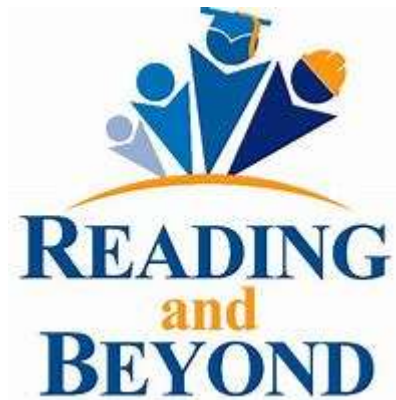


Reading and Beyond

Financial Statements and Supplementary
Information

As of and for the Year Ended June 30, 2024



Reading and Beyond
Financial Statements and Supplementary Information
As of and for the Year Ended June 30, 2024

Reading and Beyond

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Reading and Beyond

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Independent Auditor's Report

To the Board of Directors
Reading and Beyond
Fresno, California

Opinion

We have audited the accompanying financial statements of Reading and Beyond (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Reading and Beyond and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Reading and Beyond'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

Independent Auditor's Report - continued

therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Reading and Beyond'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 Reading and Beyond'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.

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 schedules as listed in the Table of Contents required by the Audit Guide issued by the California Department of Education and the California Department of Social Services, is presented for purposes of additional analysis and is 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.

Independent Auditor's Report – continued

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 13, 2024 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Reading and Beyond's 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.

Lewis Sharpstone & Co.

Woodland Hills, California
December 13, 2024,

Financial Statements

Reading and Beyond
Statement of Financial Position
As of June 30, 2024

Assets

Cash and cash equivalents	\$	456,884
Investments		5,235,730
Grants receivable		377,626
Prepaid expenses and other assets		76,330
Right of use assets – finance		30,188
Right of use asset – operating		203,711
Property and equipment, net		686,069
Total Assets		\$ 7,066,538

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$	320,274
Child development reserve		409,833
Lease liabilities		234,513
Deferred revenue		634,287
Total Liabilities		1,598,907

Commitments (Note 9)

Net Assets

Without donor restrictions	5,419,291	
With donor restrictions	48,340	
Total Net Assets		5,467,631
Total Liabilities and Net Assets		\$ 7,066,538

See accompanying notes to financial statements

Reading and Beyond
Statement of Activities
For the Year Ended June 30, 2024

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenue and Support:			
Contributions	\$ 34,722	\$ -	\$ 34,722
Grants and contracts - foundations	484,369	5,000	489,369
Grants and contracts - governments	2,920,728	-	2,920,728
In-kind income	83,685	-	83,685
Investment Income, net	549,995	-	549,995
Other income	9,456	-	9,456
Fundraising events income (net)	76,112	-	76,112
Net assets released from restrictions	167,166	(167,166)	-
Total Support and Revenue	4,326,233	(162,166)	4,164,067
Expenses:			
Program services	3,121,849	-	3,121,849
Management and general	1,007,674	-	1,007,674
Fundraising	55,307	-	55,307
Total Expenses	4,184,830	-	4,184,830
Change in Net Assets	141,403	(162,166)	(20,763)
Net Assets, beginning of year	5,277,888	210,506	5,488,394
Net Assets, end of year	\$ 5,419,291	\$ 48,340	\$ 5,467,631

See accompanying notes to financial statements

Reading and Beyond
Statement of Functional Expenses
For the Year Ended June 30, 2024

	Family Success	Health and Wellness	School Readiness	School Success	Other Programs	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 450,658	493,953	706,321	208,805	\$ 4,468	\$ 1,864,205	\$ 459,136	\$ 23,026	\$ 2,346,367
Payroll taxes	37,436	40,693	61,020	17,710	376	157,235	40,754	1,842	199,831
Employee benefits	82,438	75,365	83,781	27,131	620	269,335	43,645	4,196	317,176
Event expenses	-	5,487	600	163	9,729	15,979	13,480	16,482	45,941
Food expenses	-	-	126,110	-	-	126,110	-	-	126,110
In-kind rent	30,000	8,640	-	4,050	18,300	60,990	22,545	-	83,535
Insurance	3,402	2,381	4,515	1,023	-	11,321	14,357	-	25,678
Miscellaneous expenses	-	39,520	3,099	4,894	30,312	77,825	25,395	4,237	107,457
Office expenses	30,288	18,085	16,163	8,667	2,542	75,745	39,286	1,678	116,709
Participant payments and expenses	90,834	286	1,807	1,773	999	95,699	469	-	96,168
Partner expenses	10,000	20,000	-	45,000	-	75,000	13,588	-	88,588
Professional fees	3,421	6,084	14,551	768	-	24,824	202,452	3,770	231,046
Programmatic and related expenses	6,728	21,217	34,437	592	1,913	64,887	4,099	-	68,986
Rent	-	-	54,200	-	-	54,200	1	-	54,201
Repair, maintenance and utilities	-	99	20,018	-	-	20,117	45,588	-	65,705
Supplies	16,327	8,377	20,339	1,000	2,294	48,337	56,322	-	104,659
Travel and employee training	10,320	7,341	25,720	7,719	17,619	68,719	7,770	76	76,565
Depreciation and amortization	-	-	3,725	-	7,596	11,321	18,787	-	30,108
Total expenses	\$ 771,852	\$ 747,528	1,176,406	329,295	\$ 96,768	\$ 3,121,849	\$ 1,007,674	\$ 55,307	\$ 4,184,830

See accompanying notes to financial statements

Reading and Beyond
Statement of Cash Flows
For the Year Ended June 30, 2024

Cash flows from operating activities	
Change in net assets	\$ (20,763)
Adjustments to reconcile change in net assets to net assets provided by (used in) operating activities	
Depreciation and amortization	30,108
Realized and unrealized gain on investments	(348,983)
Changes in operating assets and liabilities	
Grants receivable	408,623
Prepaid expenses and other assets	34,215
Accounts payable and accrued expenses	(321,246)
Deferred revenue	(147,362)
Lease liabilities	(6,334)
Child development reserve	<u>266,467</u>
Net cash used in operating activities	<u>(105,275)</u>
Cash flows from investing activities	
Purchase of fixed assets	(260,016)
Purchase of investments	(3,378,543)
Proceeds from sales of investments	<u>3,903,809</u>
Net cash provided by investing activities	<u>265,250</u>
Change in cash	159,975
Cash and cash equivalents - beginning of year	<u>296,909</u>
Cash and cash equivalents- end of year	\$ <u>456,884</u>

See accompanying notes to financial statements

Reading and Beyond

Notes to Financial Statements

June 30, 2024

NOTE 1 - ORGANIZATION PROFILE

Reading and Beyond (“RaB” or “the Organization”), formerly known as the Fresno Covenant Foundation, was established in March of 1999. Reading and Beyond is a nonprofit organization whose mission is “To empower children and families to achieve productive self-reliant lives.” The Organization’s philosophy is centered on two-generational programming that works with children and families together to build education, social, and financial security based on strategies which integrate culturally competent education, employment, and peer support for adult family members alongside developmental, academic, and social support for children. Ultimately, improving economic mobility for families and educational outcomes for children.

RaB operates at multiple sites. It is through several RaB programs that families are supported in navigating the obstacles that prevent them from moving forward in their education and employment goals. Programs also address health and mental wellness. The goal is for clients to obtain careers that provide a family-sustaining wage embracing five core ideas: 1) dual generation theory of change; 2) build on what already exists; 3) ease of service access; 4) an A-B-C approach to self-reliance; and 5) promote meaningful growth for community’s poorest neighborhoods in the areas of education, job skills, and experience.

RaB is a multi-sector partner and works with many agencies to address the ongoing challenges in the community.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis which recognizes income when earned and expenses when incurred, in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net Assets without Donor Restrictions: - Net assets without donor restrictions are available for use at the discretion of the Board of Directors and management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion. No such designated net assets existed as of June 30, 2024.

Net Assets with Donor Restrictions: - Net assets with donor restrictions consists of assets whose use is limited by donor imposed, time and/or purpose restrictions. The Organization reports cash or other assets received as revenues with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restriction. Donor restricted contributions whose restrictions are met in the same reporting

Reading and Beyond

Notes to Financial Statements

June 30, 2024

period are reported as support without donor restrictions. See Note 7 for more information on the composition of net assets with donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires that management makes estimates and assumptions affecting the reported amounts of assets, liabilities, revenues, and expenses as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Revenue and Support, Accounts Receivable and Deferred Revenue

Grants and contract revenue: The Organization receives grants and contracts revenue from foundations and from governmental entities.

Government grants are accounted for as conditional contributions. Revenue is recorded when the services are performed under the contract and the related costs are expended.

Funds received under conditional grants and contracts in advance of the services being provided are recorded as deferred revenue. The California Department of Education ("CDE") had advanced monies to be held in a separate account, reflected as child development reserve on the statement of financial position.

Funds received under unconditional grants and contracts in advance of the services being provided are usually restricted for use as specified in the contract and are therefore recorded as support with donor restriction.

Revenues recorded under governmental grants and contracts are subject to audit by the granting agency. Management anticipates no material adjustments will result from subsequent agency audits if any.

Contributions: Contributions, including unconditional promises to give, are recognized as revenues in the year the contribution is received, or the promise is made. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Receivables resulting from these contracts and are due within one year. Management anticipates it will collect 100% of the accounts receivable balance. Thus, no allowance for doubtful accounts has been established as of June 30, 2024.

Fundraising event revenue is recognized when the event takes place and is recorded net of direct expenses. For the year ended June 30, 2024, fundraising revenue was \$76,112, which included gross fundraising event revenue of \$94,282 net of direct expenses of \$18,170.

Donated Materials and Services

Donations of materials are recorded as contributions at their estimated fair value at the date of the donation. Donated services that create or enhance non-financial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased if not provided by the donation are recorded at fair value in the period received. For the year end of June 30, 2024, the Organization recorded in-kind rent of \$83,535 (see Note 8 for more information).

Reading and Beyond

Notes to Financial Statements

June 30, 2024

Cash equivalents

The Organization considers all short-term financial instruments with original maturities of three months or less and not held in investment accounts to be cash equivalents. On June 30, 2024, there were no cash equivalents.

The Organization maintains a cash balance in a reserve account as required by the California Department of Education pursuant to the contract with this agency. The funds may be used only for eligible expenses under the contract not otherwise reimbursed. On June 30, 2024, the balance in this account was \$164,606. The balance of the reserve at June 30, 2024 is \$227,733. The difference, \$63,127, is included in the Organization's general operating bank account. The difference arose because funds were added to the general reserve near the end of the year but were not transferred to the reserve account until after the year end.

Investments

Investments are stated at fair value. Interest, dividends, and realized and unrealized gains and losses are reported as increases or decreases in net assets without donor restriction unless a donor or law restricts their use and are reflected in the Statement of Activities as investment returns.

Fair Value Measurements

Accounting Standards Codification ("ASC") Topic 820, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under ASC Topic 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs or other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Reading and Beyond

Notes to Financial Statements

June 30, 2024

Property and Equipment

Purchases of property and equipment are recorded at cost. Acquisitions of fixed assets in excess of \$2,500 are capitalized. Donated items are recorded at estimated fair value when received.

Depreciation of both purchased and donated furniture and computer equipment is calculated using the straight-line method over estimated useful lives as follows:

Building	39 years
Leasehold improvements	Shorter of expected length of lease or useful life, 10 – 15 years
Furniture and equipment	7 - 10 years

Normal repairs and maintenance are expensed as incurred, whereas significant charges that materially increase values or extend useful lives are capitalized and depreciated over the estimated useful lives of the related assets.

The Organization reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. When evaluating recoverability, management considers future undiscounted cash flows estimated to be generated by the property and equipment and any estimated proceeds from the eventual disposition. In the event these accumulated cash flows are less than the carrying amount of the property and equipment, the Organization recognizes an impairment loss equal to the excess of the carrying amount over the estimated fair value of the property and equipment. No impairment losses were recognized for the year ended June 30, 2024.

Income Taxes

The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and section 23701(d) of the California Revenue and Taxation Code. Since the Organization is exempt from federal and state income tax, no provision has been made for current or deferred income tax expense. Under ASC 740, "Income Taxes" an organization must evaluate its tax positions and provide for a liability for any positions that would not be considered "more likely than not" to be upheld under a tax authority examination. No such positions have been identified or liabilities recorded as of June 30, 2024.

The returns for federal and California, the Organization's only state tax jurisdiction, remain subject to examination by the Internal Revenue Service and the California Franchise Tax Board for three and four years after filing, respectively.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated accordingly based on management's estimates. For example, salaries are allocated based on timesheets and estimates of time expended by staff on their various functions. Occupancy costs are allocated using the square footage of space occupied by each program. Indirect costs are allocated according to a cost allocation plan.

Reading and Beyond
Notes to Financial Statements
June 30, 2024

Concentrations of Business and Credit Risks

Occasionally the Organization's bank balances exceed FDIC-insured limits. The Organization has not experienced and does not anticipate any losses as a result of these balances.

Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could affect the amounts reported in the accompanying financial statements.

Credit risk associated with accounts receivable is considered to be limited due to contracts in place, high historic collection rates and because of the strong long-term relationships the Organization has with grantors. Three grantor balance represented 68% of accounts receivable at June 30, 2024.

During the year, the Organization earned approximately 13% and 31% of its total revenue and support from its health disparities contract with County of Fresno and its childcare contract with the California Department of Education, respectively.

NOTE 3 - INVESTMENTS

The following tables sets forth by level within the fair value hierarchy the Organization's investment assets at fair value as of June 30, 2024:

Asset Class	Level 1	Level 2	Level 3	Total
Cash in investment account	\$ 28,173	\$ -	\$ -	\$ 28,173
Money market	991,315	-	-	991,315
Exchange traded funds	2,663,727	-	-	2,663,727
Mutual funds	308,795	-	-	308,795
Bonds	<u>1,243,720</u>	-	-	<u>1,243,720</u>
 Total	 \$ <u>5,235,730</u>	 \$ -	 \$ -	 \$ <u>5,235,730</u>

Investment income for the year ended June 30, 2024, was as follows:

Interest and dividend income	\$ 201,012
Realized gains	64,649
Unrealized gains	<u>284,334</u>
Total investment income	\$ <u>549,995</u>

Reading and Beyond
Notes to Financial Statements
June 30, 2024

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2024 consisted of the following:

Land	\$	115,000
Building and improvements		564,697
Leasehold improvements		277,093
Equipment		<u>93,782</u>
 Total cost of property and equipment		 1,050,572
Less accumulated depreciation and amortization		<u>(364,503)</u>
 Property and equipment - net	 \$	 <u>686,069</u>

Depreciation expense was \$23,372 and amortization expenses related to the right-of-use finance lease assets for the year ended June 30, 2024, was \$6,736, total \$30,108.

NOTE 5 - CHILD DEVELOPMENT RESERVE

Child development contractors are allowed, with prior CDE and/or California Department of Social Services ("CDSS") 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.

The Organization maintains a bank account to hold its reserve balance with CDE, and funds are deposited into an interest-bearing account. Upon termination of all child development center-based contracts, the Organization would have to return the reserve funds to CDE and/or CDSS.

In addition, the Organization received funds from CDE for the setup of an Exception Needs reserve. This Exceptional Needs reserve balance does not have a separate bank account set up and therefore, is included in the Organization's general operating bank account. Both reserve balances at June 30, 2024, are recorded as a liability as listed below:

CDE Reserve	\$	227,733
Exceptional need reserve		<u>182,100</u>
 Total reserve balance	 \$	 <u>409,833</u>

Reading and Beyond
Notes to Financial Statements
June 30, 2024

NOTE 6 – DEFERRED REVENUE

Deferred revenue as of June 30, 2024 were as follows:

California Emerging Technology Fund	\$	1,750
College Futures		13,238
James Irvine Foundation		110,064
Kaiser		50,000
PRESCHOOLS		
College of Southern Nevada		3,057
California Department of Education ARPA		130,093
California Department of Education Cost of Care		73,666
California Department of Education Infrastructure Grant		6,000
California Department of Education Infrastructure Grant		9,000
California Department of Education CACF		12,875
California Department of Social Service		10,000
QRIS Block Grant		73,244
Sierra Health Youth and Family		28,812
Expanded learning summer program Science squad		16,897
Foundation for California Community Colleges Fresh Success		<u>95,591</u>
Total deferred revenue	\$	<u>634,287</u>

NOTE 7 - NET ASSETS

Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of June 30, 2024:

	<u>Balance at</u> <u>June 30, 2024</u>	<u>Released for</u> <u>the year ended</u> <u>June 30, 2024</u>
Bridge Academy	\$ -	\$ 17,558
Community Sites	394	17,503
Prosperity Coaching	19,062	49,718
Second Chance Scholarship	18,653	-
Leadership and Technology	-	54,034
Family advocacy	5,000	-
Building Healthy Communities	<u>5,231</u>	<u>28,353</u>
	\$ <u>48,340</u>	\$ <u>167,166</u>

Reading and Beyond
Notes to Financial Statements
June 30, 2024

NOTE 8: LEASES

Leases – In-kind

The Organization has partnered with the City of Fresno (the “City”) for many years. The Organization entered service agreement with the City to provide community services, for the public purposes of recreation, economic empowerment, health and wellness, educational advancement and support for at-risk youth and families to the residents of the City. These services are provided at a Community Center that is owned by the City. The Organization conducts its administrative activities and many of its programs at this location. In exchange for these services, the City leases the community center to the Organization for an annual payment of \$1 due each year in October. The latest lease was entered into in August 2022, for three years to June 30, 2025. For the year ended June 30, 2024, the Organization estimated the donated rent and related expense to be \$53,685 based on the market rent for similar space, researched using publicly available data.

In addition, the Organization utilizes space provided by Madera County and Kings County on a month to month basis for the Organization’s administrative staff to utilize. The Organization estimated the donated rent and related expense to be \$15,000 for each County provided space based on the market rent for similar space, researched using publicly available data.

The total in-kind rent for the facilities above for the year ended June 30, 2024 was \$83,535.

Operating leases

The Organization provides childcare service from a facility that is leased under a lease agreement which goes through June 2028 with a straight-line monthly rent of \$4,500 per month.

Finance leases

The Organization entered lease agreements for three copiers during the fiscal year ended June 30, 2024. All three leases are considered finance leases.

Disclosures

The Implicit Rate is the inherent rate of return the lessor is receiving from the lease. The Incremental Borrowing Rate (IBR) is the interest rate calculated based on factors specific to the Organization and lease agreement such as credit rating, the underlying assets, the lease term and the economic environment. Both the implicit rate and IBR are not readily determinable when lease new standard is adopted. The Organization elected to utilize the option to use the risk-free rate determined using a period comparable to the remaining lease term. Accordingly, the Organization estimated an applicable risk-free rate over the remaining contractual lease term as the discount rate.

The total right-of-use asset and lease liabilities at June 30, 2024 are as follows:

	<u>Operating lease</u>	<u>Finance Leases</u>	<u>Total</u>
Operating right-of use asset	\$ <u>203,711</u>	\$ <u>30,188</u>	
Operating lease liabilities	\$ <u>203,711</u>	\$ <u>30,802</u>	\$ <u>234,513</u>

Reading and Beyond
Notes to Financial Statements
June 30, 2024

The total lease cost for the fiscal year ended June 30, 2024, is as follows:

Operating lease cost	\$	54,000
Finance lease interest cost	\$	1,011

The following summarizes the supplemental cash flow information for the fiscal year ended June 30, 2024:

	Operating lease	Finance leases	Total
Cash paid for amounts included in the measurement of lease liabilities	\$ 46,014	\$ 6,335	\$ 52,349

The following is other required disclosure information at June 30, 2024

	Operating lease	Finance leases
Remaining lease term in months at June 30, 2024	48	46
Weighted average risk-free discount rate	2.90%	3.71%

Future minimum lease payments under these leases are as follows:

Year ended June 30	Operating lease	Finance leases	Total
2025	\$ 54,000	\$ 8,693	\$ 62,693
2026	54,000	8,693	62,693
2027	54,000	8,693	62,693
2028	54,000	5,693	59,693
2029	-	1,346	1,346
	216,000	33,118	249,118
Total lease payments			
Less - interest	(12,289)	(2,316)	(14,605)
Present value of lease liability	\$ 203,711	\$ 30,802	\$ 234,513

Reading and Beyond
Notes to Financial Statements
June 30, 2024

NOTE 9 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization monitors its financial assets available within one year of the balance sheet date for expenditures on a quarterly basis. As of June 30, 2024, the balance available is as follows:

Cash and cash equivalents	\$	456,884
Investments		5,235,730
Contributions receivable		<u>377,626</u>
 Total financial assets available		 6,070,240
 Less:		
Cash restricted by the California Department of Education		(409,833)
Restricted by donors for specific programs		<u>(48,340)</u>
 Financial assets available to meet cash needs within one year	\$	 <u>5,612,067</u>

As part of the Organization’s liquidity management the Organization prepares monthly rolling cash requirement projections which are used to ensure that needed balances are liquid and available for payment of general expenses in the near term. In addition, the Organization employs an extensive annual budgeting process and strategic planning process to ensure the Organization will continue to be poised to have funds available to pay for programs and general expenses in the long term.

NOTE 10 - 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. The Organization makes a Safe Harbor matching contribution of 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, 2024 the matching amount contributed to the plan was \$69,037.

NOTE 11 - CONTINGENCIES

Reading and Beyond has received state funds for specific purposes that are subject to review and audit by the funding agencies. Such audits could generate expenditure disallowances or refunds payable under terms of the agency contracts. In addition, certain noncompliance matters have been identified and reported to the California Department of Education. Such matters could potentially generate payables under this agency’s contract. No material amounts are currently recorded as payable. Loss of California Department of Education support would have a significant impact on Reading and Beyond’s ability to provide its program services.

Reading and Beyond
Notes to Financial Statements
June 30, 2024

NOTE 12 - SUBSEQUENT EVENTS

The Organization's management has evaluated subsequent events through December 13, 2024, the date which the financial statements were available to be issued.

Supplementary Information

Reading and Beyond
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2024

Grantor/Pass-Through Grantor/Program or Cluster Title	Federal ALN Number	Grantor's Contract number	Award Amount			Expenditure Amount		
			Federal	State	Total	Federal	State	Total
Federal Grants								
U.S. Department of Agriculture (USDA)								
Passed through California Department of Education Child and Adult Care Food Program	10.558	05232-CACFP-10-NP-CS	\$ 83,398	\$ -	\$ 83,398	\$ 83,398	\$ -	\$ 83,398
Passed through Fresno County Dept. of Social Services Supplemental Nutrition Assistance Program	10.551	24.162	104,150	-	104,150	104,150	-	104,150
Passed through Kings County Dept. of Social Services Supplemental Nutrition Assistance Program	10.551	21-135	53,524	-	53,524	53,524	-	53,524
Passed through Madera County Dept. of Social Services State Administrative Matching Grant for the Supplemental Nutrition Assistance Program	10.561	12580-23	89,194	-	89,194	89,194	-	89,194
Passed through Foundation for California Community Colleges Supplemental Nutrition Assistance Program	10.561	'0008301	179,206	-	179,206	179,206	-	179,206
Cluster Total for ALN 10.551 and AL 10.561			426,074	-	426,074	426,074	-	426,074
Total U.S. DEPARTMENT OF AGRICULTURE			509,472	-	509,472	509,472	-	509,472
U.S Department of Justice (DOJ)								
Passed through California Board of State and Community Corrections Juvenile Justice and Delinquency Prevention	16.540	BSCC315-22 A-1	277,728	-	277,728	277,728	-	277,728
TOTAL U.S. DEPARTMENT OF JUSTICE			277,728	-	277,728	277,728	-	277,728
U.S Department of Labor (DOL)								
Community Project Funding/Congressionally Directed Spending	17.289	24A60CP0003 53-01-00	7,555	-	7,555	7,555	-	7,555
TOTAL U.S. DEPARTMENT OF LABOR			7,555	-	7,555	7,555	-	7,555

Reading and Beyond
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2024

CONTINUED Grantor/Pass-Through Grantor/Program or Cluster Title	Federal ALN Number	Grantor's Contract number	Award Amount			Expenditure Amount		
			Federal	State	Total	Federal	State	Total
U.S. Department of Treasury Passed through County of Fresno, Department of Public Health, Coronavirus State and Local Fiscal Recovery Funds – Health Disparities	21.027	A-23-19	<u>141,121</u>	<u>-</u>	<u>141,121</u>	<u>141,121</u>	<u>-</u>	<u>141,121</u>
				<u>-</u>				
TOTAL U.S. DEPARTMENT OF TREASURY			<u>141,121</u>	<u>-</u>	<u>141,121</u>	<u>141,121</u>	<u>-</u>	<u>141,121</u>
U.S. Department of Health and Human Services (HHS) Passed through County of Fresno, Department of Public Health Community Programs to improve minority health grant program – Health Literacy	93.137	AO-2119	\$ <u>51,544</u>	\$ <u>-</u>	\$ <u>51,544</u>	\$ <u>51,544</u>	\$ <u>-</u>	\$ <u>51,544</u>
Passed through County of Fresno, Department of Public Health Epidemiology and laboratory capacity for infectious diseases (ELC) – Health Disparities	93.323	A-23-19	\$ <u>148,177</u>	\$ <u>-</u>	\$ <u>148,177</u>	\$ <u>148,177</u>	\$ <u>-</u>	\$ <u>148,177</u>
Activities to support state, tribal, local and territorial (STLT) health department responses to public health or healthcare crises – Health Disparities	93.391	A-23-19	<u>239,906</u>	<u>-</u>	<u>239,906</u>	<u>239,906</u>	<u>-</u>	<u>239,906</u>
Passed through Kings County Dept. of Social Services Temporary assistance for needy families (TANF)	93.558	A-20-041	<u>64,114</u>	<u>-</u>	<u>64,114</u>	<u>64,114</u>	<u>-</u>	<u>64,114</u>
Passed through California Department of Education American Rescue Plan Act	93.575	N/A	<u>8,799</u>	<u>-</u>	<u>8,799</u>	<u>8,799</u>	<u>-</u>	<u>8,799</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>512,540</u>	<u>-</u>	<u>512,540</u>	<u>512,540</u>	<u>-</u>	<u>512,540</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>1,448,416</u>	\$ <u>-</u>	\$ <u>1,448,416</u>	\$ <u>1,448,416</u>	\$ <u>-</u>	\$ <u>1,448,416</u>

Reading and Beyond
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2024

CONTINUED Grantor/Pass-Through Grantor/Program or Cluster Title	Federal ALN Number	Grantor's Contract number	Award Amount			Expenditure Amount		
			Federal	State	Total	Federal	State	Total
State Grants								
California Department of Education Direct award Child Care and Development Fund Center Based Preschool Program	N/A	CSPP-3092	\$ -	\$ 1,534,336	\$ 1,534,336	\$ -	\$ 1,283,917	1,283,917
Prekindergarten and family literacy	N/A	CPKS-3013	-	2,500	2,500	-	2,500	2,500
Total California Department of Education			-	1,536,836	1,536,836	-	1,286,417	1,286,417
TOTAL FEDERAL AND STATE AWARDS			\$ 1,448,416	\$ 1,536,836	\$ 2,985,252	\$ 1,448,416	\$ 1,286,417	\$ 2,734,833

See accompanying notes to the schedule of federal and state awards

Reading and Beyond
Notes to Schedule of Expenditures of Federal and State Awards
June 30, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of Reading and Beyond (the "Organization") under programs of the federal government and the State of California for the year ended June 30, 2024. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized, and certain types of expenditures are not allowable or limited as to reimbursement.

3. INDIRECT COSTS

The Organization used the 10% de minimis cost rate.

Reading and Beyond
Combining Statement of Activities
Year Ended June 30, 2024

	Preschool Program CSPP-3092	Preschool Program CPKS-3013	Preschool Infrastructure Grant	Preschool Program Non- CDE	Total Preschool Program	Non- Preschool Programs	Total
Revenue and support							
Government contracts:							
California State Preschool Program	\$ 1,283,917	\$ 2,500	\$ -	\$ -	\$ 1,286,417	\$ -	\$ 1,286,417
Childcare food program	83,398	-	-	-	83,398	-	83,398
QRIS grant	-	-	-	17,295	17,295	-	17,295
Preschool ARPA grant	8,799	-	-	-	8,799	-	8,799
Cost of Care Plus Rate Allocation	5,714	-	-	-	5,714	-	5,714
Preschool Infrastructure grant	-	-	11,200	-	11,200	-	11,200
Government Grants other	-	-	-	-	-	1,507,905	1,507,905
Contributions	-	-	-	-	-	34,722	34,722
Foundation grants	-	-	-	-	-	489,369	489,369
In-kind income	-	-	-	-	-	83,685	83,685
Investment income (loss), net	-	-	-	-	-	549,995	549,995
Fundraising event income, net	-	-	-	-	-	76,112	76,112
Other income	951	-	-	-	951	8,705	9,456
Total revenue and support	1,382,779	2,500	11,200	17,295	1,413,774	2,750,293	4,164,067

Combining Statement of Activities – continues on next page

Reading and Beyond
Combining Statement of Activities
Year Ended June 30, 2024

Combining Statement of Activities - continued

	Preschool Program CSPP-3092	Preschool Program CPKS-3013	Preschool Infrastructure Grant	Preschool Program Non- CDE	Total Preschool Program	Non- Preschool Programs	Total
Expenses							
Salaries	695,392	-	-	-	695,392	1,695,484	2,390,876
Payroll taxes	60,124	-	-	-	60,124	139,707	199,831
Employee benefits	82,863	-	-	-	82,863	189,804	272,667
Event expenses	600	-	-	-	600	45,341	45,941
Food expenses	126,110	-	-	-	126,110	-	126,110
In-kind rent	-	-	-	-	-	83,535	83,545
Insurance	4,515	-	-	-	4,515	21,163	25,678
Miscellaneous expenses	2,328	-	-	594	2,922	104,535	107,457
Office expenses	15,825	-	-	-	15,825	100,884	116,709
Participant payments and expenses	20,034	-	-	222	20,256	75,912	96,168
Partner expenses	-	-	-	-	-	88,588	88,588
Professional fees	14,538	-	-	-	14,538	216,508	231,046
Programmatic and related expenses	27,828	-	-	2,682	30,510	38,476	68,986
Rent	54,200	-	-	-	54,200	1	54,201
Repair, maintenance and utilities	6,543	-	11,200	2,275	20,018	45,687	65,705
Supplies	15,041	2,273	-	5,298	22,612	82,047	104,659
Travel and training	2,212	-	-	1,733	3,945	72,620	76,565
Depreciation and amortization	533	-	-	3,191	3,724	26,384	30,108
Administrative and indirect	112,818	227	-	1,300	114,345	(114,345)	-
Total expenses	<u>1,241,504</u>	<u>2,500</u>	<u>11,200</u>	<u>17,295</u>	<u>1,272,499</u>	<u>2,912,331</u>	<u>4,184,830</u>
Change in Net Assets	\$ <u>141,275</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>141,275</u>	\$ <u>(162,038)</u>	\$ <u>(20,763)</u>

See accompanying auditor's reports and notes to the financial statements

Reading and Beyond
Schedule of Expenditures by State Categories
June 30, 2024

	<u>CSPP-3092</u>	<u>CPKS-3013</u>	<u>Total CDE CD Contracts</u>
Expenditures			
1000 Certified salaries	\$ 310,039	\$ -	\$ 310,039
2000 Classified salaries	385,353	-	385,353
3000 Employee benefits	142,987	-	142,987
4000 Books and supplies	154,882	2,273	157,155
5000 Services and other operating expenses	134,892	-	134,892
6100/6200 Other approved capital outlay	-	-	-
6400 New equipment	-	-	-
6500 Replacement equipment	-	-	-
Depreciation on assets not purchased with public funds	<u>533</u>	<u>-</u>	<u>533</u>
Total	1,128,686	2,273	1,130,959
Indirect costs	<u>112,818</u>	<u>227</u>	<u>113,045</u>
Total expenses claimed for reimbursement	1,241,504	2,500	1,244,004
Total supplemental expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	\$ <u>1,241,504</u>	\$ <u>2,500</u>	\$ <u>1,244,004</u>

See accompanying auditor's reports and notes to the financial statements

Note:

- a. Reported on the California Department of Education Audited Attendance and Fiscal Report for California State Preschool Programs Form AUD8501.
- b. A written indirect cost allocation plan for the current fiscal year, approved by the Board of Directors, is on file in the accounting office of Reading and Beyond.

We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contract 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.

Reading and Beyond
Schedule of CDE and GAAP Expenses Reporting
Year Ended June 30, 2024

Expenses	<u>CSPP-3092</u>	<u>CPKS-3013</u>	<u>Total CDE CD Contracts</u>
Schedule of Expenditures by State Categories (CDE)	\$ 1,241,504	\$ 2,500	\$ 1,244,004
Adjustments to reconcile difference in reporting:			
None	<u>-</u>	<u>-</u>	<u>-</u>
Combining Statement of Activities (GAAP)	\$ <u>1,241,504</u>	\$ <u>2,500</u>	\$ <u>1,244,004</u>

See accompanying auditor's reports and notes to the financial statements

Reading and Beyond
Schedule of Claimed Equipment Expenditures
June 30, 2024

	<u>CSPP-3092</u>	<u>CPKS-3013</u>	<u>Total CDE CD Contracts</u>
Capitalized equipment expensed on the AUD with prior written approval			
None	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
Capitalized equipment expensed on the AUD without prior written approval			
None	<u> -</u>	<u> -</u>	<u> -</u>
Total	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>

Note: the Organization's capitalization threshold is \$2,500

See accompanying auditor's reports and notes to the financial statements

Reading and Beyond
Schedule of Claimed Expenditures for Renovations and Repairs
For the Year Ended June 30, 2024

Claimed renovation and repairs	<u>CSPP-3092</u>	<u>CPKS-3013</u>	<u>Total CDE CD Contracts</u>
Unit cost under \$10,000 per item			
Other	\$ -	\$ -	\$ -
Unit cost \$10,000 or more per item with or without prior approval			
Other	-	-	-
Total	\$ -	\$ -	\$ -

See accompanying auditor's reports and notes to the financial statements

Notes:

The Organization's capitalization threshold is \$2,500 or more.

There were no capitalized renovation and repair expenses during the fiscal year.

Reading and Beyond
Schedule of Claimed Administrative Costs
For the Year Ended June 30, 2024

Claimed Administrative Costs	<u>CSPP-3092</u>	<u>CPKS-2013</u>	<u>Total CDE CD Contracts</u>
Salaries	\$ 33,703	\$ -	\$ 33,703
Employee benefits	9,606	-	9,606
Books and supplies	-	-	-
Services and other operating expenses	9,101	-	9,101
Depreciation on assets not purchased with public funds	-	-	-
Indirect costs	<u>112,818</u>	<u>227</u>	<u>113,045</u>
 Total	 \$ <u>165,228</u>	 \$ <u>227</u>	 \$ <u>165,455</u>

See accompanying auditor's reports and notes to the financial statements

Reading and Beyond
Schedule of Claimed Start-up Expenses
For the Year Ended June 30, 2024

Claimed Start-Up Expenses	<u>CSPP-3092</u>	<u>CPKS-3013</u>	<u>Total CDE CD Contracts</u>
No start-up expenses	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -

See accompanying auditor's reports and notes to the financial statements

Reading and Beyond
Schedule of Claimed Budget Impasse Credit Expenses
For the Year Ended June 30, 2024

	<u>CSPP-3092</u>	<u>CPKS-3013</u>	<u>Total CDE CD Contracts</u>
Claimed Budget Impasse Credit Expenses			
1000 Certified salaries	\$ -	\$ -	\$ -
2000 Classified salaries	-	-	-
3000 Employee benefits	-	-	-
4000 Books and supplies	-	-	-
5000 Services and other operating expenses	-	-	-
6100/6200 Other approved capital outlay	-	-	-
6400 New equipment	-	-	-
6500 Replacement equipment	-	-	-
	<hr/>	<hr/>	<hr/>
Total	\$ <hr/>	\$ <hr/>	\$ <hr/>

No items to report on this form

See accompanying auditor's reports and notes to the financial statements

Reading and Beyond
Notes to the Child Care and Development Program Supplemental Information
For the Year Ended June 30, 2024

In accordance with the applicable requirements from the Funding Terms and Conditions:

1. Interest expense is only allowable as a reimbursable cost in certain circumstances when it has been preapproved by the state administering department or relates to the lease, purchase, acquisition, or repair or renovation of early learning and care facilities owned or leased by the contractor. No interest expense was claimed as a reimbursable expense to a child development contract for the year ended June 30, 2024.
2. All expenses claimed for reimbursement under a related party rent transaction must be supported by a fair market rental estimate from an independent appraiser, licensed by the California Office of Real Estate Appraisers. No related party rent expense was claimed as a reimbursable expense to a child development contract for the year ended June 30, 2024.
3. Bad debt expense is unallowable unless it relates to uncollected family fees where documentation of adequate collection attempts exists. No bad debt expense was claimed to a child development contract for the year ended June 30, 2024.

Contractor Name: Reading and Beyond

Contract Number: CSPP 3092

**California Department of Education
Audited Enrollment, Attendance and Fiscal
Report for California State Preschool Program**

Fiscal Year Ended: June 30, 2024

Vendor Code: Z642

Section 1 – Number of Counties Where Services are Provided

Number of counties where the agency provided services to certified children (Form 1): 1

Number of counties where the agency provided mental health consultation services to certified children (Form 2): 0

Number of counties where the agency provided services to non-certified children (Form 3): 0

Number of counties where the agency provided mental health consultation services to non-certified children (Form 4): 0

Total enrollment and attendance forms to attach: 1

Section 2 – Days of Enrollment, Attendance and Operation

Enrollment and Attendance Form Summary	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Total Certified Days of Enrollment	16,102	0	16,102	21,476.8885
Total Certified Days of Enrollment with Mental Health Consultation Services	0	0	0	0.0000
Days of Attendance (including MHCS)	15,925	0	15,925	N/A
Total Non-Certified Days of Enrollment	0	0	0	0.0000
Total Non-Certified Days of Enrollment with Mental Health Consultation Services	0	0	0	0.0000

Days of Operation	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Days of Operation	245		245	N/A

Section 3 – Revenue

Restricted Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Child Nutrition Programs	77,010	6,388	83,398
County Maintenance of Effort (EC Section 8260)			0
American Rescue Plan Act (ARPA)	8,799		8,799
Other: Cost of Care Plus Rate Allocation	5,714		5,714
TOTAL RESTRICTED INCOME	91,523	6,388	97,911

Transfer from Reserve	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Transfer from Preschool Reserve Account	0		0

Other Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Waived Family Fees for Certified Children (July – September)	7,050	4,281	11,331
Family Fees for Certified Children (October – June)	953	(2)	951
Interest Earned on Apportionment Payments	62	(62)	0
Unrestricted Income: Fees for Non-Certified Children			0
Unrestricted Income: Head Start			0
Other:			0
Other:			0

Section 4 - Reimbursable Expenses

Cost Category	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Direct Payments to Providers (FCCH only)			0
Direct Payments to Subcontractors: Cost of Care Plus & One-Time Allocations Only			0
1000 Certificated Salaries	252,433	57,606	310,039
2000 Classified Salaries	443,044	(57,691)	385,353
3000 Employee Benefits	142,338	649	142,987
4000 Books and Supplies	145,869	9,013	154,882
5000 Services and Other Operating Expenses	138,366	(3,474)	134,892
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Equipment Replacement (program-related)			0
Depreciation or Use Allowance	489	44	533
Start-up Expenses (service level exemption)			0
Indirect Costs (include in Total Administrative Cost)	111,499	1,319	112,818
TOTAL REIMBURSABLE EXPENSES	1,234,038	7,466	1,241,504

Does the agency have an indirect cost rate approved by its cognizant agency (Select YES or NO)? Yes No

Approved Indirect Cost Rate:

Specific Items of Reimbursable Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Administrative Cost (included in Reimbursable Expenses)	163,909	1,319	165,228
Total Staff Training Cost (included in Reimbursable Expenses)	593	1,619	2,212

Section 5 - Supplemental Funding

Supplemental Revenue	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Enhancement Funding			0
Other: QRIS Block Grant	17,497	(202)	17,295
Other:			0
TOTAL SUPPLEMENTAL REVENUE	17,497	(202)	17,295

Supplemental Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
1000 Certificated Salaries			0
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies	8,099		8,099
5000 Services and Other Operating Expenses	4,904	(199)	4,705
6000 Equipment / Capital Outlay			0
Depreciation or Use Allowance	3,194	(3)	3,191
Indirect Costs	1,300		1,300
Non-Reimbursable Supplemental Expenses			0
TOTAL SUPPLEMENTAL EXPENSES	17,497	(202)	17,295

Section 6 - Summary

Description	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Certified Days of Enrollment (including MHCS)	16,102	0	16,102
Days of Operation	245	0	245
Days of Attendance (including MHCS)	15,925	0	15,925
Total Certified Adjusted Days of Enrollment	N/A	N/A	21,476.8885
Total Non-Certified Adjusted Days of Enrollment	N/A	N/A	0.0000
Restricted Program Income	91,523	6,388	97,911
Transfer from Preschool Reserve Account	0	0	0
Family Fees for Certified Children (October - June)	953	(2)	951
Interest Earned on Apportionment Payments	62	(62)	0
Direct Payments to Providers	0	0	0
Start-up Expenses (service level exemption)	0	0	0
Total Reimbursable Expenses	1,234,038	7,466	1,241,504
Total Administrative Cost	163,909	1,319	165,228
Total Staff Training Cost	593	1,619	2,212
Non-Reimbursable Cost (State Use Only)	N/A	N/A	

Section 7 – Auditor’s Assurances

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 Education Division:

Eligibility, enrollment and attendance records are being maintained as required (Select YES or NO): Yes No

Reimbursable expenses claimed in Section 4 are eligible for reimbursement, reasonable, necessary, and adequately supported (Select YES or NO): Yes No

Section 8 – Comments

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

See findings on page 63

California State Preschool Program – Form 1 Certified Children Days of Enrollment and Attendance

Service County: Fresno

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years Old Full-time-plus			0	2.1240	0.0000
Three Years Old Full-time	5,465		5,465	1.8000	9,837.0000
Three Years Old Part-time	19		19	1.1147	21.1793
Four Years and Older Full-time-plus			0	1.1800	0.0000
Four Years and Older Full-time	6,836		6,836	1.0000	6,836.0000
Four Years and Older Part-time	244		244	0.6193	151.1092
Exceptional Needs Full-time-plus			0	2.8320	0.0000
Exceptional Needs Full-time	323		323	2.4000	775.2000
Exceptional Needs Part-time			0	1.4863	0.0000
Dual Language Learner Full-time-plus			0	1.4160	0.0000
Dual Language Learner Full-time	3,199		3,199	1.2000	3,838.8000
Dual Language Learner Part-time			0	0.6193	0.0000

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus			0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time	16		16	1.1000	17.6000
At Risk of Abuse or Neglect Part-time			0	0.6193	0.0000
Severely Disabled Full-time-plus			0	2.8320	0.0000
Severely Disabled Full-time			0	2.4000	0.0000
Severely Disabled Part-time			0	1.4863	0.0000
TOTAL CERTIFIED DAYS OF ENROLLMENT	16,102	0	16,102	N/A	21,476.8885

Attendance	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
DAYS OF ATTENDANCE	15,925		15,925	N/A	N/A

**California State Preschool Program – Form 2
 Certified Children Receiving Mental Health Consultation Services
 Days of Enrollment and Attendance**

Service County: Fresno

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years Old Full-time-plus			0	2.2240	0.0000
Three Years Old Full-time			0	1.9000	0.0000
Three Years Old Part-time			0	1.2147	0.0000
Four Years and Older Full-time-plus			0	1.2800	0.0000
Four Years and Older Full-time			0	1.1000	0.0000
Four Years and Older Part-time			0	0.7193	0.0000
Exceptional Needs Full-time-plus			0	2.9320	0.0000
Exceptional Needs Full-time			0	2.5000	0.0000
Exceptional Needs Part-time			0	1.5863	0.0000
Dual Language Learner Full-time-plus			0	1.5160	0.0000
Dual Language Learner Full-time			0	1.3000	0.0000
Dual Language Learner Part-time			0	0.7193	0.0000

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus			0	1.3980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.2000	0.0000
At Risk of Abuse or Neglect Part-time			0	0.7193	0.0000
Severely Disabled Full-time-plus			0	2.9320	0.0000
Severely Disabled Full-time			0	2.5000	0.0000
Severely Disabled Part-time			0	1.5863	0.0000
TOTAL CERTIFIED DAYS OF ENROLLMENT WITH MENTAL HEALTH CONSULTATION SERVICES	0	0	0	N/A	0.0000

Attendance	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
DAYS OF ATTENDANCE			0	N/A	N/A

**California State Preschool Program – Form 3
Non-Certified Children Days of Enrollment**

Service County: Fresno

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Toddlers (18 up to 36 months) Full-time-plus			0	2.1240	0.0000
Toddlers (18 up to 36 months) Full-time			0	1.8000	0.0000
Toddlers (18 up to 36 months) Part-time			0	0.9900	0.0000
Three Years Old Full-time-plus			0	2.1240	0.0000
Three Years Old Full-time			0	1.8000	0.0000
Three Years Old Part-time			0	1.1147	0.0000
Four Years and Older Full-time-plus			0	1.1800	0.0000
Four Years and Older Full-time			0	1.0000	0.0000
Four Years and Older Part-time			0	0.6193	0.0000
Exceptional Needs Full-time-plus			0	2.8320	0.0000
Exceptional Needs Full-time			0	2.4000	0.0000
Exceptional Needs Part-time			0	1.4863	0.0000
Dual Language Learner Full-time-plus			0	1.4160	0.0000
Dual Language Learner Full-time			0	1.2000	0.0000
Dual Language Learner Part-time			0	0.6193	0.0000

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus			0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1000	0.0000
At Risk of Abuse or Neglect Part-time			0	0.6193	0.0000
Severely Disabled Full-time-plus			0	2.8320	0.0000
Severely Disabled Full-time			0	2.4000	0.0000
Severely Disabled Part-time			0	1.4863	0.0000
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT	0	0	0	N/A	0.0000

**California State Preschool Program – Form 4
 Non-Certified Children Receiving Mental Health Consultation Services
 Days of Enrollment**

Service County: Fresno

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Toddlers (18 up to 36 months) Full-time-plus			0	2.2240	0.0000
Toddlers (18 up to 36 months) Full-time			0	1.9000	0.0000
Toddlers (18 up to 36 months) Part-time			0	1.0900	0.0000
Three Years Old Full-time-plus			0	2.2240	0.0000
Three Years Old Full-time			0	1.9000	0.0000
Three Years Old Part-time			0	1.2147	0.0000
Four Years and Older Full-time-plus			0	1.2800	0.0000
Four Years and Older Full-time			0	1.1000	0.0000
Four Years and Older Part-time			0	0.7193	0.0000
Exceptional Needs Full-time-plus			0	2.9320	0.0000
Exceptional Needs Full-time			0	2.5000	0.0000
Exceptional Needs Part-time			0	1.5863	0.0000
Dual Language Learner Full-time-plus			0	1.5160	0.0000
Dual Language Learner Full-time			0	1.3000	0.0000
Dual Language Learner Part-time			0	0.7193	0.0000

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus			0	1.3980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.2000	0.0000
At Risk of Abuse or Neglect Part-time			0	0.7193	0.0000
Severely Disabled Full-time-plus			0	2.9320	0.0000
Severely Disabled Full-time			0	2.5000	0.0000
Severely Disabled Part-time			0	1.5863	0.0000
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT WITH MENTAL HEALTH CONSULTATION SERVICES	0	0	0	N/A	0.0000

**California Department of Education
Audited Fiscal Report for
California State Preschool Program Support Contracts**

Section 1 – Revenue

Restricted Income	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative per Audit
County Maintenance of Effort (EC Section 8260)			0
Other:			0
TOTAL RESTRICTED INCOME	0	0	0

Other Income	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative per Audit
Interest Earned on Apportionment Payments			0
Unrestricted Income – Other:			0

Comments:

Section 2 – Reimbursable Expenses

Cost Category	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries			0
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies	2,273		2,273
5000 Services and Other Operating Expenses			0
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Equipment Replacement (program-related)			0
Depreciation or Use Allowance			0
Indirect Costs (include in Total Administrative Cost)	227		227
TOTAL REIMBURSABLE EXPENSES	2,500	0	2,500

Specific Item of Reimbursable Expenses	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative per Audit
Total Administrative Cost (included in Reimbursable Expenses)	227		227

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

Section 3 – Supplemental Funding

Supplemental Revenue	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative per Audit
Enhancement Funding			0
Other: QRIS Block Grant			0
Other:			0
TOTAL SUPPLEMENTAL REVENUE	0	0	0

Supplemental Expenses	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries			0
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies			0
5000 Services and Other Operating Expenses			0
6000 Equipment / Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs			0
TOTAL SUPPLEMENTAL EXPENSES	0	0	0

Section 4 – Summary

Description	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Program Income	0	0	0
Interest Earned on Apportionment Payments	0	0	0
Total Reimbursable Expenses	2,500	0	2,500
Total Administrative Cost	227	0	227
Non-Reimbursable Cost (State Use Only)	N/A	N/A	

Does the Contractor have an indirect cost rate approved by its cognizant agency? (Select YES or NO) Yes No

Approved Indirect Cost Rate:

California Department of Education
 Audited Preschool Reserve Account Activity Report

Fiscal Year Ending: June 30, 2024

Vendor Code: Z6420

Contractor Name: Reading and Beyond

Section 1 – Prior Year Reserve Account Activity

1. Beginning Balance (2022–23 AUD 9530A Ending Balance): 143,366

2. Plus Transfers to Reserve Account:

2022–23 Contract No.	Per 2022–23 Post-Audit EENFS 9530
CSPP-2090	84,285
Total Transferred from 2022–23 Contracts	84,285

3. Less Excess Reserve to be Billed:

4. 2022–23 EENFS 9530 Reserve Balance After Billing: 227,651

Section 2 – Current Year Reserve Account Activity

5. Plus Interest Earned This Year on Reserve:

Description	Column A per CPARIS	Column B Audit Adjustments	Column C Total per Audit
Interest Earned	82		82

6. Less Transfers to Contracts from Reserve:

2023–24 Contract No.	Column A per CPARIS	Column B Audit Adjustments	Column C Total per Audit
			0
			0
			0
Total Transferred to Contracts	0	0	0

7. Ending Balance:

Description	Column A per CPARIS	Column B Audit Adjustments	Column C Total per Audit
Ending Balance on June 30, 2024	227,733	0	227,733

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

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
Fresno, California

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, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 13, 2024.

Report on 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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.

Lewis Sharpstone & Co.

Woodland Hills, California
December 13, 2024

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
Fresno, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Reading and Beyond's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Reading and Beyond's major federal programs for the year ended June 30, 2024. 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.

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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Reading and Beyond and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Reading and Beyond's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Reading and Beyond's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Reading and Beyond's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Reading and Beyond's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Lewis Sharpstone & Co.

Woodland Hills, California
December 13, 2024

Reading and Beyond
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number</u>
Cluster	
U.S. Department of Agriculture, pass-through both Fresno and Kings Counties Department of Social Services, Supplemental Nutrition Assistance Program	10.551
U.S. Department of Agriculture, pass-through Madera County Department of Social Services and Foundation for California Community Colleges, State Administrative Matching Grant for the Supplemental Nutrition Assistance Program	10.561
U.S. Department of Justice, pass-through California Board of State and Community Corrections	16.540
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

Reading and Beyond
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

SECTION II – SUMMARY OF FINANCIAL STATEMENT FINDINGS

No findings noted

SECTION III – SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted

SECTION IV – SUMMARY OF STATE AWARD FINDINGS AND QUESTIONED COSTS

State Awards

2024-001 California Department of Education
Preschool Program CSPP-3092

Criteria:

The Organization is required to meet certain compliance requirements for its preschool program supported by California department of education grant.

Condition:

1. Two children out of ten children selected for eligibility testing were not re-certified in fiscal year ended June 30, 2024.
2. One child out of ten children selected for eligibility testing reported the wrong waived fee amount.

Effect of condition:

Conditions observed above did not result in any question costs due to both enrollment and family fees requirements were waived in calculating contract earnings for fiscal year 2023-2024 by California Department of Education. However, these conditions did not meet compliance requirements of the contract agreement and if not corrected in the future, will potentially impact the organization's earnings once these waivers expires in the future.

Questioned cost:

N/A

Context:

None

Cause:

Management believes this error was caused by human oversight.

Repeat finding:

This is not a repeat finding.

Recommendation:

We recommend the Organization initiate some additional staff training in this area so as to reduce the risk of these matters reoccurring in the future.

Reading and Beyond
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

View of responsible officials and planned corrective action:

Management agrees that the matters above were observed and agrees to implement the recommendation.

Reading and Beyond

Summary Schedule of Prior Audit Findings with Status of Corrective Action For the Year Ended June 30, 2024

State Awards

2023-001 California Department of Education
Preschool Program CSPP-2090

Criteria:

The Organization is required to meet certain compliance requirements for its preschool program supported by California department of education grant.

Condition:

1. A preschool food program State administrative review indicated issues related to CACFP enrollment forms and eligibility. \$4,198 was refunded to the State.
2. Two children out of ten children selected for testing of the calculation of waived family fees, the fees were calculated incorrectly due to the wrong family fee schedule being used.
3. Three children out of ten children selected for test work had incorrect or inconsistent service types reported.
4. Enrollment numbers for September 2022, the dual language learner Part-time enrollment was overstated by 21; Enrollment numbers for April 2023, total days of enrollment was under reported by 15 and days of attendance were over reported by 10.
5. For fiscal year 2022-2023, the minimum days of enrollment indicated on the contract was not met.

Effect of condition:

Conditions observed above did not result in any question costs due to both enrollment and family fees requirements were waived in calculating contract earnings for fiscal year 2022-2023 by California Department of Education. However, these conditions did not meet compliance requirements of the contract agreement and if not corrected in the future, will potentially impact the organization's earnings once these waivers expires in the future.

Questioned cost:

N/A

Context:

None

Cause:

Management believes this error was caused by human oversight.

Repeat finding:

This is not a repeat finding.

Reading and Beyond
Summary Schedule of Prior Audit Findings with Status of Corrective Action
For the Year Ended June 30, 2024

Recommendation:

We recommend the Organization initiate some additional staff training in this area so as to reduce the risk of these matters reoccurring in the future.

View of responsible officials and planned corrective action:

Management agrees that the matters above were observed and agrees to implement the recommendation.

**Current year status: No similar conditions were noted during the year ended June 30, 2024.
Accordingly, this is considered remediated.**

Reading and Beyond

Summary Schedule of Prior Audit Findings with Status of Corrective Action

For the Year Ended June 30, 2024



December 9, 2024

Corrective Action Plan

Reading and Beyond provides the following corrective action plan for the audit ending June 30, 2024. Finding 2024-001 California Department of Education Preschool Program CSPP-3092

Corrective Action: Creation of Enrollment Specialist Position

Reading and Beyond has hired an Enrollment Specialist to make sure all paperwork, income verification, and certification/recertifications are completed and submitted on time. This is a new position, which was created and filled in October 2023. This individual is dedicated to managing the complexities of eligibility and ensuring thorough recertifications for all children enrolled in our programs.

Responsibilities include systematic follow-ups on re-certifications and maintaining an up-to-date database of eligibility status. It also includes enhanced monitoring: Implementing a quarterly review process to ensure that all children are re-certified as required. The Enrollment Specialist will lead this effort, providing timely reminders to both staff and families to complete the necessary paperwork.

Corrective Action: Comprehensive Training for Leadership

Additionally, the Enrollment Specialist, Site Supervisors, and Director of School Success will engage in comprehensive training for leadership. The training will focus on eligibility requirements, including accurate reporting of waived fee amounts. Training topics include proper documentation practices, common errors to avoid, and the importance of precise fee calculations.

Reading and Beyond is committed to fostering a culture of compliance and continuous improvement. To ensure that the issues identified are effectively addressed, we will:

- Conduct a biannual review of our eligibility processes and training programs, making adjustments as necessary to maintain compliance and effectiveness.
- Continue to engage staff in ongoing professional development opportunities to stay informed about program changes and best practices.

We are dedicated to resolving these findings and preventing recurrence in the future. Thank you for your guidance throughout this process, and we appreciate your support in our efforts to improve. Please feel free to reach out if you need any additional information or have further recommendations.

Sincerely,

A handwritten signature in blue ink that reads "Sandra R. Flores".

Sandra R. Flores, CEO