSIST® Institute's ("the Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2024. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

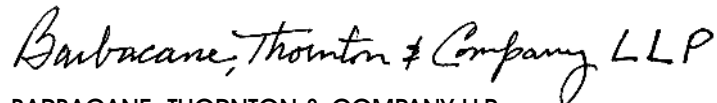
Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


BARBACANE, THORNTON & COMPANY LLP

READING ASSIST[®] INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR PROJECT TITLE</u>	<u>SOURCE CODE</u>	<u>FEDERAL ALN</u>	<u>PASS-THROUGH GRANTOR'S NUMBER</u>	<u>GRANT PERIOD BEGINNING / ENDING DATES</u>	<u>EXPENDITURES</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>
AmeriCorps State and National	D	94.006	N/A	07/01/23 - 06/30/24	\$ 1,161,078	\$ -
<u>Passed Through State of Delaware</u> AmeriCorps State and National	I	94.006	2FXBDE0010001	07/01/23 - 06/30/24	<u>290,376</u>	<u>-</u>
TOTAL FEDERAL AWARDS					<u><u>\$ 1,451,454</u></u>	<u><u>\$ -</u></u>

Source Codes:

D = Direct Funding
I = Indirect Funding

READING ASSIST® INSTITUTE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A SCOPE OF SCHEDULE

The schedule of expenditures of federal awards reflects federal expenditures for all individual grants which were active during the fiscal year.

NOTE B BASIS OF ACCOUNTING

The Organization uses the accrual method of recording transactions. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

NOTE C INDIRECT COST RATE

The Organization has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

- | | | |
|---|-------------------|----------------------------|
| • Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None reported |
| • Noncompliance material to financial statements noted? | <u> </u> Yes | <u> X </u> No |

Federal Awards

Internal control over major programs:

- | | | |
|---|-------------------|----------------------------|
| • Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None reported |

Type of auditor's report issued on compliance for major program [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

 Yes X No

Identification of major program:

Assistance Listing Number

Name of Federal Program or Cluster

94.006

AmeriCorps State and National

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 Yes X No

READING ASSIST® INSTITUTE

SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.