

READING IN MOTION

FINANCIAL STATEMENTS

JUNE 30, 2018

READING IN MOTION

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

JUNE 30, 2018 AND 2017

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Reading In Motion

Report on the Financial Statements

We have audited the accompanying financial statements of Reading In Motion (RIM), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and of 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 in the first paragraph present fairly, in all material respects, the financial position of Reading In Motion as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 14 and 15 are 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.

Legacy Professionals LLP

Westchester, Illinois

February 22, 2019

READING IN MOTION
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CASH	\$ 459,819	\$ 655,547
RECEIVABLES		
Grants	296,900	454,100
Pledges	56,200	49,690
Program services	2,490	6,800
Other	<u>1,400</u>	<u>-</u>
Total receivables	<u>356,990</u>	<u>510,590</u>
Prepaid expenses	<u>33,586</u>	<u>9,918</u>
Inventory	<u>52,680</u>	<u>69,017</u>
PROPERTY AND EQUIPMENT	88,078	88,078
Less accumulated depreciation	<u>(87,452)</u>	<u>(83,331)</u>
Net property and equipment	<u>626</u>	<u>4,747</u>
SECURITY DEPOSIT	<u>30,946</u>	<u>28,906</u>
Total assets	<u>\$ 934,647</u>	<u>\$ 1,278,725</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities		
Accounts payable	\$ 28,857	\$ 11,738
Deferred lease incentive	50,188	63,623
Deferred revenue	<u>13,000</u>	<u>28,250</u>
Total liabilities	<u>92,045</u>	<u>103,611</u>
NET ASSETS		
Unrestricted	352,981	346,057
Temporarily restricted	<u>489,621</u>	<u>829,057</u>
Total net assets	<u>842,602</u>	<u>1,175,114</u>
Total liabilities and net assets	<u>\$ 934,647</u>	<u>\$ 1,278,725</u>

See accompanying notes to financial statements.

READING IN MOTION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants and contributions			
Foundations	\$ 431,400	\$ 244,400	\$ 675,800
Corporate	65,088	-	65,088
Individual and Board	267,767	-	267,767
Special events - net	221,043	-	221,043
In-kind	8,450	-	8,450
Net assets released from restrictions	483,836	(483,836)	-
Total grants and contributions	<u>1,477,584</u>	<u>(239,436)</u>	<u>1,238,148</u>
Revenue from operations			
Program services	385,613	-	385,613
Other income			
Interest	134	-	134
Miscellaneous	940	-	940
Total other income	<u>1,074</u>	<u>-</u>	<u>1,074</u>
Total revenue and support	<u>1,864,271</u>	<u>(239,436)</u>	<u>1,624,835</u>
EXPENSES			
Program services			
Benchmarks	593,523	-	593,523
Spanish	218,161	-	218,161
National Expansion	309,946	-	309,946
Sales and marketing	221,493	-	221,493
Research and development	111,734	-	111,734
Total program services	<u>1,454,857</u>	<u>-</u>	<u>1,454,857</u>
Administrative and general	129,053	-	129,053
Fundraising and development	273,437	-	273,437
Total expenses	<u>1,857,347</u>	<u>-</u>	<u>1,857,347</u>
OPERATING INCOME (LOSS)	6,924	(239,436)	(232,512)
Loss on write-off of uncollectible contribution	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>
CHANGE IN NET ASSETS	6,924	(339,436)	(332,512)
NET ASSETS			
Beginning of year	<u>346,057</u>	<u>829,057</u>	<u>1,175,114</u>
End of year	<u>\$ 352,981</u>	<u>\$ 489,621</u>	<u>\$ 842,602</u>

See accompanying notes to financial statements.

READING IN MOTION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants and contributions			
Foundations	\$ 317,510	\$ 560,000	\$ 877,510
Corporate	169,295	15,000	184,295
Government	9,100	-	9,100
Individual and Board	189,460	-	189,460
Special events - net	29,260	-	29,260
In-kind	3,559	-	3,559
Net assets released from restrictions	793,342	(793,342)	-
Total grants and contributions	<u>1,511,526</u>	<u>(218,342)</u>	<u>1,293,184</u>
Revenue from operations			
Program services	<u>431,442</u>	<u>-</u>	<u>431,442</u>
Other income			
Interest	254	-	254
Miscellaneous	4,337	-	4,337
Total other income	<u>4,591</u>	<u>-</u>	<u>4,591</u>
Total revenue and support	<u>1,947,559</u>	<u>(218,342)</u>	<u>1,729,217</u>
EXPENSES			
Program services			
Benchmarks	666,017	-	666,017
Spanish	274,892	-	274,892
National Expansion	195,767	-	195,767
Sales and marketing	163,326	-	163,326
Research and development	149,670	-	149,670
Total program services	1,449,672	-	1,449,672
Administrative and general	144,294	-	144,294
Fundraising and development	336,558	-	336,558
Total expenses	<u>1,930,524</u>	<u>-</u>	<u>1,930,524</u>
CHANGE IN NET ASSETS	17,035	(218,342)	(201,307)
NET ASSETS			
Beginning of year	<u>329,022</u>	<u>1,047,399</u>	<u>1,376,421</u>
End of year	<u>\$ 346,057</u>	<u>\$ 829,057</u>	<u>\$ 1,175,114</u>

See accompanying notes to financial statements.

READING IN MOTION

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (332,512)	\$ (201,307)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	4,121	22,007
Bad debt expense	102,500	4,425
Change in assets and liabilities		
Receivables	51,100	242,918
Prepaid expenses	(23,668)	28,825
Inventory	16,337	5,238
Security deposit	(2,040)	5,354
Accounts payable	17,119	3,595
Deferred lease incentive	(13,435)	(11,926)
Deferred revenue	<u>(15,250)</u>	<u>3,250</u>
Net cash provided by (used in) operating activities	(195,728)	102,379
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>-</u>	<u>(1,019)</u>
NET INCREASE (DECREASE) IN CASH	(195,728)	101,360
CASH		
Beginning of year	<u>655,547</u>	<u>554,187</u>
End of year	<u>\$ 459,819</u>	<u>\$ 655,547</u>

See accompanying notes to financial statements.

READING IN MOTION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 1. NATURE OF THE ORGANIZATION

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

Benchmarks is a world-class reading program for at-risk children. This program uses arts-based activities that are physical, kinesthetic and imaginative to address key reading skills. During the year ended June 30, 2018, 3,500 pre-kindergarten, kindergarten, and 1st grade students benefited from this program. In 2017, 3,125 pre-kindergarten, kindergarten and 1st grade students benefited from this program. Benchmarks includes the Extra Dosage component, which provides well-trained Extra Dosage instructors in first grade classrooms to provide additional small group instruction, at the same time the teacher is doing small group instruction in the same room.

Spanish is the Spanish language version of Benchmarks and is an adaptation designed to be used in bilingual pre-kindergarten, kindergarten, and 1st grade classrooms in which reading is taught in Spanish. This program uses music and drama-based activities to address key reading and pre-reading skills. During the year ended June 30, 2018, 1,125 pre-kindergarten, kindergarten, and 1st grade students benefited from this program. In 2017, 1,175 pre-kindergarten, kindergarten and 1st grade students benefited from this program. The Spanish adaptation accounts for the particulars of the Spanish language and its orthography, such as an emphasis on syllabic segmentation and an earlier push for encoding and decoding skills.

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

The **National Expansion Program** is focused on bringing RIM's best in class Benchmarks program (in English and Spanish) to other major metropolitan areas across the United States with large populations of at-risk students. Within each city, RIM will pursue a staged expansion strategy, beginning with Kindergarten and then adding new grades and additional schools annually, allowing for simpler, more effective program implementation. During the year ended June 30, 2017, RIM secured agreements with schools in Las Vegas under the National Expansion program, which resulted in 450 students participating in the Benchmarks program during the year ended June 30, 2018.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation - To conform with generally accepted accounting principles, RIM is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted - Unrestricted net assets are available to finance the general operations of RIM. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of RIM, the environment in which it operates and the purposes specified in its articles of incorporation.

Temporarily Restricted - Temporarily restricted net assets result from (a) contributions and other inflows of assets, the use of which by RIM is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by action of RIM pursuant to those stipulations, (b) other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time or their fulfillment and removal by actions of RIM pursuant to those stipulations.

Permanently Restricted - Permanently restricted net assets (generally referred to as endowment funds) are assets that have donor-imposed restrictions that stipulate that the contributed resources be maintained permanently, but permit the organization to expend part or all of the income or other economic benefits derived from the donated assets. At both June 30, 2018 and 2017, RIM had no permanently restricted net assets.

Cash - Cash consists of monies held in demand deposit checking accounts.

Receivables - An allowance for uncollectible accounts for receivables at June 30, 2018 and 2017, was considered unnecessary and is not provided.

Grants Receivable - Unconditional promises to give are recognized as revenues and as assets in the period that the promises are received. Conditional promises to give are recognized as revenue when the conditions on which they depend are substantially met. At June 30, 2018 and 2017, management has determined that the effect of discounting grants due beyond one year would be immaterial. As such, as of June 30, 2018 and 2017, grants for future years are not discounted to present value. RIM considers grants receivable to be fully collectible; accordingly no allowance for doubtful accounts is necessary. However, in the current year there was a previously recorded grant receivable for \$100,000 that was deemed to be uncollectible. This expense was recognized in the current period.

Pledges Receivable - Unconditional promises to give are recognized as revenue in the period that the promises are received. Conditional promises to give are recognized when the conditions are substantially met. Pledges receivable may contain amounts that will be collected over a period longer than one year. No estimate for the present value of these amounts has been made, as discount would be immaterial. RIM considers pledges receivable to be fully collectible; accordingly no allowance for doubtful accounts is necessary.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory - Inventory consists of supplies that are used in RIM's various programs. Inventory is valued by average cost. At June 30, 2018 and 2017, RIM carried inventory at \$52,680 and \$69,017 respectively.

Property and Equipment - Property and equipment consist of office equipment, computer equipment, and software carried at cost. Major additions are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed on the straight-line method over the estimated three to five year useful lives of the assets.

Depreciation expense was \$4,121 for year ended June 30, 2018 and \$22,007 for the year ended June 30, 2017.

Deferred Lease Incentive - As part of a leasing arrangement, RIM received an incentive in the form of free rent from the landlord. RIM recognizes this incentive as a reduction of rental expense on a straight-line basis over the term of the lease.

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

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

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

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Investment income and realized and unrealized gains and losses resulting from contributions are reported as unrestricted or temporarily restricted net assets, as directed by the donor. There were no investments during the years ended June 30, 2018 and 2017.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-kind Donations - From time to time, RIM receives donated goods and services. These in-kind donations are recorded as contributions at their estimated fair value at the date of donation, and as expenses in the statements of activities. In-kind donations totaled \$8,450 and \$3,559 during the years ended June 30, 2018 and 2017, respectively.

Functional Allocation of Expenses - The costs of providing RIM's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and services benefited.

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

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

Subsequent Events - Subsequent events have been evaluated through February 22, 2019, which is the date the financial statements were available to be issued.

NOTE 3. CONCENTRATIONS OF SUPPORT AND REVENUE

Approximately 91% and 90% of RIM's program services revenue is derived from Chicago Public Schools for the years ended June 30, 2018 and 2017, respectively.

NOTE 4. CONCENTRATION OF CREDIT RISK

Cash consists of monies held in checking and savings accounts and highly liquid interest-bearing accounts without significant withdrawal restrictions. RIM places its cash with financial institutions deemed to be creditworthy. Balances are insured by FDIC up to \$250,000 per financial institution. Balances may at times exceed insured limits.

NOTE 5. INCOME TAXES

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

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

NOTE 6. OPERATING LEASE

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

The following is a schedule of future minimum rental payments required under noncancelable lease terms of this operating lease as of June 30, 2018, excluding pro rata expenses:

Year ending June 30,	
2019	\$ 117,975
2020	120,237
2021	<u>101,768</u>
	<u>\$ 339,980</u>

Rent and utilities expense was \$108,638 for the year ended June 30, 2018 and \$109,428 for the year ended June 30, 2017.

NOTE 7. PENSION PLAN

Full-time employees are automatically enrolled in a contributory defined contribution retirement plan qualified under Section 401(k) of the Internal Revenue Code and may opt out of the plan, if they choose. RIM matches employee deferrals at 25% up to a maximum of 4% of the employee's salary. The matching contributions made to the plan were \$3,373 for the year ended June 30, 2018 and \$6,477 for the year ended June 30, 2017.

NOTE 8. TEMPORARILY RESTRICTED ASSETS

At June 30, 2018 and 2017, temporarily restricted net assets consisted of grants and contributions from the following:

	<u>2018</u>	<u>2017</u>
Andrew Family Foundation	\$ 125,000	\$ 250,000
Windsong Trust	125,000	125,000
Polk Bros Foundation	75,000	-
Anonymous	60,221	114,057
Crown Family Philanthropies	60,000	120,000
Children's Care Foundation	20,000	-
CME Group	15,000	15,000
Service Club of Chicago	6,900	-
McGraw Foundation	2,500	5,000
A Better Chicago	-	200,000
Total	<u>\$ 489,621</u>	<u>\$ 829,057</u>

All temporarily restricted net assets are time and purpose restricted and are scheduled to be released as follows:

	<u>2018</u>	<u>2017</u>
Year ending June 30,		
2018	\$ -	\$ 644,057
2019	489,621	185,000
	<u>\$ 489,621</u>	<u>\$ 829,057</u>

For the years ended June 30, 2018 and 2017, grants and contributions provided by the following were released from restrictions:

	<u>2018</u>	<u>2017</u>
A Better Chicago	\$ 100,000	\$ 200,000
Andrew Family Foundation	125,000	134,749
Windsong Trust	125,000	-
Crown Family Philanthropies	60,000	60,000
Anonymous	53,836	135,943
CME Group	15,000	10,000
McGraw Foundation	5,000	-
Individuals	-	147,650
McShane Family Foundation	-	75,000
Target	-	20,000
Montgomery Ward Foundation	-	7,500
BMO Harris	-	2,500
Total	<u>\$ 483,836</u>	<u>\$ 793,342</u>

NOTE 9. LINE OF CREDIT

At June 30, 2018, RIM has a line of credit in the amount of \$120,000 which is collateralized by all of the assets of RIM. The line of credit was not utilized during the years ended June 30, 2018 and 2017.

NOTE 10. SPECIAL EVENTS

RIM held six special events during the year ended June 30, 2018 and four special events during the year ended June 30, 2017. Proceeds from these special events are shown net of their related expenses on the statements of activities as follows:

	<u>2018</u>	<u>2017</u>
Contributions/sponsorships	\$ 227,500	\$ 31,050
Ticket sales	134,990	14,245
Event expenses	<u>(141,447)</u>	<u>(16,035)</u>
Total	<u>\$ 221,043</u>	<u>\$ 29,260</u>

SUPPLEMENTARY INFORMATION

READING IN MOTION
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	Program Services					Administrative and General	Fundraising and Development	Total	
	Benchmarks	Spanish	National Expansion	Sales and Marketing	Research and Development				Total
Salary and payroll tax expense	\$ 387,810	\$ 136,400	\$ 213,023	\$ 139,996	\$ 80,974	\$ 958,203	\$ 84,620	\$ 142,190	\$ 1,185,013
Employee benefits	<u>50,283</u>	<u>17,685</u>	<u>27,620</u>	<u>18,152</u>	<u>10,499</u>	<u>124,239</u>	<u>10,971</u>	<u>18,436</u>	<u>153,646</u>
	438,093	154,085	240,643	158,148	91,473	1,082,442	95,591	160,626	1,338,659
Bad debt	-	-	-	-	-	-	2,500	-	2,500
Bank processing fees	435	153	239	157	91	1,075	95	11,918	13,088
Depreciation expense	1,349	474	741	487	282	3,333	294	494	4,121
Donor and staff recognition	264	93	181	168	55	761	14	25	800
Dues and subscriptions	1,176	414	5,729	3,842	246	11,407	-	2,187	13,594
Insurance	6,741	2,371	3,702	2,433	1,407	16,654	1,472	2,471	20,597
Meals & entertainment	2,780	1,007	2,779	8,681	439	15,686	60	3,692	19,438
Meeting expense	2,126	748	940	767	444	5,025	-	-	5,025
Office supplies and equipment	897	315	2,102	677	188	4,179	309	294	4,782
Postage expense	953	348	1,264	416	199	3,180	54	1,307	4,541
Printing expense	1,933	680	2,712	2,612	404	8,341	421	6,676	15,438
Professional fees	11,775	4,141	1,393	18,761	6,062	42,132	17,451	65,005	124,588
Program supplies and materials	53,969	28,384	15,449	-	-	97,802	-	-	97,802
Promotion expense	705	248	757	255	147	2,112	153	259	2,524
Rent and utilities	43,345	15,245	-	15,647	9,050	83,287	9,459	15,892	108,638
Repairs and maintenance expense	81	29	-	29	17	156	17	30	203
Telephone	4,865	1,711	4,272	1,756	1,016	13,620	1,062	1,784	16,466
Training expense	167	59	119	60	35	440	-	-	440
Travel and transportation expense	3,236	2,402	22,534	6,597	179	34,948	101	777	35,826
Warehouse and processing expense	<u>18,633</u>	<u>5,254</u>	<u>4,390</u>	<u>-</u>	<u>-</u>	<u>28,277</u>	<u>-</u>	<u>-</u>	<u>28,277</u>
Total	<u>\$ 593,523</u>	<u>\$ 218,161</u>	<u>\$ 309,946</u>	<u>\$ 221,493</u>	<u>\$ 111,734</u>	<u>\$ 1,454,857</u>	<u>\$ 129,053</u>	<u>\$ 273,437</u>	<u>\$ 1,857,347</u>

READING IN MOTION
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

	Program Services						Administrative and General	Fundraising and Development	Total
	<u>Benchmarks</u>	<u>Spanish</u>	<u>National Expansion</u>	<u>Sales and Marketing</u>	<u>Research and Development</u>	<u>Total</u>			
Salary and payroll tax expense	\$ 433,432	\$ 175,456	\$ 122,925	\$ 93,444	\$ 90,624	\$ 915,881	\$ 105,573	\$ 196,346	\$ 1,217,800
Employee benefits	<u>56,150</u>	<u>22,730</u>	<u>15,925</u>	<u>12,105</u>	<u>11,740</u>	<u>118,650</u>	<u>13,677</u>	<u>25,436</u>	<u>157,763</u>
	489,582	198,186	138,850	105,549	102,364	1,034,531	119,250	221,782	1,375,563
Bad debt	-	-	-	-	-	-	4,425	-	4,425
Bank processing fees	144	58	41	31	30	304	35	9,622	9,961
Depreciation expense	7,809	3,162	2,280	1,683	1,633	16,567	1,903	3,537	22,007
Donor and staff recognition	193	78	80	42	40	433	45	623	1,101
Dues and subscriptions	1,257	534	2,127	2,740	253	6,911	970	4,148	12,029
Insurance	7,532	3,049	2,136	1,624	1,575	15,916	1,834	3,412	21,162
Meals & entertainment	4,730	1,978	2,143	7,609	989	17,449	484	4,511	22,444
Meeting expense	2,734	1,106	-	1,014	571	5,425	-	-	5,425
Office supplies and equipment	1,658	684	469	476	306	3,593	244	588	4,425
Postage expense	385	156	380	83	80	1,084	52	1,527	2,663
Printing expense	2,874	1,163	1,385	2,277	601	8,300	695	3,418	12,413
Professional fees	14,162	5,733	26,210	22,553	29,843	98,501	1,441	58,101	158,043
Program supplies and materials	59,847	25,306	-	32	31	85,216	-	-	85,216
Promotion expense	-	-	1,271	905	-	2,176	-	52	2,228
Rent and utilities	43,320	17,536	-	9,339	9,058	79,253	10,551	19,624	109,428
Repairs and maintenance expense	138	56	-	30	29	253	33	62	348
Telephone	9,108	3,687	3,258	1,964	1,904	19,921	2,219	4,126	26,266
Training expense	80	33	-	17	17	147	-	264	411
Travel and transportation expense	4,903	4,167	15,137	5,358	346	29,911	113	1,161	31,185
Warehouse and processing expense	15,561	8,220	-	-	-	23,781	-	-	23,781
Total	<u>\$ 666,017</u>	<u>\$ 274,892</u>	<u>\$ 195,767</u>	<u>\$ 163,326</u>	<u>\$ 149,670</u>	<u>\$ 1,449,672</u>	<u>\$ 144,294</u>	<u>\$ 336,558</u>	<u>\$ 1,930,524</u>