

READING AND BEYOND

***FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION***

June 30, 2021

READING AND BEYOND

June 30, 2021

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**INDEPENDENT AUDITOR'S REPORT ON
FINANCIAL STATEMENTS AND THE SUPPLEMENTARY
SCHEDULE OF FEDERAL AWARDS**

To the Board of Directors
Reading and Beyond

Report on the Financial Statements

We have audited the accompanying financial statements of Reading and Beyond (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Reading and Beyond as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Reading and Beyond's 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated February 25, 2021. In our opinion, the summarized comparative information presented herein as of the and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Supplemental Statements of Revenue and Expenditures for Community Services Development grants are 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 information 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 December 29, 2021 on our consideration of Reading and Beyond'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 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 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 and Beyond's internal control over financial reporting and compliance.

Baker, Chi & Parkey

Baker, Chi & Parkey
Accountancy Corporation
Fresno, California
December 29, 2021

READING AND BEYOND
Statements of Financial Position
 June 30, 2021 and 2020

	2021	2020
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 4,559,192	\$ 2,511,895
Accounts receivable	4,229	6,373
Grants and contracts receivable	205,232	359,848
Deposits	33,355	35,971
Prepaid expenses	91,061	26,129
Total Current Assets	4,893,069	2,940,216
Investments	1,483,261	2,807,431
Property and Equipment, net of accumulated depreciation	709,207	739,531
Other Assets		
CDE Restricted cash	143,212	-
License rights	-	-
Total Other Assets	143,212	-
Total Assets	\$ 7,228,750	\$ 6,487,179
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 105,629	\$ 44,369
Accrued expenses	287,586	281,908
Grant advances	2,414,131	1,609,869
Note payable - current portion	-	68,350
Deposit	207	206
CDE Reserve Funds	143,212	-
Total Current Liabilities	2,950,765	2,004,702
Long Term Liability	-	109,610
Total Liabilities	2,950,765	2,114,312
Net Assets		
With restriction	90,010	79,597
Without restriction	4,187,975	4,293,270
Total Net Assets	4,277,985	4,372,867
Total Liabilities and Net Assets	\$ 7,228,750	\$ 6,487,179

See independent auditor's report and accompanying notes to financial statements

READING AND BEYOND

Statements of Activities

For the Year Ending June 30, 2021 and 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			2021	2020
Support and Revenue				
Contributions	\$ 74,263	\$ 25,000	\$ 99,263	\$ 117,640
Grants and contracts - foundations & others	2,535,764		2,535,764	734,362
Grants and contracts - governments	2,531,730		2,531,730	3,137,536
Family fees	-		0	2,022
Program service fees revenues	-		-	-
Donated goods and services	200,995		200,995	237,503
Rental income	-		0	12,621
Debts forgiven	177,960		177,960	-
Investment income	64,484		64,484	77,274
Realized gain (loss) on investments	1,541		1,541	1,137
Unrealized gain (loss) on investments	100,001		100,001	72,079
Miscellaneous	2,957		2,957	2,375
Loss on impairment of license	-		0	(132,000)
Net assets released from restrictions	14,587	(14,587)	0	-
Total Revenue and Support	<u>5,704,282</u>	<u>10,413</u>	<u>5,714,695</u>	<u>4,262,549</u>
Expenses				
Program services	5,155,070	-	5,155,070	3,616,277
General and administrative	508,737	-	508,737	536,500
Fundraising expenses	54	-	54	10,804
Total Expenses	<u>5,663,861</u>	<u>-</u>	<u>5,663,861</u>	<u>4,163,581</u>
Increase (Decrease) in Net Assets	40,421	10,413	50,834	98,968
Prior year adjustments	(145,716)	-	(145,716)	(9,641)
Net Assets, beginning of year	<u>4,293,270</u>	<u>79,597</u>	<u>4,372,867</u>	<u>4,283,540</u>
Net Assets, end of year	<u>\$ 4,187,975</u>	<u>\$ 90,010</u>	<u>\$ 4,277,985</u>	<u>\$ 4,372,867</u>

See independent auditor's report and accompanying notes to financial statements

READING AND BEYOND*Statement of Cash Flows*

For the Year Ending June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 50,834	\$ 98,968
Noncash items included in Support and Expenses:		
Depreciation	30,324	33,111
Realized (Gain) Loss on Investments	(1,541)	(1,137)
Unrealized (Gain) Loss on Investments	(100,001)	(72,079)
Loss on impairment of assets	0	132,000
Adjustments to reconcile Net Cash Provided (Used) by Operating Activities:		
Decrease (Increase) in accounts receivable	2,144	(9,487)
Decrease (Increase) in grants and contracts receivable	154,616	86,864
Decrease (Increase) in prepaid expenses	(61,600)	76,675
Decrease(Increase) in deposits	2,618	(1,896)
Decrease (Increase) in restricted cash - child development reserve	(68)	0
(Decrease) Increase in child development reserve liability	68	0
(Decrease) Increase in accounts payable	55,511	22,689
(Decrease) Increase in accrued expenses	5,618	30,172
(Decrease) Increase in grant advances	804,262	787,184
Net Cash Used by Operating Activities	942,785	1,183,065
Cash Flows from Investing Activities		
Proceeds from investments, net	1,282,472	1,022,996
Net Cash Used by Investing Activities	1,282,472	1,022,996
Cash Flows from Financing Activities		
Proceeds (Forgiven) PPP loan	(177,960)	177,960
Net Cash Provided by Financing Activities	(177,960)	177,960
Net Increase (decrease) in Cash	2,047,297	2,384,021
Cash and Cash Equivalents, beginning of year	2,511,895	127,874
Cash and Cash Equivalents, end of year	<u>\$ 4,559,192</u>	<u>\$ 2,511,895</u>

See independent auditor's report and accompanying notes to financial statements

READING AND BEYOND
Statements of Functional Expense
For the Year Ended June 30, 2021

	2021							
	Program Services				Support Services			
	Bridge Academy	Dental Health Program	Preschool & County Childcare	Other Literacy & Training Programs	Total Programs	Management & General	Fundraising	Total
Expenses								
Depreciation	\$ -	\$ -	\$ 3,604	8,610	\$ 12,215	\$ 18,109	\$ -	\$ 30,324
General operating expenses	44,821	11,757	96,390	678,260	831,228	32,681	-	863,909
In-kind goods & services	-	-	-	-	-	200,995	-	200,995
Occupancy expenses	3,745	7,526	76,750	1,092,305	1,180,326	10,769	-	1,191,094
Salaries, benefits & related expenses	250,095	380,388	676,712	1,553,219	2,860,415	249,619	25	3,110,059
Services & professional fees	-	-	-	250	250	10,391	-	10,641
Subcontractors	-	-	-	59,856	59,856	1,230	-	61,086
Other expenses	30,093	68,797	94,786	17,105	210,781	(15,057)	30	195,753
 Total Expenses by Function	 <u>\$ 328,755</u>	 <u>\$ 468,468</u>	 <u>\$ 948,243</u>	 <u>\$ 3,409,605</u>	 <u>\$ 5,155,070</u>	 <u>\$ 508,737</u>	 <u>\$ 54</u>	 <u>\$ 5,663,861</u>

See independent auditor's report and accompanying notes to financial statements

READING AND BEYOND
Notes to the Financial Statements
June 30, 2021

NOTE 1 – NATURE OF ACTIVITIES

Reading and Beyond (the Organization), formerly known as the Fresno Covenant Foundation, was established in March of 1999. The Organization is a nonprofit organization with the aim to educate, enable, and empower children and families through public outreach programs and services, primarily focused on low-income and poverty level areas of the community. The Organization operates at multiple sites providing preschool, after-school tutoring and childcare, and adult education, training, and support.

The organization is supported primarily by federal and state grants and contracts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting in accordance with generally accepted accounting principles.

Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments with original maturities of ninety (90) days or less.

Grants and Contracts

Revenue received under grants and contracts with the various federal, state, county departments and private foundations are recorded in the appropriate fund when the related costs are incurred prior to year-end. Program advances and deferred revenue represent cash received in advance of the related expenses.

Property and Equipment

Property and equipment are carried at cost and depreciated using the straight-line method over their estimated useful lives. Acquisitions of fixed assets in excess of \$2,500 are capitalized. Routine repairs and maintenance are expensed as incurred. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of the donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Advertising Costs

Advertising and marketing costs are expensed as incurred. Advertising expenses for June 30, 2021 and 2020 were \$0 and \$10 respectively.

READING AND BEYOND
Notes to the Financial Statements
June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of 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. Expenses are allocated to programs and supporting activities based on a cost allocation plan in accordance with the Code of Federal Regulations.

Income Taxes

Reading and Beyond is exempt from federal incomes taxes under Section 501 (c)(3) of the Internal Revenue Code and related State code, and therefore has made no provision for federal income taxes in the accompanying financial statements.

Accounting principles generally accepted in the United States of America require those charged with governance to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization has evaluated the tax positions taken and has concluded that as of June 30, 2021 there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

The Organization is subject to routine audits by taxing jurisdictions. The Federal and State informational returns have not been examined by the taxing jurisdictions and therefore all open years under the respective statutes of limitations remain subject to examination.

Grants and Contracts Receivables

Grants and contracts receivables are stated at the amount management expects to collect from outstanding balances. As of June 30, 2021, the Organization considers all amounts to be fully collectible and no allowance for doubtful accounts has been recorded.

Paid Time Office (Vacation and Sick Leave)

Accumulated unpaid employee paid time off (PTO) is recognized as liabilities of the Organization. PTO benefits include vacation and sick leave time and is accrued as of June 30, 2021 and 2020 in the amount of \$194,786 and \$187,137 respectively. For employees that do not qualified for PTO benefits, sick leave benefits are accumulated as required by California State Law. The employees do not gain a vested right to the accumulated sick leave. Accumulated employee sick leave benefits are not recognized as liabilities of the Organization since payment of such benefits is not probable or estimable. Therefore, sick leave benefits are recorded as expenses in the period sick leave is taken.

READING AND BEYOND
Notes to the Financial Statements
June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Goods and Services

The Organization receives various donated goods and services. The estimated fair value of the donation is recorded as support and expense in the period received. Unpaid volunteers make significant contributions of their time to assist the organization. The value of volunteer time is not reflected in these statements because it is not susceptible to objective measurement or valuation.

NOTE 3 – NATURE OF ESTIMATES

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

NOTE 4 – CASH AND CASH EQUIVALENTS

As of June 30, 2021 and 2020, the Organization’s cash and cash equivalents consist of the following:

	<u>2021</u>	<u>2020</u>
Bank of the Sierra Business Checking	\$ 113,728	\$ 302,565
Bank of the Sierra Business Savings	164,359	164,279
Bank of the Sierra Money Market Fund	4,371	1,751
Change fund	100	100
Total	<u>\$ 282,558</u>	<u>\$ 468,695</u>

As of June 30, 2021, and 2020, cash and cash equivalents included \$282,558 and \$468,695 respectively. The Federal Deposit Insurance Corporation (FDIC) insures cash balances up to \$250,000 per bank. At June 30, 2021, and 2020, the Organization had accounts with combined balances of \$32,558 and \$218,595 respectively which were not FDIC insured.

NOTE 5 – FAIR MARKET VALUE

The Organization reports its fair value measures by using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are defined as follows:

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Notes to the Financial Statements
 June 30, 2021

NOTE 5 – FAIR MARKET VALUE (continued)

Level 1 Quoted prices for identical assets or liabilities in active markets to which the Council has access at the measurement date

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the assets or liability either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identifiable or similar assets in markets that are not active; observable inputs other than quoted prices for the asset or liability ; and inputs derived principally from, or corroborated by, observable market data by correlation or by other means

Level 3 Unobservable inputs for the assets or liability. Unobservable inputs should be used to measure fair value to the extent that observable inputs are not available.

NOTE 6 – GRANTS AND ACCOUNTS RECEIVABLE

As of June 30, 2021, and 2020, amounts due to the Organization for expenditures that are reimbursable by the granting or contracting agency are as follows:

<u>Grant Agency or Departments</u>	<u>2021</u>	<u>2020</u>
California Department of Education	\$ 24,375	\$ 1,973
City of Fresno	74,452	-0-
Comcast Computer Program	1,500	-0-
Department of Social Services	-0-	13,101
First 5	25,819	12,809-
Fresno County DBH	43,562	30,236
Fresno County DPH	-0-	200,107
Fresno County Office of Education	-0-	3,159
Kings County	7,117	-0-
Madera County DSS	650	-0-
Office of Planning and Research	-0-	46,107
Public Utilities Commission	32,484	30,604
UMP	-0-	28,731
Miscellaneous	<u>\$ (498)</u>	<u>\$ (607)</u>
 Total	 <u>\$ 209,461</u>	 <u>\$ 366,220</u>

It is the opinion of management that all receivables will be collected and an allowance for doubtful accounts is not appropriate.

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Notes to the Financial Statements
June 30, 2021

NOTE 7 – SHORT-TERM INVESTMENTS

Short Term Investments as of June 30, 2021 and 2020 are as follows:

Description	Value at June 30, 2020	Change in Value	Value at June 30, 2021
PIMCO ETF Short Term Maturity Bonds			
Funds deposited	\$ 2,013,209	2,804,375	\$ 4,817,584
Investment Income	3,626	15,281	18,907
Unrealized Gain/Loss	26,364	(26,310)	54
Transfers Out	-0-	(450,000)	(450,000)
Total Short Term Investment Value	\$ 2,043,199	\$ 2,343,346	\$ 4,386,545

The investments are classified as available for sale securities and reported at Fair Market Value (Level 1 inputs) using the hierarchy for determining fair value as established by FASB ASC 820. Level 1 inputs are investments with quoted prices for identical instruments traded in active markets.

The PIMCO Exchange Traded Funds consist of short-term maturity US Treasury Bonds.

At June 30, 2021 and 2020, all short term investments are held in commercial investment companies and were fully insured by the Securities Investor Protection Corporation (SPIC).

NOTE 8 – INVESTMENTS IN SECURITIES

Investments in securities as of June 30, 2021 and 2020 are as follows:

<u>Description</u>	<u>2021</u>	<u>2020</u>
Stocks	\$ 141,799	\$ 105,870
Bonds	301,845	1,308,440
ETF	993,023	949,935
Money Market	<u>46,594</u>	<u>443,186</u>
 Total	 <u>\$ 1,483,261</u>	 <u>\$ 2,807,431</u>

Investments are classified as available-for-sale securities and reported at Fair Market Value (Level 1 inputs) using the hierarchy for determining fair value as established by FASB ASC 820. Level 1 inputs are investments with quoted prices for identical instruments traded in active markets.

READING AND BEYOND
Notes to the Financial Statements
 June 30, 2021

NOTE 8 – INVESTMENTS IN SECURITIES (continued)

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended June 30, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Investment return:		
Investment income, net of expenses of \$-0- in 2021 and \$-0- in 2020	\$ 49,209	\$ 73,648
Realized gain (loss) on investments	1,541	1,137
Unrealized gain (loss) on Investments	<u>100,001</u>	<u>72,079</u>
Total	\$ 150,751	\$ 146,864

NOTE 9 – PROPERTY AND EQUIPMENT

As of June 30, 2021 and 2020, property and equipment consist of the following:

<u>Description</u>	<u>2021</u>	<u>2020</u>
Land	\$ 150,000	\$ 150,000
Buildings	474,452	474,452
Equipment	136,539	150,353
Leasehold Improvements	<u>351,247</u>	<u>356,332</u>
Subtotal	<u>1,112,238</u>	<u>1,131,137</u>
Less: Accumulated Depreciation	<u>(403,031)</u>	<u>(391,604)</u>
Net Book Value	<u>\$ 709,207</u>	<u>\$ 739,533</u>

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Notes to the Financial Statements
June 30, 2021

NOTE 10 – CHILD DEVELOPMENT RESERVE ACCOUNT

Child development contractors with the California Department of Education (CDE) are allowed, with prior CDE approval, to maintain a reserve account from earned but unexpended child development contract funds for three types of programs: Center-based, Resource and Referral, and Alternative Payment. Transfers from a reserve account are considered restricted income for child development programs but may be applied to any of the contracts that are eligible to contribute to that particular program type.

Reading and Beyond maintains a reserve account for Center-based contracts, and funds are deposited into an interest-bearing account. The reserve account balance at June 30, 2021 and 2020 was \$143,212 and \$-0- respectively.

Upon termination of all child development center-based contracts with the CDE, Reading and Beyond would have to return the reserve funds to the CDE. Therefore, the child development reserve account is recorded as a liability (deferred revenue).

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Grants

The Organization has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the contracts, management believes that any required reimbursements would be immaterial.

The possibility exists that federal and state grants may decrease in the future. In the event such revenue was significantly decreased; the Organization would need to seek other funding sources to maintain operations at current levels.

Operating Leases and Lease Commitments

The Organization conducts its program activities from facilities that are leased under operating leases. The Organization conducts its administrative activities under an operating lease that expired May 31, 2021. The lease agreements grants use of the facilities without payment of use fees. The Organization is working with the City on the lease renewal. For the year ended June 30, 2021 and 2020, in-kind contributions of \$200,995 and \$237,503 respectively related to these leases have been recorded.

In Kind donations are reported at Fair Market Value Level 2 input using the hierarchy as established by FASB ASC 820. Level 2 inputs are quoted prices for similar assets or liabilities in inactive markets; quoted prices that are observable for the asset or liability or inputs that are derived principally from corroborated by observable market data by correlation or other means.

Donated goods and services: Valued based upon vendor invoices and current market prices.

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Notes to the Financial Statements
 June 30, 2021

NOTE 11 – COMMITMENTS AND CONTINGENCIES (continued)

The Organization conducts program activities from facilities that are lease under operating leases. Lease terms range from July 2019 through June 2028

Rent expense for the year ended June 30, 2021 and 2020 was \$63,849 and \$97,612 respectively

Future total minimum lease obligations for each of the next five years in aggregate are as follows:

2022	\$ 54,000
2023	27,000
2024	-0-
2025	-0-
2026	<u>-0-</u>
Total	<u>\$ 81,000</u>

NOTE 12 – ACCRUED EXPENSES

Accrued expenses are the expenses incurred but not paid as of the fiscal year end. Accrued expenses of consist of the following:

	<u>2021</u>	<u>2020</u>
Accrued Payroll	\$ 75,776	\$ 91,380
Accrued PTO	194,786	187,134
Expense Reimbursement Payable	(36)	(773)
Use Tax Payable	-0-	132
Other Accrued Expenses	<u>13,346</u>	<u>4,035</u>
Total	<u>\$ 283,872</u>	<u>\$ 281,908</u>

NOTE 13 – NOTE PAYABLE

On May 4, 2020 20 the Organization obtained a Note Payable administered by Bank of the Sierra under the Small Business Administration (SBA) Payroll Protection Program. Under this SBA program if the Organization complies with the loan requirements the loan is forgiven in full. The loan and \$1,614 of accrued interest was forgiven in full on April 7, 2021 by the SBA and the Bank of the Sierra has received the final payment from the SBA PPP Program.

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Notes to the Financial Statements
 June 30, 2021

NOTE 14 – GRANT ADVANCES/DEFERRED REVENUE

Grant advances consist of the following:

	<u>2021</u>	<u>2020</u>
California Emerging Technology Fund	1,749	1,749
Chabot-Los Positas Community College	-0-	219,394
College Futures	56,027	98,514
Jobs for the Future	50,000	-0-
Comcast	18,891	18,891
College of Southern Nevada	4,322	-0-
City of Fresno	838,834	-0-
Fresno County Office of Education	11,623	-0-
Fresh Success	151,608	-0-
Golden 1 Credit Union	25,303	11,359
James Irvine Foundation	928,413	1,199,202
Insurance Agency Charitable Trust	5,000	5,000
Kaiser	30,464	-0-
Sierra Health Foundation	1,471	26,023
Union Bank	25,000	-0-
United Way	241,551	-0-
Wesley Foundation	25,000	25,000
Other	<u>(1,125)</u>	<u>4,737</u>
 Total	 <u>\$ 2,414,131</u>	 <u>\$ 1,609,869</u>

NOTE 15 – NET ASSETS WITH RESTRICTIONS

Net Assets with restrictions below are donor imposed restricted support.

	<u>2021</u>	<u>2020</u>
Back to School Success	\$ 21,755	\$ 21,755
Promise Neighborhoods	6,081	6,081
Family Success Zone	13,476	13,476
Bridge Academy	<u>48,698</u>	<u>34,285</u>
Total	<u>\$ 90,010</u>	<u>\$ 75,597</u>

READING AND BEYOND
Notes to the Financial Statements
June 30, 2021

NOTE 16 – RETIREMENT PLAN

The Organization has a salary reduction plan (401k) in place, which is available to all employees who have worked 12 months and more than 1,000 hours during the calendar year. The amount of the salary reduction is paid directly to an independent administrator and applied directly to the employee retirement investment account. Beginning in 2019 the Organization moved to Safe Harbor matching contributions. The Organization makes a Safe Harbor matching contribution of 4%. Prior to 2019 the Organization made matching contributions of up to 4%. The employer matching contributions were on a vesting schedule. The vesting schedule is 20% after one year and an additional 20% per year until fully vested at the end of year five. For the year ended June 30, 2021 and 2020 the matching amount contributed to the plan was \$64,114 and \$67,422 respectively.

NOTE 17 – COST ALLOCATION PLAN

The Organization updates its cost allocation plan annually. Its cost allocation plan is on file in the Organization's fiscal office. The Organization allocates its costs based on the benefits received by the programs and activities, or whether the costs incurred benefit all programs and activities. Accordingly, the Organization applies the following methods for allocating costs:

Direct Costs: Costs identified 100% to a specific program or activity are charged directly to that program or activity.

Shared Direct Costs: Costs identified that benefit specific multiple programs or activities are shared and expensed based upon a full-time equivalent allocation method.

Indirect (Administrative) Costs: Costs that benefit the operations of the entire Organization and all programs and activities, which cannot be identified to specific programs or activities, are accumulated into an indirect cost pool, and allocated across all the various programs, activities and functions using the Modified Total Direct Cost Allocation method.

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. Expenses are allocated to programs and supporting activities based on a cost allocation plan in accordance with the Code of Federal Regulations.

<u>Expense</u>	<u>Method of Allocation</u>
General operating expenses	Time and effort
Occupancy expense	Time and effort
Salary, benefits, and related expense	Time and effort
Services and professional fees	Time and effort
Other expenses	Time and effort

READING AND BEYOND
Notes to the Financial Statements
June 30, 2021

NOTE 18 – PRIOR YEAR ADJUSTMENTS

The June 30, 2021 net assets have been adjusted in the amount of \$(145,716) due to the following:

CDE Reserve liability account	\$ (143,143)
Prior period costs	<u>(2,573)</u>
Total	<u>\$ (145,716)</u>

NOTE 19 – LIQUIDITY

The Organization has a policy to structure its financial assets to be available as general expenditures, liability and other obligations come due. The Organization is substantially supported by federal/state grants and foundation funds.

Financial assets, at year end	\$ 6,501,903
Less those unavailable for general expenditure within one year due to	
Expense prepayment	(91,061)
Deposit paid	<u>(33,355)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,377,487</u>

NOTE 20 – SUBSEQUENT EVENTS

COVID-19

The COVID-19 pandemic developed rapidly in 2020. Measures taken by various government agencies to contain the virus have continued to evolve and affected economic activity. The Organization has taken several measures to monitor and mitigate the effects of COVID-19 such as safety and health measures for employees, volunteers and clients served. As of the date the financial statements were available to be issued it is the opinion of management that the financial impact to Organization has not been significant. Refer to NOTE 12 – LIQUIDITY. As of the fiscal year end the Organization has available for use in the case of financial distress.

Subsequent Event Evaluation

Subsequent events have been evaluated through December 29, 2021 which is the date the financial statements were available to be issued.

READING AND BEYOND

Statement of Expenditures of Federal Awards

For the Year Ending June 30, 2021

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity ID No</u>	<u>Federal Expenditures</u>
<u>U.S Department of Agriculture</u>			
Pass through California Department of Education	10.558	05232-CACFP-10-NP-CS	\$ 59,847
Pass through Fresno Co Department of Social Services Supplemental Nutrition Assistance Program	10.551	A-15-023-3	54,811
Pass through Kings Co Department of Social Services Supplemental Nutrition Assistance Program	10.551	19-020	93,865
Pass through Madera Co Department of Social Services Supplemental Nutrition Assistance Program	10.561	11727-20	96,316
Total Pass through Program			<u>304,839</u>
Total U.S. Department of Agriculture			<u>304,839</u>
<u>U.S. Department of Administration for Children and Families, Health and Human Services</u>			
Pass through County of Fresno Temporary Assistance for Needy Families	93.558	A-20-119	6,384
Pass through County of Fresno, Dept of Public Health Local Dental Pilot Program	93.778	17-397	468,468
Total Pass through Program			<u>474,852</u>
Total U.S. Department of Administration for Children and Families, Health and Human Services			<u>474,852</u>

See independent auditor's report and accompanying notes to financial statements

READING AND BEYOND
Statement of Expenditures of Federal Awards
For the Year Ending June 30, 2021

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity ID No</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Treasury</u>			
Pass through County of Fresno			
Food Distribution CARES	21.019		349,999
Housing Retention (CARES)	21.019		106,884
Pass through City of Fresno			
Emergency Rental Assistance	21.023		706,188
Total Pass through Program			<u>1,163,071</u>
Total U.S. Department of Treasury			<u>1,163,071</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,942,762</u></u>

See independent auditor's report and accompanying notes to financial statements

READING AND BEYOND

Notes to the Schedule of Expenditures of Federal Award

For the Year Ended June 30, 2021

NOTE 1 – BASIS OF ACCOUNTING

The schedule of expenditures of federal awards includes the federal grant activity of the Organization under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the requirements of Title 2, of the US Code of Federal Regulations, Part 200. Because this schedule presents only a selected portion of the operations of Reading and Beyond, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2, of the US Code of Federal Regulations, Part 200, where in certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

NOTE 3 - INDIRECT COST RATE LIMITATION

The Organization does not use the 10 percent de minimis indirect cost rate.



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*

To the Board of Directors
Reading and Beyond

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 and Beyond (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 29, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Reading and Beyond’s internal control over financial reporting (internal control) to determine the audit 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 Reading and Beyond’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Reading and Beyond’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 entity’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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Reading and Beyond'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 determination of financial statement amounts. 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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker, Chi & Parkey

Baker, Chi & Parkey
Accountancy Corporation
Fresno, California
December 29, 2021



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

To the Board of Directors
Reading and Beyond

Report on Compliance for Each Major Federal Program

We have audited Reading and Beyond's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Reading and Beyond's major federal programs for the year ended June 30, 2021. Reading and Beyond's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Reading and Beyond's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Reading and Beyond's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Reading and Beyond's compliance.

Opinion on Each Major Federal Program

In our opinion, Reading and Beyond complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Reading and Beyond is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Reading and Beyond's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Reading and Beyond's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Baker, Chi & Parkey

Baker, Chi & Parkey
Accountancy Corporation
Fresno, California
December 29, 2021

READING AND BEYOND
Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2021

SECTION I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified Opinion

Internal control over financial reporting:

- Significant Deficiency identified? _____yes Xno
- Material weakness(es)? _____yes Xnone reported

Noncompliance material to financial Statements noted? _____yes Xno

Federal Awards

Internal control over major programs:

- Significant Deficiency identified? _____yes Xno
- Material weakness(es) identified? _____yes Xnone reported

Type of auditor's report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? _____yes Xno

Dollar threshold used to distinguish between Type A and Type B programs for program determination \$750,000

Type A and type B programs:
 Auditee qualified as low-risk auditee? Xyes ___no

Identification of major programs:

Name of Federal Program or Cluster
CFDA Number(s)

Emergency Rental Assistance - CFDA	21.023
Food Distribution Program – CFDA	21.019

READING AND BEYOND
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

SECTION II: Financial Statement Findings None

SECTION III – Federal Award Findings and Questioned Costs – Current Year None

READING AND BEYOND
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

SECTION IV – State Award Findings and Questioned Costs – Current Year

21-01 Underreported Attendance at Preschool Locations

Program Information: Preschool Program Contract No: CSPP-0092

Criteria: Monthly attendance reported needs to match to actual attendance

Condition: During our review of attendance reporting, we noted that the spreadsheet used by the Organization to assist in reporting monthly attendance did not calculate the monthly attendance correctly. The Organization’s internal control policies required that the monthly attendance spreadsheet be reviewed by the program manager each month. It was noted that the review was not performed in sufficient detail to identify the error on the spreadsheet.

Effect: 63 attendance days were overreported
611 attendance days were underreported
A total of 548 attendance days were underreported

Recommendation: We recommend the Organization provide training to the appropriate staff on the internal control policies and procedures; and a second review of the monthly attendance spreadsheet be performed prior to submitting data to the Department of Education.

View of Responsible Officials: Reading and Beyond is going to abide by the recommendation and provide additional training to program staff. A second verification will be conducted by the Controller to ensure compliance and accuracy before submitting to California Department of Education

READING AND BEYOND
Status of Prior Year Findings
For the Year Ended June 30, 2021

Status of Prior Year Findings

None

READING AND BEYOND

***SUPPLEMENTARY INFORMATION FOR
CHILD DEVELOPMENT SERVICES***

June 30, 2021



**Baker, Chi
& Parkey**
ACCOUNTANCY CORPORATION

Timothy Baker, CPA
Angela Y. Chi, CPA
Valerie Parkey, CPA
Waymon Watts, Ret

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Directors
Reading and Beyond

We have audited the consolidated financial statements of Reading and Beyond as of and for the year ended June 30, 2021, and have issued our report thereon dated December 29, 2021, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information for child development services is presented for the purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Baker, Chi & Parkey
Baker, Chi & Parkey
Accountancy Corporation
Fresno, California
December 29, 2021

READING AND BEYOND

General Information for Child Development Services

June 30, 2021

<u>NAME:</u>	Reading and Beyond
<u>PROGRAM NAME AND CONTRACT NUMBER:</u>	
California State Preschool Program	CSPP-0092
Child and Adult Care Food Program	05232-CACFP-10-NP-CS
Prekindergarten and Family Literacy	CPKS-0013
<u>TYPE OF AGENCY:</u>	Non-Profit Corporation
<u>ADDRESS OF AGENCY HEADQUARTERS:</u>	4670 E Butler Avenue Fresno, CA 93702
<u>TELEPHONE NUMBER:</u>	(559) 342-8600
<u>EXECUTIVE DIRECTOR:</u>	Luis Santana
<u>CONTROLLER:</u>	Lesley Fairburn
<u>PERIOD COVERED BY EXAMINATION:</u>	Fiscal Year June 30, 2020 to June 30, 2021
<u>NUMBER OF DAYS OF OPERATIONS:</u>	247 Days
<u>SCHEDULE HOURS OF OPERATIONS:</u>	Full Day: 7:00 A.M. to 5:30pm

READING AND BEYOND

*Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2021*

Grantor	Federal CFDA No	Contract No	Awards Amount			Expenditure		
			Federal	State	Total	Federal	State	Total
U.S. Department of Agriculture Pass through California Department of Education Child and Adult Care Food Program	10.558	05232-CACFP- 10-NP-CS	52,489	0	52,489	59,847	0	59,847
U.S. Department of Health & Human Services Pass through California Department of Education State Preschool	93.596/ 93.575	CSPP-0092	0	884,315	884,315	0	573,278	573,278
Prekindergarten and Family Literacy		CPKS-0013		2,500	2,500		2,577	2,577

See accompanying notes to the financial statements

READING AND BEYOND
Combined Statement of Activities
For the Year Ended June 30, 2021

	CSPP-0092	CPKS-0013	Total CDE Contracts	QRIS Non- CDE Grant	Total CDE (With non- CDE Grant)	Other Non- CDE Programs	Grand Total
	Preschool	Literacy					
Revenue and Support							
Government contracts:							
Child care and development programs	\$ 884,314.50	\$ 2,500.00	\$ 886,815	\$ -	\$ 886,815	\$ 4,128,190	\$ 5,015,004
Child care food program	52,489	-	52,489	-	52,489	200,995	253,484
Subtotal government contracts	936,804	2,500	939,304	-	939,304	4,329,185	5,268,489
In-kind contributions income	-	-	-	-	-	-	-
Unrestricted contributions and other income	-	-	-	20,832	20,832	360,890	381,722
Transfer from CD reserves	-	-	-	-	-	-	-
Family fees - certified children	-	-	-	-	-	-	-
Family fees - noncertified children	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	64,484	64,484
Total Revenue and Support	\$ 936,804	\$ 2,500	\$ 939,304	\$ 20,832	\$ 960,136	\$ 4,754,559	\$ 5,714,695
Expenses							
Provider payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries	533,006	-	533,006	-	533,006	1,981,035	2,514,042
Employee benefits	151,852	-	151,852	-	151,852	444,165	596,017
Books and supplies	10,453	2,343	12,796	14,217	27,013	175,067	202,080
Rents and leases	54,000	-	54,000	-	54,000	1,094,211	1,148,211
Communitation (phone, Internet, etc.)	3,566	-	3,566	-	3,566	90,365	93,931
Printing	2,122	-	2,122	-	2,122	9,967	12,089
Staff Expense (training, conferences, milage)	1,399	-	1,399	30	1,429	10,727	12,155
Liability and property insurance	1,390	-	1,390	-	1,390	27,512	28,901
Accounting	6,000	-	6,000	-	6,000	14,000	20,000
Postage, dues, and subscriptions	99	-	99	-	99	4,889	4,988
Licenses and fees	1,266	-	1,266	-	1,266	12,000	13,266
Alarm & Security	600	-	600	-	600	-	600
Property Taxes (non-exempt)	580	-	580	-	580	3,009	3,589
Food	66,470	-	66,470	365	66,835	264,299	331,135
Other operating expenses	8,499	-	8,499	-	8,499	319,325	327,823
Building repairs and maintenance	3,830	-	3,830	1,468	5,298	21,254	26,553
Equipment expenses	3,727	-	3,727	-	3,727	93,436	97,162
Depreciation	538	-	538	3,067	3,605	26,968	30,324
In-kind contributions expenses	-	-	-	-	-	200,995	200,995
General, administrative, and indirect	83,788	234	84,022	1,685	85,707	(85,707)	-
TOTAL EXPENSES	933,185	2,577	935,762	20,832	956,594	4,707,516	5,663,861
CHANGE IN NET ASSETS	\$ 3,619	\$ (77)	\$ 3,542	\$ -	\$ 3,542	\$ 47,043	\$ 50,834

See independent auditor's report and accompanying notes to the financial statements

READING AND BEYOND
Child Development Services
Schedule of Expenditures by State Categories
For the Year Ended June 30, 2021

EXPENDITURES	<u>CSPP-0092</u>	<u>CPKS-0013</u>	<u>Total</u>	Supplemental Expenses (Non-CDE Grant) QRIS
Direct payment to providers	\$ -	\$ -	\$ -	\$ -
1000 Certificated Salaries	35,446	-	35,446	-
2000 Classified Salaries	497,560	-	497,560	-
3000 Employee Benefits	151,852	-	151,852	-
4000 Books and supplies	89,149	2,343	91,492	14,582
5000 Services and other operating expenses	74,852	-	74,852	1,498
6100/6200 Other approved capital outlay	-	-	-	-
6400 New equipment	-	-	-	-
6500 Replacement equipment	-	-	-	-
Depreciation or use allowance	538	-	538	3,067
Start-up expenses- service level exemption	-	-	-	-
Budget impasse credit	-	-	-	-
Indirect costs	83,788	234	84,022	1,685
Total Expenses Claimed for Reimbursement	<u>933,185</u>	<u>2,577</u>	<u>935,762</u>	<u>\$ 20,832.16</u>
 Total Supplemental Expenses	 <u>20,832</u>	 <u>-</u>	 <u>20,832</u>	
 Total Expenditures	 <u>\$ 954,017</u>	 <u>\$ 2,577</u>	 <u>\$ 956,594</u>	

We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above to an extent considered necessary to assure ourselves that the amounts claimed by the contractor were eligible for reimbursement, reasonable, necessary, and adequately supported, according to governing laws, regulations and contract provisions.

See independent auditor's report and accompanying notes to the supplementary information

READING AND BEYOND

Child Development Services

Schedule of Reimbursable Expenditures for Renovations and Repairs

For the Year Ended June 30, 2021

	CSPP-0092	CPKS-0013	Total
Unit Cost Under <u>\$10,000 per item</u>			
None	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>
Unit Cost \$10,00 or more per item with <u>prior written approval</u>			
None	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>
Unit Cost \$10,000 or more per item without <u>prior written approval</u>			
None	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

See independent auditor's report and accompanying notes to supplementary information

READING AND BEYOND

Child Development Services

Schedule of Reimbursable Equipment Expenditures

For the Year Ended June 30, 2021

	<u>CSPP-0092</u>	<u>CPKS-0013</u>	<u>Total</u>
Unit Cost Under <u>\$7,500 per item</u>			
None	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>
Unit Cost \$7,500 or more per item with <u>prior written approval</u>			
Playground Equipment & Installation	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>
Unit Cost \$10,000 or more per item without <u>prior written approval</u>			
None	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

See independent auditor's report and accompanying notes to supplementary information

READING AND BEYOND

Child Development Services

Schedule of Reimbursable Administrative Costs

For the Year Ended June 30, 2021

	<u>CSPP-0092</u>	<u>CPKS-0013</u>	<u>Total</u>
Administrative Salary	\$ 6,112	\$ -	\$ 6,112
Employee benefits/payroll taxes	1,498	0	1,498
Telephone & Internet	7	0	7
Professional fees	6,000	0	6,000
Indirect costs	<u>83,788</u>	<u>234</u>	<u>84,022</u>
Total Administrative Costs	<u>\$ 97,405</u>	<u>\$ 234</u>	<u>\$ 97,639</u>

See independent auditor's report and accompanying notes to supplementary information

**California Department of Education
Audited Attendance and Fiscal Report for
California State Preschool Programs**

A U D 8501 Page 1 of 8

Fiscal Year Ending **June 30, 2021**

Contract Number **CSPP-0092**

Vendor Code **Z642**

Full Name of Contractor **Reading and Beyond**

Section 1 - Days of Enrollment Certified Children

Enrollment Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time	12,865	546	13,411	1.0000	13,411
Three Years and Older Three-quarters-time	129		129	0.7500	96.75
Three Years and Older One-half-time	47		47	0.6193	29.1071
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.9537	0
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time	2,073	2	2,075	1.1000	2,282.5
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6193	0

Full Name of Contractor **Reading and Beyond**

Section 1 - Days of Enrollment Certified Children (continued)

Enrollment Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6193	0
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.1952	0
TOTAL DAYS OF ENROLLMENT	15,114	548	15,662	N/A	15,819.3571
DAYS OF OPERATION	247		247	N/A	N/A
DAYS OF ATTENDANCE	10,182		10,182	N/A	N/A

NO NON-CERTIFIED CHILDREN Check this box (omit pages 3 and 4) and continue to Revenue Section on page 5.

Full Name of Contractor **Reading and Beyond**

Section 2 - Days of Enrollment Non-Certified Children

Enrollment Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Toddlers (18 up to 36 months) Full-time-plus				2.1240	0
Toddlers (18 up to 36 months) Full-time				1.8000	0
Toddlers (18 up to 36 months) Three-quarters-time				1.3500	0
Toddlers (18 up to 36 months) One-half-time				0.9900	0
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time				1.0000	0
Three Years and Older Three-quarters-time				0.7500	0
Three Years and Older One-half-time				0.6193	0
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.9537	0

Full Name of Contractor Reading and Beyond

Section 2 - Days of Enrollment Non-Certified Children (continued)

Enrollment Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time				1.1000	0
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6193	0
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6193	0
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.1952	0
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT				N/A	0

Full Name of Contractor **Reading and Beyond**

Section 3 - Revenue

Revenue Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs	52,489		52,489
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
Restricted Income - Subtotal	52,489		52,489
Transfer from Reserve - General			
Transfer from Reserve - Professional Development			
Transfer from Reserve Total			
Waived Family Fees for Certified Children (July - August)	75		75
Family Fees Collected for Certified Children (September - June)			
Waived Family Fees for Certified Children (September - June)			
Family Fees for Certified Children (September - June) - Subtotal			
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Fees for Non-Certified Children			
Unrestricted Income - Head Start			
Unrestricted Income - Other:			
Total Revenue	52,489		52,489

Comments:

Full Name of Contractor **Reading and Beyond**

Section 4 - Reimbursable Expenses

Expense Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	35,592	-146	35,446
2000 Classified Salaries	497,414	146	497,560
3000 Employee Benefits	149,946	1,906	151,852
4000 Books and Supplies	79,714	9,435	89,149
5000 Services and Other Operating Expenses	75,507	-655	74,852
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance	538		538
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (include in Total Administrative Cost)	83,760	28	83,788
Non-Reimbursable (State use only)			
Total Reimbursable Expenses	922,471	10,714	933,185
Total Administrative Cost (included in Section 4 above)	98,353	-948	97,405
Total Staff Training Cost (included in Section 4 above)			

Approved Indirect Cost Rate:

NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 7.

Full Name of Contractor **Reading and Beyond**

Section 5 - Supplemental Revenue

Supplemental Revenue Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Enhancement Funding			
Other: QRIS	20,832		20,832
Other:			
Total Supplemental Revenue	20,832		20,832

Section 6 - Supplemental Expenses

Supplemental Expense Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries			
2000 Classified Salaries			
3000 Employee Benefits			
4000 Books and Supplies	14,582		14,582
5000 Services and Other Operating Expenses	1,498		1,498
6000 Equipment / Capital Outlay			
Depreciation or Use Allowance	3,067		3,067
Indirect Costs	1,685		1,685
Non-Reimbursable Supplemental Expenses			
Total Supplemental Expenses	20,832		20,832

Full Name of Contractor **Reading and Beyond**

Section 7 - Summary

Summary Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment	15,114	548	15,662
Days of Operation	247		247
Days of Attendance	10,182		10,182
Restricted Program Income	52,489		52,489
Transfer from Reserve			
Family Fees for Certified Children (September - June)			
Interest Earned on Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	922,471	10,714	933,185
Total Administrative Cost	98,353	-948	97,405
Total Staff Training Cost			

Total Certified Adjusted Days of Enrollment **15,819.3571**

Total Non-Certified Adjusted Days of Enrollment **0**

Independent auditor's assurances on agency's compliance with the contract funding terms and conditions and program requirements of the California Department of Education, Early Learning and Care Division:

Eligibility, enrollment and attendance records are being maintained as required (select YES or NO from the drop-down box): **Yes**

Reimbursable expenses claimed on page 6 are eligible for reimbursement, reasonable, necessary, and adequately supported (select YES or NO from the drop-down box): **Yes**

Include any comments in the comments box on page 5. If necessary, attach additional sheets to explain adjustments.

**California Department of Education
Audited Fiscal Report for
Child Development Support Contracts**

A U D 9529 Page 1 of 4

Fiscal Year Ending **June 30, 2021**

Contract Number **CPKS-0013**

Vendor Code **Z642**

Full Name of Contractor **Reading and Beyond**

Section 1 - Revenue

Revenue Category	Column A1 Cumulative Prior Year AUD 9529 (Multi-Year Contract Only)	Column A2 Cumulative Current Year CDNFS 9529	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Match Requirement (CCIP and CLPC only)				
Restricted Income - County Maintenance of Effort (EC Section 8279)				
Restricted Income - Other:				
Restricted Income - Subtotal				
Interest Earned on Child Development Apportionment Payments				
Unrestricted Income - Match Requirement (CCIP and CLPC only)				
Unrestricted Income - Other:				
Total Revenue				

Full Name of Contractor **Reading and Beyond**

Section 2 - Reimbursable Expenses

Reimbursable Expense Category	Column A1 Cumulative Prior Year AUD 9529 (Multi-Year Contract Only)	Column A2 Cumulative Current Year CDNFS 9529	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries				
2000 Classified Salaries				
3000 Employee Benefits				
4000 Books and Supplies	2,343			2,343
5000 Services and Other Operating Expenses				
6100/6200 Other Approved Capital Outlay				
6400 New Equipment (program-related)				
6500 Equipment Replacement (program-related)				
Depreciation or Use Allowance				
Indirect Costs (include in Total Administrative Cost)	234			234
Non-Reimbursable (State use only)				
Total Reimbursable Expenses	2,577			2,577
Total Administrative Cost (included in Section 2 above)	234			234

Approved Indirect Cost Rate:

NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 3.

Full Name of Contractor **Reading and Beyond**

Section 3 - Supplemental Revenue

Supplemental Revenue Category	Column A1 Cumulative Prior Year AUD 9529 (Multi-Year Contract Only)	Column A2 Cumulative Current Year CDNFS 9529	Column B Audit Adjustments	Column C Cumulative per Audit
Enhancement Funding				
Other:				
Other:				
Total Supplemental Revenue				

Section 4 - Supplemental Expenses

Supplemental Expense Category	Column A1 Cumulative Prior Year AUD 9529 (Multi-Year Contract Only)	Column A2 Cumulative Current Year CDNFS 9529	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries				
2000 Classified Salaries				
3000 Employee Benefits				
4000 Books and Supplies				
5000 Services and Other Operating Expenses				
6000 Equipment / Capital Outlay				
Depreciation or Use Allowance				
Indirect Costs				
Non-Reimbursable Supplemental Expenses				
Total Supplemental Expenses				

Full Name of Contractor **Reading and Beyond**

Section 5 - Summary

Summary Category	Column A1 Cumulative Prior Year AUD 9529 (Multi-Year Contract Only)	Column A2 Cumulative Current Year CDNFS 9529	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Program Income				
Restricted Income - Match Requirement (CCIP and CLPC only)				
Unrestricted Income - Match Requirement				
Interest Earned on Child Development Apportionment Payments				
Total Reimbursable Expenses	2,577			2,577
Total Administrative Cost	234			234

Comments:

California Department of Education Audited Reserve Account Activity Report

Fiscal Year End

June 30, 2021

Reserve Account Type

Center-Based

Vendor Code

Z642

A U D 9530A Page 1 of 1

Full Name of Contractor **Reading and Beyond**

Section 1 - Prior Year Reserve Account Activity

1. Beginning Balance (2019-20 AUD 9530A Ending Balance)	143,143
2. Plus Transfers to Reserve Account:	Per 2019-20 Post-Audit CDNFS 9530
Contract No. CSPP-9089	
Contract No.	
Contract No.	
Contract No.	
Contract No.	
Contract No.	
Total Transferred from 2019-20 Contracts to Reserve	
3. Less Excess Reserve to be Billed	
4. Ending Balance per 2019-20 Post-Audit CDNFS 9530	143,143

Section 2 - Current Year (2020-21) Reserve Account Activity

	Column A CDNFS 9530A	Column B Audit Adjustments	Column C per Audit
5. Plus Interest Earned This Year on Reserve	69		69
6. Less Transfers to Contracts from Reserve:			
CSPP General-Contract No.			
CSPP General-Contract No.			
CSPP Professional Development-Contract No.			
CSPP Professional Development-Contract No.			
Subtotal CSPP Transfers			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Subtotal Other Contract Transfers			
Total Transferred to Contracts from Reserve Account			
7. Ending Balance on June 30, 2021	143,212		143,212

COMMENTS - If necessary, attach additional sheets to explain adjustments.

READING AND BEYOND
Child Development Services
Notes to the Supplementary Information
June 30, 2021

NOTE 1 – NATURE OF ACTIVITIES

Reading and Beyond (the Organization), formerly known as the Fresno Covenant Foundation, was established in March of 1999. The Organization is a nonprofit organization with the aim to educate, enable, and empower children and families through public outreach programs and services, primarily focused on low-income and poverty level areas of the community. The Organization operates at multiple sites providing preschool, after-school tutoring and childcare, and adult education, training, and support.

The organization is supported primarily by federal and state grants and contracts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting in accordance with generally accepted accounting principles.

Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments with original maturities of ninety (90) days or less.

Grants and Contracts

Revenue received under grants and contracts with the various federal, state, county departments and private foundations are recorded in the appropriate fund when the related costs are incurred prior to year-end. Program advances and deferred revenue represent cash received in advance of the related expenses.

Property and Equipment

Property and equipment are carried at cost and depreciated using the straight-line method over their estimated useful lives. Acquisitions of fixed assets in excess of \$2,500 are capitalized. Routine repairs and maintenance are expensed as incurred. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of the donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

READING AND BEYOND
Child Development Services
Notes to the Supplementary Information
June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of 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. Expenses are allocated to programs and supporting activities based on a cost allocation plan in accordance with the Code of Federal Regulations.

Income Taxes

Reading and Beyond is exempt from federal incomes taxes under Section 501 (c)(3) of the Internal Revenue Code and related State code, and therefore has made no provision for federal income taxes in the accompanying financial statements.

Accounting principles generally accepted in the United States of America require those charged with governance to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization has evaluated the tax positions taken and has concluded that as of June 30, 2021 there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

The Organization is subject to routine audits by taxing jurisdictions. The Federal and State informational returns have not been examined by the taxing jurisdictions and therefore all open years under the respective statutes of limitations remain subject to examination.

Financial Statement Presentation – New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Reading and Beyond has adjusted the presentation of these statements accordingly.

Net assets without donor restrictions represent the part of net assets that have no donor-imposed restrictions.

Net assets with donor restrictions represents net assets results from inflows of assets which is limited by donor-imposed or other stipulations; or donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the actions of the Council.

READING AND BEYOND
Child Development Services
Notes to the Supplementary Information
June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Contracts Receivables

Grants and contracts receivables are stated at the amount management expects to collect from outstanding balances. As of June 30, 2021, the Organization considers all amounts to be fully collectible and no allowance for doubtful accounts has been recorded.

Donated Goods and Services

The Organization receives various donated goods and services. The estimated fair value of the donation is recorded as support and expense in the period received. Unpaid volunteers make significant contributions of their time to assist the organization. The value of volunteer time is not reflected in these statements because it is not susceptible to objective measurement or valuation.

NOTE 3 – NATURE OF ESTIMATES

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

NOTE 4 – SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Federal and State awards expended are reported on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America as described in the Notes to the Financial Statements.

NOTE 5 – REAL PROPERTY

No real property was purchased with California Department of Education contract funds during fiscal year 2020-2021.

NOTE 6 – CLAIM PREPARATION

Monthly Child and Adult Care Food Program (CACFP) claims were prepared in accordance with the Total Count – Actual Count claiming method.

READING AND BEYOND
Child Development Services
Notes to the Supplementary Information
 June 30, 2021

NOTE 7 – PROPERTY AND EQUIPMENT

Furniture, equipment, and leasehold improvements purchased with California Department of Education funding are depreciated by the straight-line method over their estimated useful lives.

	Furniture & Equipment	Leasehold Improvements	Total
Balance, June 30, 2020	<u>\$38,554</u>	<u>\$143,327</u>	<u>\$181,881</u>
Additions	-0-	-0-	-0-
Retirements	<u>(2,375)</u>	<u>-0-</u>	<u>(2,375)</u>
Balance, June 30, 2021	36,179	143,327	179,506
Less Accumulated Depreciation	<u>(29,974)</u>	<u>(121,724)</u>	<u>(151,698)</u>
Net Fixed Assets Balance, End of Year	<u>\$6,206</u>	<u>\$21,603</u>	<u>\$27,809</u>

SUMMARY OF REVERSIONARY INTEREST

The CDE and the CDSS retain a reversionary interest in certain assets purchased with CD contract funds. The title to such asset's vests in Example Entity only for the period of time during which Example Entity has a contract with the CDE and/or the CDSS. At June 30, 2021, such assets consisted of the following:

	Government Owned	Total
Furniture and Equipment	36,179	36,179
Leasehold Improvements	<u>143,327</u>	<u>143,327</u>
	179,507	179,507
Less: Accumulated Depreciation	<u>(151,698)</u>	<u>(151,698)</u>
Net Fixed Assets, June 30, 2021	<u>27,809</u>	<u>27,809</u>

In order to fulfill its accountability of government-owned assets, California Department of Education required the above summary disclosure of its reversionary interest in the fixed assets acquired by the agency with California Department of Education funds.

NOTE 8 – STATE CHILD DEVELOPMENT RESERVES

The funding agreements with the California Department of Education allow the Agency to record "reserve" for the amounts not earned during the current year, up to certain amounts. These reserves are presented as a deferred revenue liability and are not included in current year revenue. As of June 30, 2021, the reserve's total balance was \$-0-.

READING AND BEYOND
Child Development Services
Notes to the Supplementary Information
June 30, 2021

NOTE 9 – COST ALLOCATION PLAN

Reading and Beyond allocates its costs based on the relative benefits received by the programs or activities. Accordingly, the organization applies several methods for allocating costs:

- Direct Costs. Costs identified 100 percent to a specific program are charged directly to that program.
- Shared Direct Costs. Costs identified to specific multiple programs or activities are shared between the programs benefitting.
- Payroll costs are allocated using individual time sheets that report the actual time spent by employees in each program each day.
- Rent and associated utilities, maintenance, and insurance are allocated using the square footage of building space occupied by each program, according to floor plans and/or room measurements.
- Training costs for staff members are allocated to programs in proportion to the actual time employees spent working in those programs.
- Legal fees and audit costs are allocated in proportion to the direct hours charged to each program, based on invoices or engagement letters. The Audit fee for the current period have not been accrued as allowed by grantor agencies because the service did not occur before the year ended. The California State Legislature mandates California Department of Education's responsibility for ensuring that audit fees are disclosed annually in the Agency's audit report.
- Indirect Costs. Costs that benefit the operations of the entire organization, which cannot be identified to specific programs or activities, are allocated according to an approved indirect cost allocation plan.