

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

	Year Ended	Year Ended			
	<u>6/30/2010</u>	<u>6/30/2009</u>	<u>6/30/2008</u>	<u>6/30/2007</u>	<u>6/30/2006</u>
Assets					
Cash and cash equivalents	\$ 60,957	\$ 110,646	\$ 124,497	\$ 120,236	\$ 76,627
Grants and pledges receivable	15,799	8,324	22,097	298	20,386
Other receivables	1,300	1,300	1,300	650	650
Inventories	44,540	13,850	12,710	9,680	7,417
Prepaid expenses	-	-	-	-	-
Prepaid insurance	2,664	2,272	2,298	2,286	2,098
Equipment, net of depreciation	1,303	2,270	2,425	3,035	2,565
Total assets	\$ 126,563	\$ 138,663	\$ 165,327	\$ 136,185	\$ 109,743
Liabilities					
Accounts payable	\$ 1,946	\$ 3,446	\$ 2,423	\$ 2,829	\$ 2,095
Accrued expenses	648	1,303	2,666	1,086	2,038
Total liabilities	2,594	4,749	5,089	3,915	4,134
Net assets					
Unrestricted	14,224	75,518	77,359	81,893	50,368
Temporarily restricted	109,745	58,396	82,879	50,377	55,241
Total net assets	123,969	133,914	160,238	132,270	105,610
Total liabilities and net assets	\$ 126,563	\$ 138,663	\$ 165,327	\$ 136,185	\$ 109,743

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

	Year Ended		Year Ended		
	6/30/2010	6/30/2009	6/30/2008	6/30/2007	6/30/2006
Revenues and other support					
Individual contributions	\$ 41,048	\$ 41,931	\$ 46,955	\$ 33,449	\$ 28,342
Business donations	15,490	8,176	8,820	13,734	8,786
Corporate grants	14,000	28,500	27,000	28,500	7,000
Private foundation donations	12,000	2,300	5,650	2,750	10,500
Private foundation grants	25,000	16,500	58,500	52,500	50,000
Civic league grants	10,000	10,000	-	-	-
Public charity donations	8,053	4,160	5,120	400	1,000
Public charity grants	23,700	37,500	17,750	16,467	10,000
Publicly-supported organizations	820	641	504	108	1,762
Government grant	4,000	-	-	-	-
Donated services	600	600	600	600	600
Donated food	1,050	1,775	2,647	2,314	840
Donated prize books	45,929	22,011	20,305	7,673	5,054
Donated volunteer recognition	1,220	1,322	2,441	2,352	1,531
Other in kind donations	515	-	-	-	110
Special events	14,261	30,099	16,037	9,380	7,427
Interest	204	2,816	3,711	4,360	1,334
Total revenues and other support	\$ 217,891	\$ 208,332	\$ 216,039	\$ 174,587	\$ 134,287
Expenses					
Functional expenses					
Office and other expenses					
Employee salary	\$ 111,718	\$ 109,782	\$ 83,667	\$ 72,917	\$ 44,922
Employee benefits	9,050	7,804	6,721	5,748	3,586
Payroll taxes	10,600	10,551	7,768	7,345	4,947
Professional fees	1,804	1,568	1,476	3,569	3,110
Supplies	2,191	3,374	3,639	2,598	721
Telecommunications	2,264	2,257	1,793	1,732	1,972
Postage, delivery, copying	1,172	1,223	1,152	1,102	913
Information technology	2,655	2,879	1,738	2,755	2,220
Occupancy expenses	14,880	14,880	13,080	7,680	7,350
Conferences and meetings	1,050	1,086	1,104	1,267	1,107
Depreciation expense	968	932	1,295	877	2,357
Insurance	2,544	2,613	2,095	2,381	2,423
Fundraising expenses	215	829	589	554	369
Miscellaneous expenses	530	596	544	255	367
Total office and other expenses	161,641	160,374	126,659	110,779	76,364
Reading club expenses					
Reading club books	30,059	29,313	26,271	17,450	14,068
Student prize books	15,549	17,014	16,923	8,623	9,967
Teacher prize books	3,818	5,177	1,764	1,281	1,453
Parent prize books	3,157	3,800	3,203	1,369	770
Food for volunteers	3,202	3,841	3,912	3,610	1,956
School support	405	330	-	-	-
Shipping cost for donated books	2,086	1,820	2,720	-	-
Volunteer recognition expenses	1,266	1,358	2,480	2,352	1,531
Total reading club expenses	59,541	62,653	57,274	34,686	29,745
Total functional expenses	221,183	223,027	183,934	145,465	106,109
Fundraising direct expenses					
Special event direct expenses	6,652	11,629	4,138	2,461	2,958
Total fundraising direct expenses	6,652	11,629	4,138	2,461	2,958
Total expenses	\$ 227,835	\$ 234,656	\$ 188,071	\$ 147,926	\$ 109,067
Change in net assets	\$ (9,945)	\$ (26,324)	\$ 27,968	\$ 26,661	\$ 25,220

**Reading to Kids
Detailed Reading Club Expenses
Fiscal Year: July 1 through June 30**

	Year Ended		Year Ended		
	6/30/2010	6/30/2009	6/30/2008	6/30/2007	6/30/2006
Reading club expenses					
School expenses					
Gratts					
Reading club books	\$ 3,594	\$ 3,569	\$ 3,990	\$ 3,032	\$ 3,389
Student prize books	1,913	2,022	2,739	1,293	2,054
Teacher prize books	463	551	192	139	370
Parent prize books	343	373	431	197	144
Food for volunteers	348	443	570	746	597
Total Gratts	6,661	6,958	7,922	5,408	6,554
Esperanza					
Reading club books	4,765	4,386	3,862	3,894	3,738
Student prize books	2,560	2,810	2,347	1,954	2,845
Teacher prize books	654	661	291	308	374
Parent prize books	393	393	112	102	199
Food for volunteers	368	434	500	702	598
Total Esperanza	8,740	8,684	7,112	6,961	7,754
Magnolia					
Reading club books	4,795	4,268	4,334	3,754	3,658
Student prize books	2,593	2,443	2,950	1,836	2,246
Teacher prize books	600	703	234	274	297
Parent prize books	397	344	492	399	360
Food for volunteers	442	551	640	842	420
School support	-	330	-	-	-
Total Magnolia	8,828	8,640	8,649	7,104	6,981
Noble					
Reading club books	-	-	-	-	3,044
Student prize books	-	-	-	-	2,649
Teacher prize books	-	-	-	-	337
Parent prize books	-	-	-	-	18
Food for volunteers	-	-	-	-	292
Total Noble	-	-	-	-	6,341
Hoover					
Reading club books	3,512	4,015	4,331	3,824	240
Student prize books	1,737	2,479	2,912	2,073	172
Teacher prize books	473	698	247	305	74
Parent prize books	383	615	519	406	48
Food for volunteers	430	481	566	713	49
School support	405	-	-	-	-
Total Hoover	6,940	8,288	8,576	7,320	584
Politi					
Reading club books	3,394	3,208	3,201	2,268	-
Student prize books	1,700	1,876	1,761	1,102	-
Teacher prize books	354	606	192	174	-
Parent prize books	372	564	441	163	-
Food for volunteers	416	521	541	390	-
Total Politi	6,235	6,775	6,135	4,097	-
White					
Reading club books	2,872	2,532	2,904	679	-
Student prize books	1,386	1,313	1,705	365	-
Teacher prize books	197	413	261	80	-
Parent prize books	229	220	498	102	-
Food for volunteers	342	422	502	217	-
Total White	5,026	4,900	5,870	1,443	-
Los Angeles					
Reading club books	4,038	4,283	3,191	-	-
Student prize books	2,150	2,425	2,216	-	-
Teacher prize books	632	882	290	-	-
Parent prize books	550	727	611	-	-
Food for volunteers	459	538	505	-	-
Total Los Angeles	7,829	8,855	6,813	-	-
Alta Loma					
Reading club books	3,089	3,051	459	-	-
Student prize books	1,510	1,646	293	-	-
Teacher prize books	444	664	58	-	-
Parent prize books	489	563	99	-	-
Food for volunteers	399	451	88	-	-
Total Alta Loma	5,931	6,375	996	-	-
Total school expenses	\$ 56,189	\$ 59,475	\$ 52,074	\$ 32,334	\$ 28,214
Other reading club expenses					
Shipping cost for donated books	2,086	1,820	2,720	-	-
Volunteer recognition expenses	1,266	1,358	-	2,352	1,531
Total other reading club expenses	\$ 3,352	\$ 3,178	\$ 5,200	\$ 2,352	\$ 1,531
Total reading club expenses	\$ 59,541	\$ 62,653	\$ 57,274	\$ 34,686	\$ 29,745

Reading to Kids
Detailed Statement of Activities
For the Year Ended June 30, 2010

	Unrestricted	Temporarily Restricted	Total
Revenues and other support			
Individual contributions	\$ 41,048	\$ -	\$ 41,048
Business donations	15,490	-	15,490
Corporate grants	-	14,000	14,000
Private foundation donations	6,000	6,000	12,000
Private foundation grants	-	25,000	25,000
Civic league grants	-	10,000	10,000
Public charity donations	1,053	7,000	8,053
Public charity grants	1,200	22,500	23,700
Publicly-supported organizations	820	-	820
Government grant	-	4,000	4,000
Donated services	600	-	600
Donated food	1,050	-	1,050
Donated prize books	512	45,417	45,929
Donated volunteer recognition	1,220	-	1,220
Other in kind donations	515	-	515
Special events	14,261	-	14,261
Interest	204	-	204
Net assets released from restrictions			
Satisfaction of program restrictions	82,568	(82,568)	-
Total revenues and other support	\$ 166,541	\$ 51,349	\$ 217,891
Expenses			
Functional expenses			
Office and other expenses			
Employee salary	\$ 111,718	\$ -	\$ 111,718
Employee benefits	9,050	-	9,050
Payroll taxes	10,600	-	10,600
Professional fees	1,804	-	1,804
Supplies	2,191	-	2,191
Telecommunications	2,264	-	2,264
Postage, delivery, copying	1,172	-	1,172
Information technology	2,655	-	2,655
Occupancy expenses	14,880	-	14,880
Conferences and meetings	1,050	-	1,050
Depreciation expense	968	-	968
Insurance	2,544	-	2,544
Fundraising expenses	215	-	215
Miscellaneous expenses	530	-	530
Total office and other expenses	161,641	-	161,641
Reading club expenses			
Reading club books	30,059	-	30,059
Student prize books	15,549	-	15,549
Teacher prize books	3,818	-	3,818
Parent prize books	3,157	-	3,157
Food for volunteers	3,202	-	3,202
School support	405	-	405
Shipping cost for donated books	2,086	-	2,086
Volunteer recognition expenses	1,266	-	1,266
Total reading club expenses	59,541	-	59,541
Total functional expenses	221,183	-	221,183
Fundraising direct expenses			
Special event direct expenses	6,652	-	6,652
Total fundraising direct expenses	6,652	-	6,652
Total expenses	\$ 227,835	\$ -	\$ 227,835
Change in net assets	\$ (61,294)	\$ 51,349	\$ (9,945)
Net assets at beginning of period	75,518	58,396	133,914
Net assets at end of period	\$ 14,224	\$ 109,745	\$ 123,969

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

	Year Ended		Year Ended		
	6/30/2010	6/30/2009	6/30/2008	6/30/2007	6/30/2006
Cash flows from operating activities					
Cash received from contributors	\$ 160,897	\$ 193,580	\$ 164,537	\$ 177,376	\$ 111,903
Cash paid to employees and vendors	(210,790)	(209,470)	(163,301)	(136,779)	(98,758)
Interest received	204	2,816	3,711	4,360	1,334
Net cash provided by operating activities	(49,689)	(13,074)	4,946	44,956	14,479
Cash flows from investing activities					
Purchase of equipment	-	(777)	(685)	(1,347)	(1,528)
Net cash provided by investing activities	-	(777)	(685)	(1,347)	(1,528)
Net increase in cash and cash equivalents	(49,689)	(13,851)	4,261	43,609	12,951
Cash and cash equivalents beginning of period	110,646	124,497	120,236	76,627	63,676
Cash and cash equivalents end of period	\$ 60,957	\$ 110,646	\$ 124,497	\$ 120,236	\$ 76,627
Reconciliation of change in net assets to net cash provided by operating activities					
Change in net assets	\$ (9,945)	\$ (26,324)	\$ 27,968	\$ 26,661	\$ 25,220
Adjustments to reconcile change in net assets to net cash provided by operating activities					
Depreciation	968	932	1,295	877	2,357
(Increase) decrease in					
Grants and pledges receivable	(7,475)	13,773	(21,799)	20,088	(12,914)
Other receivables	-	-	(650)	-	-
Inventories	(30,690)	(1,140)	(3,030)	(2,264)	(543)
Prepaid expenses	-	-	-	-	125
Prepaid insurance	(392)	26	(12)	(188)	55
Increase (decrease) in					
Accounts payable	(1,500)	1,022	(405)	733	(810)
Accrued expenses	(655)	(1,363)	1,580	(952)	989
Net cash provided by operating activities	\$ (49,689)	\$ (13,074)	\$ 4,946	\$ 44,956	\$ 14,479

**Reading to Kids
Statement of Functional Expenses
For the Year Ended June 30, 2010**

	Program Expenses	General and Administrative	Fundraising	Total
Personnel expenses				
Employee salary	\$ 74,479	\$ 18,620	\$ 18,620	\$ 111,718
Employee benefits	6,033	1,508	1,508	9,050
Payroll taxes	7,066	1,767	1,767	10,600
Total personnel expenses	87,578	21,895	21,895	131,368
Reading club expenses				
Reading club books	30,059	-	-	30,059
Student prize books	15,549	-	-	15,549
Teacher prize books	3,818	-	-	3,818
Parent prize books	3,157	-	-	3,157
Food for volunteers	3,202	-	-	3,202
School support	405	-	-	405
Shipping cost for donated books	2,086	-	-	2,086
Volunteer recognition expenses	1,266	-	-	1,266
Total reading club expenses	59,541	-	-	59,541
Office and other expenses				
Professional fees	-	1,804	-	1,804
Supplies	1,461	365	365	2,191
Telecommunications	1,509	377	377	2,264
Postage, delivery, copying	782	195	195	1,172
Information technology	1,770	442	442	2,655
Occupancy expenses	9,920	2,480	2,480	14,880
Conferences and meetings	700	175	175	1,050
Depreciation expense	645	161	161	968
Insurance	-	2,544	-	2,544
Fundraising expenses	-	-	215	215
Miscellaneous expenses	354	88	88	530
Total office and other expenses	17,141	8,633	4,500	30,274
Total functional expenses	\$ 164,260	\$ 30,528	\$ 26,394	\$ 221,183
	74.3%	13.8%	11.9%	100.0%

Reading to Kids
Notes to Financial Statements
For the Year Ended June 30, 2010

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 that *Reading to Kids* has received dating back to 1999 (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; Epson America, Inc.; 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; The Charles Evans Foundation; Eli and Edythe Broad 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 Playa Foundation; The Riordan Foundation; Roth Family Foundation; Whitecap Foundation.

Private foundation grants (including Civic League and Social Welfare Organizations): Competitive grants *Reading to Kids* has received dating back to 1999 (The Aaroe Associates Charitable Foundation; The Ahmanson Foundation; California Wellness Foundation; Crail-Johnson Foundation; The Durfee Foundation; Dwight Stuart Youth Fund; 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 that *Reading to Kids* has received dating back to 1999 (Disney VoluntEARS Community Fund; Elfun (General Electric/GE Capital/NBC); Employees Charity Organization Northrop Grumman; Employee's Community Fund of Boeing California; Entertainment Industry Foundation; First Book; Frieda C. Fox Family Foundation; Independent Colleges-Southern California; Jack & Denny Smith Literacy Memorial Fund; KTLA-TV Charities Fund, a fund of the McCormick Foundation; Los Angeles Clippers Foundation; L.A. Lakers Youth Foundation; Los Angeles Times Family Fund; Lucile Packard Foundation; 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 prize books for reading clubs from numerous sources, including Barnes & Noble Encino; Kids in Distressed Situations; First Book; Scholastic.

Donated volunteer hours: Donated volunteer hours from May 1999 through June 2010 are not included in the Financial Statements, but their value has been estimated to be **\$1,900,671 (100,074** 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.

Net Worth by Month
As of June 30, 2010

Assets
Liabilities
Net Worth

\$ in 1,000's
150

100

50

0

-50

Jul31,09

Aug31,09

Sep30,09

Oct31,09

Nov30,09

Dec31,09

Jan31,10

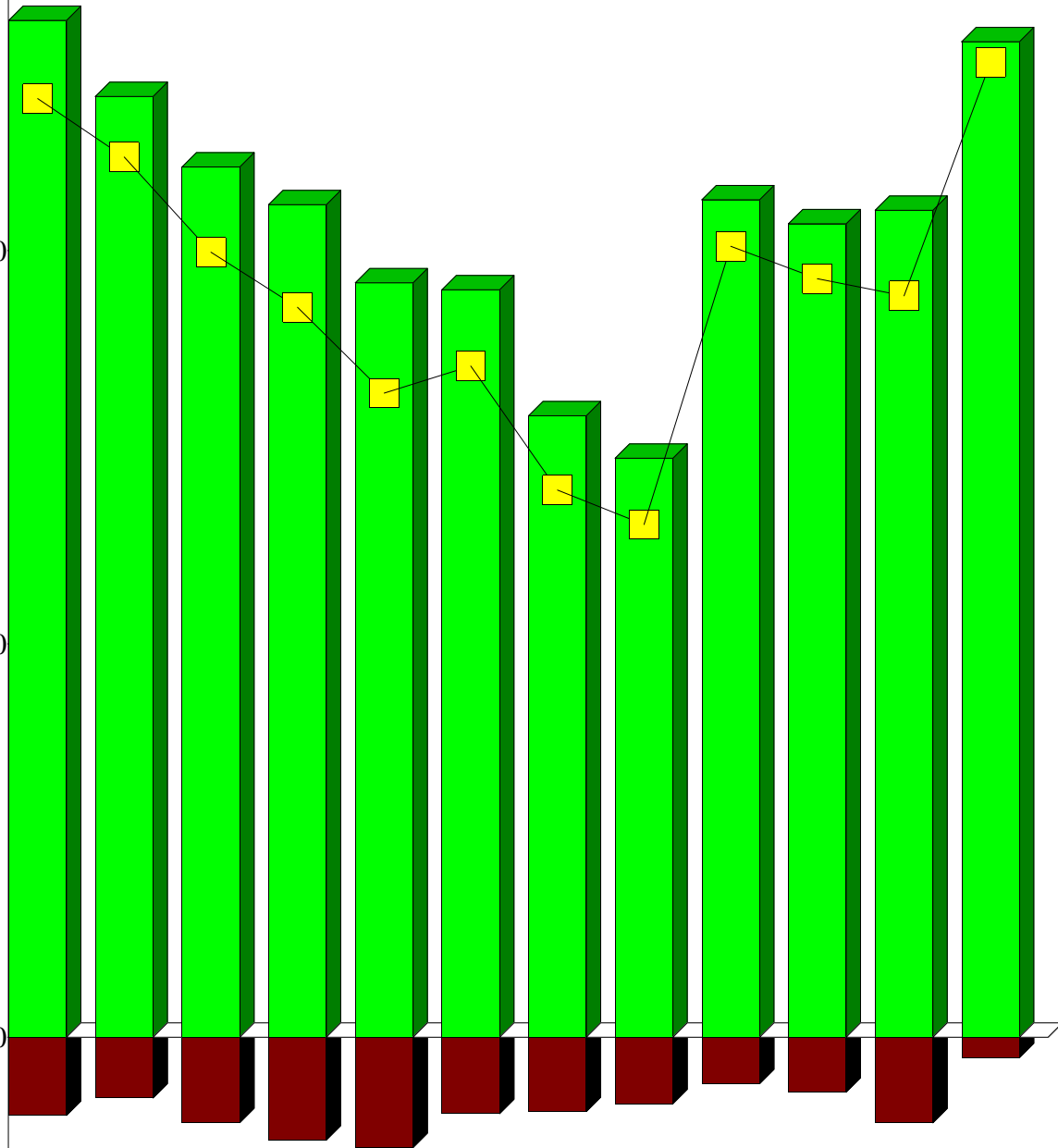
Feb28,10

Mar31,10

Apr30,10

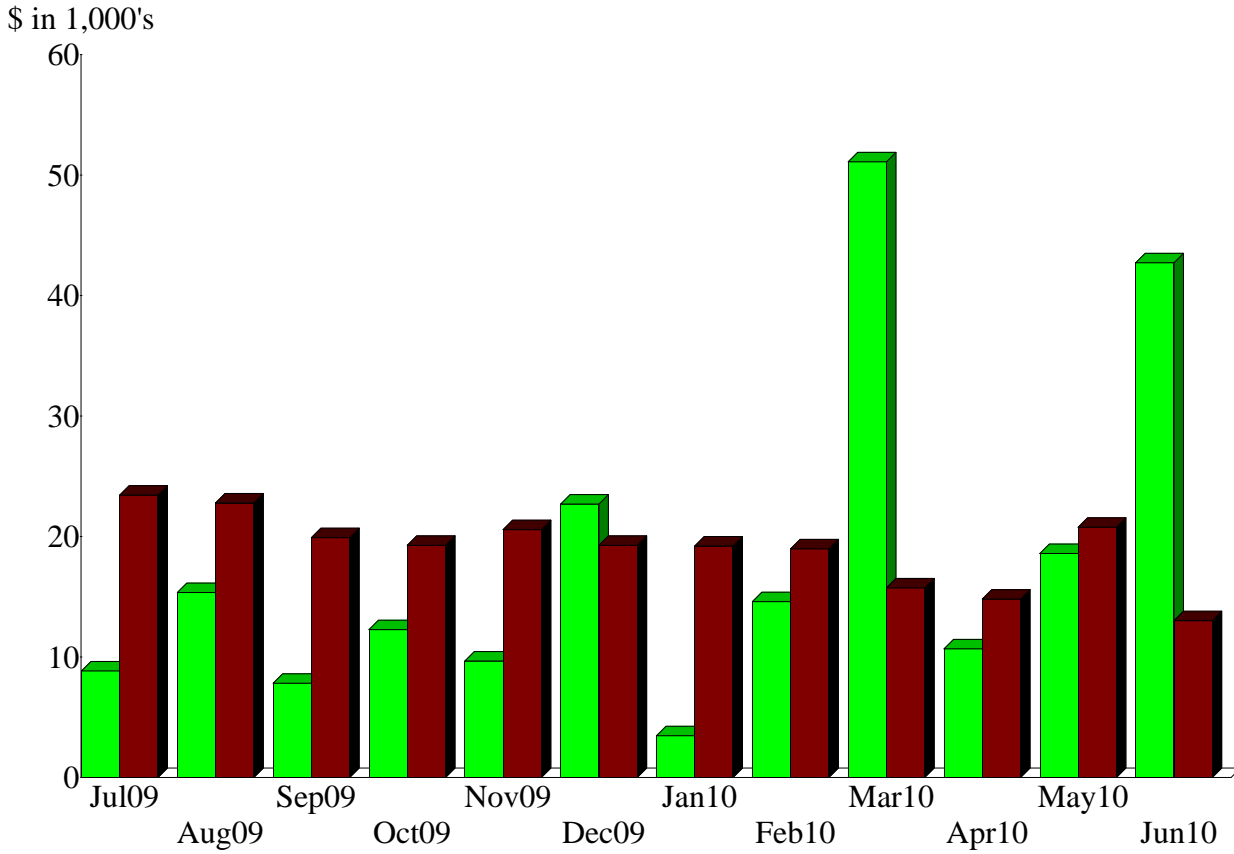
May31,10

Jun30,10



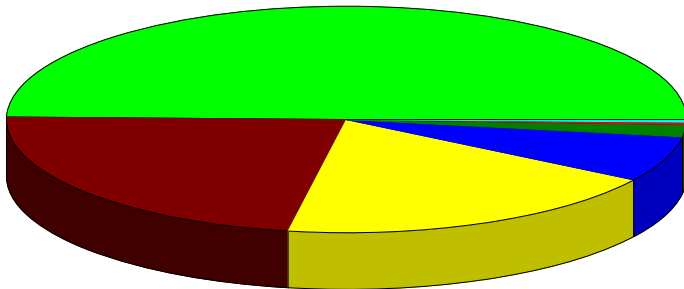
Income and Expense by Month
July 2009 through June 2010

Income
Expense



Income Summary
July 2009 through June 2010

409999 · Corporations & foundations	%49.68
489999 · In-kind contributions	22.63
399999 · Individual contributions	18.84
619999 · Special events	6.54
449999 · Government grants	1.84
439999 · Other grants	0.38
539999 · Investment income	0.09
Total	\$217,890.56



By Account