

READING IN MOTION
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Reading In Motion
Chicago, Illinois

Opinion

We have audited the accompanying financial statements of Reading In Motion (RIM), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RIM as of June 30, 2022 and 2021, and the activities and 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 of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 RIM 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 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RIM's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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

INDEPENDENT AUDITOR'S REPORT (Continued)

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 RIM'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 RIM'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.

Wells, CPA

Columbus, Ohio
December 15, 2022

READING IN MOTION
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash (Note 5)	\$ 4,391	\$ 129,620
Receivables, net of allowance of \$0 and \$14,500 for the years 2022 and 2021, respectively:		
Promises to Give	84,650	18,500
Program Services	47,789	85,376
Total Receivables	<u>132,439</u>	<u>103,876</u>
Prepaid Expenses	23,380	12,592
Inventory	26,456	37,916
Total Current Assets	<u>186,666</u>	<u>284,004</u>
Cash Restricted by Donors (Note 5)	114,843	126,082
Property and Equipment		
Furniture and Fixtures	30,754	30,754
Software	58,660	58,660
Project in Progress	302,806	268,340
Less Accumulated Depreciation	<u>(89,191)</u>	<u>(88,820)</u>
Net Property and Equipment	<u>303,029</u>	<u>268,934</u>
TOTAL ASSETS	<u>\$ 604,538</u>	<u>\$ 679,020</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	8,165	206,658
Total Current Liabilities	<u>8,165</u>	<u>206,658</u>
Deferred Revenue	48,835	35,900
PPP Loan Payable	-	264,800
Total Liabilities	<u>57,000</u>	<u>507,358</u>
Net Assets		
Without Donor Restrictions	432,695	45,580
With Donor Restrictions (Note 9)	114,843	126,082
Total Net Assets	<u>547,538</u>	<u>171,662</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 604,538</u>	<u>\$ 679,020</u>

The accompanying notes are an integral part of the financial statements

**READING IN MOTION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Grants and Contributions						
Foundations	\$ 424,565	\$ 85,900	\$ 510,465	\$ 530,025	\$ -	\$ 530,025
Corporate	16,000	-	16,000	31,106	-	31,106
Individual and Board Grants	187,950	-	187,950	179,627	-	179,627
Special Events, Net	25,950	-	25,950	18,700	-	18,700
In-Kind	3,563	-	3,563	4,335	-	4,335
Net Assets Released From Restrictions (Note 9)	-	-	-	5,402	-	5,402
	100,215	(100,215)	-	379,674	(379,674)	-
Total Grants and Contributions	758,243	(14,315)	743,928	1,148,869	(379,674)	769,195
Revenue from Operations						
Program Services	207,990	-	207,990	285,470	-	285,470
Other Income						
Interest	-	-	-	1,251	-	1,251
PPP Loan Forgiveness	264,800	-	264,800	250,400	-	250,400
Total Other Income	264,800	-	264,800	251,651	-	251,651
Total Revenue and Support	1,231,033	(14,315)	1,216,718	1,685,990	(379,674)	1,306,316
Expenses						
Program Services						
Benchmarks	319,834	-	319,834	437,759	-	437,759
Spanish	71,526	-	71,526	184,750	-	184,750
National Expansion	-	-	-	300,030	-	300,030
Research and development	125,835	-	125,835	124,977	-	124,977
Total Program Services	517,195	-	517,195	1,047,516	-	1,047,516
Administrative and General	165,796	-	165,796	332,828	-	332,828
Fundraising and Development	157,851	-	157,851	261,102	-	261,102
Total Expenses	840,842	-	840,842	1,641,446	-	1,641,446
Change in Net Assets	390,191	(14,315)	375,876	44,544	(379,674)	(335,130)
Net Assets						
Beginning Net Assets	42,504	129,158	171,662	(2,040)	508,832	506,792
Ending Net Assets	\$ 432,695	\$ 114,843	\$ 547,538	\$ 42,504	\$ 129,158	\$ 171,662

The accompanying notes are an integral part of the financial statements

**READING IN MOTION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
Cash Flows From Operating Activities		
Change in Net Assets	\$ 375,876	\$ (335,130)
Adjustments to Reconcile (Decrease) Increase in Net Assets to Net Cash (Used in) Provided by Operating Activities		
Depreciation	371	371
Forgiveness of PPP Loan	(264,800)	(250,400)
Change In Assets and Liabilities		
Receivables	(28,563)	139,171
Prepaid Expenses	(10,788)	36,645
Inventory	11,460	(18,218)
Security Deposit	-	34,581
Accounts Payable	(198,493)	(10,120)
Deferred Lease Incentive	-	(16,535)
Deferred Revenue	12,935	4,400
Net Cash Used in Operating Activities	(102,002)	(415,235)
Cash Flows From Investing Activities		
Purchase of Property and Equipment	(34,466)	(228,199)
Net Cash Used in Investing Activities	(34,466)	(228,199)
Cash Flows From Financing Activities		
Proceeds from Loan	-	264,800
Net Cash Provided by Financing Activities	-	264,800
Net Increase In Cash	(136,468)	(378,634)
Cash and Restricted Cash at Beginning of Year	255,702	634,336
Cash and Restricted Cash at End of Year (Note 5)	\$ 119,234	\$ 255,702

The accompanying notes are an integral part of the financial statements

READING IN MOTION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

Expenses	<u>Benchmarks</u>	<u>Spanish</u>	<u>Research and Development</u>	<u>Program Services Total</u>	<u>Administrative and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salary and Payroll Tax Expenses	173,555	40,195	69,171	282,921	114,821	93,721	491,463
Employee Benefits	37,751	8,743	19,581	66,075	24,976	20,386	111,437
	<u>211,306</u>	<u>48,938</u>	<u>88,752</u>	<u>348,996</u>	<u>139,797</u>	<u>114,107</u>	<u>602,900</u>
Bank Processing Fees	2,371	549	1,230	4,150	1,569	1,281	7,000
Depreciation Expense	-	-	-	-	371	-	371
Donor and Staff Recognition	3,522	816	1,827	6,165	2,330	1,902	10,397
Dues and Subscriptions	19,836	4,594	10,289	34,719	2,057	1,679	38,455
Insurance	4,912	1,138	2,548	8,598	3,250	2,653	14,501
Meals and Entertainment	6,585	1,525	3,416	11,526	4,357	3,556	19,439
Office Supplies and Equipment	209	48	108	365	98	80	543
Postage Expense	839	194	435	1,468	302	247	2,017
Printing Expense	8	2	4	14	-	-	14
Professional Fees	27,261	6,314	14,140	47,715	7,729	29,134	84,578
Program Supplies and materials	26,335	4,287	-	30,622	-	-	30,622
Rent and Utilities	158	37	82	277	105	85	467
Telephone	3,425	793	1,776	5,994	2,266	1,849	10,109
Training Expense	19	4	10	33	12	10	55
Miscellaneous	31	8	16	55	20	17	92
Travel and Transportation Expense	2,318	537	1,202	4,057	1,533	1,251	6,841
Warehouse and Processing Expense	10,699	1,742	-	12,441	-	-	12,441
Totals	<u>\$ 319,834</u>	<u>\$ 71,526</u>	<u>\$ 125,835</u>	<u>\$ 517,195</u>	<u>\$ 165,796</u>	<u>\$ 157,851</u>	<u>\$ 840,842</u>

The accompanying notes are an integral part of the financial statements

READING IN MOTION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Benchmarks	Spanish	National Expansion	Research and Development	Program Services Total	Administrative and General	Fundraising and Development	Total
Expenses								
Salary and Payroll Tax Expenses	308,987	128,143	232,137	82,105	751,372	147,751	158,801	1,057,924
Employee Benefits	33,351	13,831	25,056	8,862	81,100	15,949	17,141	114,190
	<u>342,338</u>	<u>141,974</u>	<u>257,193</u>	<u>90,967</u>	<u>832,472</u>	<u>163,700</u>	<u>175,942</u>	<u>1,172,114</u>
Bank Processing Fees	-	-	-	-	-	675	6,899	7,574
Depreciation Expense	-	-	-	-	-	371	-	371
Donor and Staff Recognition	99	59	85	79	322	324	130	776
Dues and Subscriptions	3,661	1,558	799	1,093	7,111	1,756	9,041	17,908
Insurance	1,745	2,098	3,819	1,284	8,946	8,506	2,293	19,745
Meals and Entertainment	-	-	-	-	-	167	200	367
Office Supplies and Equipment	385	160	-	102	647	830	145	1,622
Postage Expense	237	134	-	172	543	666	382	1,591
Printing Expense	354	210	812	284	1,660	2,773	1,854	6,287
Professional Fees	18,190	7,957	11,679	7,065	44,891	36,444	18,733	100,068
Program Supplies and materials	26,869	8,485	10,560	-	45,914	-	-	45,914
Rent and Utilities	27,511	16,309	-	22,091	65,911	90,176	36,215	192,302
Telephone	1,074	637	2,750	863	5,324	3,521	1,414	10,259
Training Expense	11	7	-	9	27	37	62	126
Miscellaneous	1,124	666	2,474	903	5,167	2,382	7,792	15,341
Travel and Transportation Expense	246	102	-	65	413	-	-	413
Warehouse and Processing Expense	13,915	4,394	9,859	-	28,168	-	-	28,168
Bad Debt Expense	-	-	-	-	-	20,500	-	20,500
Totals	<u>\$ 437,759</u>	<u>\$ 184,750</u>	<u>\$ 300,030</u>	<u>\$ 124,977</u>	<u>\$ 1,047,516</u>	<u>\$ 332,828</u>	<u>\$ 261,102</u>	<u>\$ 1,641,446</u>

The accompanying notes are an integral part of the financial statements

**READING IN MOTION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 1 - ORGANIZATION

Reading In Motion (RIM) was established in 1983 with the mission to get every at-risk child reading at or above grade level within the first years of school, through the power and discipline of the arts. RIM maintains the following principal programs:

RIM Aspire is a world-class reading program for at-risk children. This program uses arts-based activities that are physical, kinesthetic, and imaginative to address key reading skills. During the year ended June 30, 2022, 3,750 pre-kindergarten, kindergarten, 1st grade, and 2nd grade students benefited from this program. In 2021, 4,525 pre-kindergarten, kindergarten, 1st grade, and 2nd grade students benefited from this program. Benchmarks includes the Extra Dosage component, which provides well-trained Extra Dosage instructors in first grade classrooms to provide additional small group instruction, at the same time the teacher is doing small group instruction in the same room.

Spanish is the Spanish language version of RIM Aspire and is an adaptation designed to be used in bilingual pre-kindergarten, kindergarten, and 1st grade classrooms in which reading is taught in Spanish. This program uses music and drama-based activities to address key reading and pre-reading skills. During the year ended June 30, 2022, 425 pre-kindergarten, kindergarten, 1st grade, and 2nd grade students benefited from this program. In 2021, 635 pre-kindergarten, kindergarten, 1st grade, and 2nd grade students benefited from this program. The Spanish adaptation accounts for the particulars of the Spanish language and its orthography, such as an emphasis on syllabic segmentation and an earlier push for encoding and decoding skills.

Certain marketing and program development expenses are considered to benefit both programs.

National Expansion Program is focused on bringing RIM's best in class Benchmarks program (in English and Spanish) to other major metropolitan areas across the United States with large populations of at-risk students. Within each city, RIM will pursue a staged expansion strategy, beginning with kindergarten and then adding new grades and additional schools annually, allowing for simpler, more effective program implementation. During the year ended June 30, 2017, RIM secured agreements with schools in Las Vegas under the National Expansion Program. 900 and 1,525 students participated in the National Expansion Program during the years ended June 30, 2022 and 2021, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
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Method of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation - To conform with generally accepted accounting principles, RIM is required to report information regarding its financial position and activities according to two classes of net assets: without donor restriction and with donor restriction.

READING IN MOTION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets without Donor Restrictions - Net assets without donor restrictions are not subject to donor-imposed restrictions and available to finance the general operations of RIM. The only limits on the use of net assets without donor restriction are the broad limits resulting from the nature of RIM, the environment in which it operates, and the purposes specified in its articles of incorporation.

Net Assets with Donor Restrictions - Net assets with donor restrictions are subject to donor or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. On June 30, 2022 and 2021, there were no perpetual donor restrictions. Note 9 discusses the details of the net assets with donor restrictions.

Promises to Give - Unconditional promises to give are recognized as revenues and as assets in the period that the promises are received. On June 30, 2022 and 2021, management has determined that the effect of discounting grants due beyond one year would be immaterial. As such, as of June 30, 2022 and 2021, grants for future years are not discounted to present value. RIM considers grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is necessary. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Program Services Receivable – Amount due to RIM for services provided prior to year end and paid subsequent to year end. The receivable is recognized at the time that the service is provided. Program Service Receivables on June 30, 2022 were considered to be fully collectible; accordingly, no allowance for doubtful accounts was necessary on June 30, 2022. As of June 30, 2021, an allowance of \$14,500 was recorded.

Inventory - Inventory consists of supplies that are used in RIM's various programs. Inventory is valued at the lower of cost or market using the first-in, first-out method. On June 30, 2022 and 2021, RIM carried inventory at \$26,456 and \$37,916, respectively.

Property and Equipment - Property and equipment consist of office equipment, computer equipment, and software carried at cost. Major additions are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently. In addition, software labor costs that are incurred during the preliminary project and post-implementation and operation stages are expensed. Labor costs incurred during the application development stage are capitalized as Project in Progress. Depreciation is computed on the straight-line method over the estimated three-to-five-year useful lives of the assets.

Depreciation expense was \$371 for years ended June 30, 2022 and 2021, respectively.

READING IN MOTION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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Deferred Lease Incentive - As part of a leasing arrangement, RIM received an incentive in the form of free rent from the landlord. RIM recognized this incentive as a reduction of rental expense on a straight-line basis over the term of the lease. No incentive is recognized in the current year as the lease has been terminated as of June 30, 2021.

Revenue Recognition and Deferred Revenue - Grants and program service revenue received in advance for future programs are recorded as deferred revenue. Recognition as revenue occurs when the program takes place.

RIM receives a significant portion of its operating revenue from school contracts, the sale of educational materials, grants, and contributions.

RIM receives certain fees in advance of providing the related services. Such amounts are deferred upon receipt and recognized as revenue when earned. At year end, deferred revenue represents school contract fees received for the next calendar year applicable to future years.

Contributions received are recorded as without donor restriction or with donor restriction depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, RIM reports the support as net assets without donor restrictions.

In-kind Donations - From time to time, RIM receives donated goods and services. These in-kind donations are recorded as contributions at their estimated fair value at the date of donation, and as expenses in the statements of activities. In-kind donations totaled \$0 and \$5,402 during the years ended June 30, 2022 and 2021, respectively.

Functional Allocation of Expenses - The costs of providing the various program services are summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated based on estimates of time and effort.

All expenses on the statement of functional expenses have allocations except Depreciation Expense.

Special Events - Proceeds from special events are shown net of related expenses.

**READING IN MOTION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 in the financial statements. Actual results could differ from those estimates.

Subsequent Events - Subsequent events have been evaluated through December 15, 2022, which is the date the financial statements were available to be issued.

NOTE 3 – CONCENTRATION OF SUPPORT AND REVENUE

Approximately 76% and 88% of RIM's program services revenue is derived from Chicago Public Schools and 24% and 12% is derived from the Las Vegas Schools for the years ended June 30, 2022 and 2021, respectively.

NOTE 4 – CONCENTRATION OF CREDIT RISK

Cash consists of monies held in demand deposit checking accounts. RIM places its cash with financial institutions deemed to be creditworthy. Balances are insured by FDIC up to \$250,000 per financial institution. Balances may at times exceed insured limits.

NOTE 5 – CASH AND RESTRICTED CASH

Assets reserved for purposes designated by the donor are reflected as restricted cash on the statements of financial position. The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position that sum to the totals of the same such amounts in the statements of cash flows.

	<u>2022</u>	<u>2021</u>
Cash – Unrestricted	\$ 7,467	\$ 129,620
Cash Restricted by Donor	<u>111,767</u>	<u>126,082</u>
Total Cash	<u>\$ 119,234</u>	<u>\$ 255,702</u>

NOTE 6 – INCOME TAXES

RIM is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and qualifies for the charitable contribution deduction under Section 170(b)(1)(A). RIM has been classified as an organization other than a private foundation under Section 509(a)(2).

Accounting principles generally accepted in the United States of America require RIM to evaluate tax positions taken by RIM and recognize a tax liability if RIM has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. RIM is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**READING IN MOTION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 6 – INCOME TAXES (Continued)

RIM files Form 990 in the U.S. federal jurisdiction. RIM's federal exempt organization tax returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. All tax returns for years ending after June 30, 2019 are open for examination.

NOTE 7 – OPERATING LEASE

RIM leased office space under a lease agreement expiring on April 30, 2025. As an incentive to extend the lease, the landlord provided free rent for ten months over the first two years of the lease. This lease incentive was being amortized on a straight-line basis through the early termination date. There was an option to terminate the lease effective April 30, 2021 with proper notice and a termination fee which includes rent abatement, brokerage commissions and tenant improvement costs and allowances. Additionally, the lease also calls for a pro rata share of the increase in real estate taxes and the costs of operating the building. On August 1, 2020, RIM exercised the option to terminate their lease April 30, 2021.

Rent and utilities expense was \$467 and \$192,302 for the years ended June 30, 2022 and 2021, respectively. The 2021 amount includes the above discussed lease termination fees.

NOTE 8 – PENSION PLAN

During the year ended June 30, 2022, RIM terminated their 401(k) plan. Prior to the termination, full-time employees were automatically enrolled in a contributory defined contribution retirement plan qualified under Section 401(k) of the Internal Revenue Code and could opt out of the plan if they choose. RIM determined a matching contribution every year.

During the year ended June 30, 2020, RIM identified a payroll processing error that incorrectly limited the calculation match. RIM worked with the provider of the 401(k) to resolve this issue and accrued an estimated \$200,000 towards resolving the issue. This amount was reflected in Accounts Payable on the Statement of Position as of June 30, 2021.

During the year ended June 30, 2022, the matching contributions that were accrued from the years between 2000 and 2019 were made to bring the individual accounts whole.

**READING IN MOTION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

On June 30, 2022 and 2021, net assets with donor restrictions consisted of grants and contributions from the following:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specific purpose:		
Anonymous	\$ 25,867	\$ 95,082
Total Subject to expenditure for specific purpose	<u>25,867</u>	<u>95,082</u>
Subject to passage of time:		
Anonymous	-	11,000
Crown Family Philanthropies	-	20,000
McShane Foundation	40,000	-
Steans Family Foundation	43,400	-
Delta Kappa Gamma	2,500	-
Total subject to passage of time	<u>85,900</u>	<u>31,000</u>
Total net assets with donor restrictions	<u>\$ 111,767</u>	<u>\$ 126,082</u>

For the years ended June 30, 2022 and 2021, grants and contributions provided by the following were released from restrictions:

	<u>2022</u>	<u>2021</u>
Purpose restrictions accomplished:		
Anonymous	\$ 69,215	\$ 262,750
Expiration of time restriction:		
Anonymous	11,000	10,000
Crown Family Philanthropies	20,000	35,000
Polk Bros Foundation	-	75,000
Total releases from restriction	<u>\$ 100,215</u>	<u>\$ 382,750</u>

NOTE 10 – LINE OF CREDIT

RIM has a line of credit in the amount of \$150,000 which is collateralized by all of the assets of RIM. The line of credit was not utilized during the years ended June 30, 2022 and 2021.

NOTE 11 – SPECIAL EVENTS

Proceeds from these special events are shown net of their related expenses on the statements of activities as follows:

	<u>2022</u>	<u>2021</u>
Contributions/Sponsorships	\$3,563	\$4,335
Total	<u>\$3,563</u>	<u>\$4,335</u>

**READING IN MOTION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 12 – LOAN PAYABLE

In March 2021, RIM qualified for and received a 2nd Paycheck Protection Program loan pursuant to the Paycheck Protection Program (PPP), a program established under the CARES Act and implemented by the U.S. Small Business Administration (SBA), for an aggregate principal amount of \$264,800.

In November 2021, RIM received forgiveness for their 2nd Paycheck Protection Program loan. The entirety of the loan, including interest, was forgiven through the Small Business Administration in the amount of \$264,800.

NOTE 13 – LIQUIDITY AND AVAILABILITY OF RESOURCES

RIM receives significant grants and contributions restricted by donors. RIM considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The organization manages its liquidity following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long term obligations will be discharged.

RIM has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 90 days operating expenses, estimated as \$210,000 and \$410,000 based on the expenditures for the year ended June 30, 2022 and 2021, respectively.

Financial assets available for general expenditures, that is, without contractual or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash	\$ 7,467	\$129,620
Cash Restricted by donors expected to be released in the next year	111,767	126,082
Receivables	132,439	103,876
Less:		
Accounts Payable	<u>8,165</u>	<u>206,658</u>
Financial assets available for general expenditures within one year	<u>\$ 243,508</u>	<u>\$ 152,920</u>

NOTE 14 – RELATED PARTY TRANSACTIONS

During the years ended June 30, 2022 and 2021, there were numerous contributions made by members of the Board of Directors to RIM. These transactions totaled \$74,123 in the year ended June 30, 2022 and were \$80,151 in the year ended June 30, 2021.