UNITED THROUGH READING

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

Leaf & Cole, LLP
Certified Public Accountants

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FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Independent Auditor's Report

To the Board of Trustees
United Through Reading

Opinion

We have audited the accompanying financial statements of United Through Reading (a Nonprofit Organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Through Reading as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Through Reading, 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 opinion.

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 United Through Reading's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

2810 Camino Del Rio South, Suite 200, San Diego, California 92108-3820
619.294.7200, 619.294.7077 fax, www.leaf-cole.com, leafcole@leaf-cole.com

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 United Through Reading'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 United Through Reading'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.

Leaf & Cole LLP

San Diego, California
May 26, 2022

UNITED THROUGH READING
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS

	2021	2020
Assets: (Notes 2, 4, 5, 6, 7 and 8)		
Cash and cash equivalents	$ 1,643,973	$ 1,401,929
Investment	4,230	3,490
Contributions receivable	33,595	96,773
Prepaid expenses	65,836	59,733
Beneficial interest in endowment funds	87,729	76,900
Furniture and equipment, net	98,619	34,014
TOTAL ASSETS	$ 1,933,982	$ 1,672,839

LIABILITIES AND NET ASSETS

	2021	2020
Liabilities: (Note 2)		
Accounts payable and accrued expenses	$ 204,753	$ 165,652
Deferred revenue	-	213,000
Total Liabilities	204,753	378,652
Contingencies (Note 11)		
Net Assets: (Notes 2, 9 and 10)		
Without Donor Restrictions	1,294,247	856,660
With Donor Restrictions:		
Purpose restrictions	373,497	380,247
Perpetual in nature	61,485	57,280
Total Net Assets With Donor Restrictions	434,982	437,527
Total Net Assets	1,729,229	1,294,187
TOTAL LIABILITIES AND NET ASSETS	$ 1,933,982	$ 1,672,839

The accompanying notes are integral part of the financial statements.

UNITED THROUGH READING
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Other Revenue:						
Contributions:						
Corporations and corporate foundations	$ 1,520,232	$ 271,757	$ 1,791,989	$ 1,244,075	$ 335,102	$ 1,579,177
Foundations and civic groups	194,692	61,971	256,663	175,075	13,500	188,575
Individuals	256,571	-	256,571	235,058	-	235,058
In-kind contributions	120,027	-	120,027	110,657	-	110,657
Government grant	200,000	-	200,000	212,800	-	212,800
Net assets released from restrictions	347,102	(347,102)	-	379,066	(379,066)	-
Total Contributions	2,638,624	(13,374)	2,625,250	2,356,731	(30,464)	2,326,267
Other Revenue:						
Special event revenue	259,767	-	259,767	339,428	-	339,428
Less: Cost of direct benefits to donors	(123,258)	-	(123,258)	-	-	-
Investment income	1,903	10,829	12,732	2,042	8,485	10,527
Total Other Revenue	138,412	10,829	149,241	341,470	8,485	349,955
Total Support and Other Revenue	2,777,036	(2,545)	2,774,491	2,698,201	(21,979)	2,676,222
Expenses:						
Program Services	1,966,013	-	1,966,013	1,959,921	-	1,959,921
Supporting Services:						
Management and general	153,670	-	153,670	143,075	-	143,075
Fundraising	219,766	-	219,766	227,874	-	227,874
Total Supporting Services	373,436	-	373,436	370,949	-	370,949
Total Expenses	2,339,449	-	2,339,449	2,330,870	-	2,330,870
Change in Net Assets	437,587	(2,545)	435,042	367,331	(21,979)	345,352
Net Assets at Beginning of Year	856,660	437,527	1,294,187	489,329	459,506	948,835
NET ASSETS AT END OF YEAR	$ 1,294,247	$ 434,982	$ 1,729,229	$ 856,660	$ 437,527	$ 1,294,187

The accompanying notes are integral part of the financial statements.

UNITED THROUGH READING
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Management and General	Fundraising	Total
Personnel:				
Educational/resource expenses	$ 5,604	$ 482	$ 724	$ 6,810
Salaries, payroll taxes and benefits	1,014,301	85,757	145,194	1,245,252
Total Personnel	1,019,905	86,239	145,918	1,252,062
Occupancy:				
Equipment	9,741	917	1,375	12,033
Office rent	3,031	303	455	3,789
Telephone/internet	6,074	412	619	7,105
Transportation/mileage/meals	10,036	1,027	1,032	12,095
Total Occupancy	28,882	2,659	3,481	35,022
Insurance/License Registrations/Tax Expenses	8,523	877	1,278	10,678
Office:				
Deposit processing fee	8,235	877	1,235	10,347
Miscellaneous	417	43	61	521
Office supplies/copies	2,709	271	406	3,386
Printing/reproduction/postage	18,318	1,895	2,748	22,961
Repairs and maintenance	172	17	26	215
Total Office	29,851	3,103	4,476	37,430
Professional Fees	29,081	24,101	4,239	57,421
Other:				
Books	173,021	-	-	173,021
Depreciation - Mobile story station	11,831	-	-	11,831
Educational/resource expenses	203,615	-	-	203,615
Equipment	104,171	-	-	104,171
Miscellaneous	792	-	-	792
Mobile story station van expenses	10,627	-	-	10,627
Printing/design/postage	40,770	-	-	40,770
Program materials	33,505	-	-	33,505
Professional fees	4,437	-	-	4,437
Rent	5,729	-	-	5,729
Special events	93,495	20,116	60,374	173,985
Supplies	11,921	-	-	11,921
Telephone/internet	6,271	-	-	6,271
Transportation/lodging/meals	46,133	-	-	46,133
Total Other	746,318	20,116	60,374	826,808
Total Expenses Before In-Kind Expenses	1,862,560	137,095	219,766	2,219,421
In-Kind Expenses	103,453	16,575	-	120,028
Total Program and Supporting Services Expenses	$ 1,966,013	$ 153,670	$ 219,766	$ 2,339,449

The accompanying notes are an integral part of the financial statements.

UNITED THROUGH READING
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	Management and General	Fundraising	Total
Personnel:				
Educational/resource expenses	$ 5,757	$ 896	$ 744	$ 7,397
Salaries, payroll taxes and benefits	1,019,583	97,179	147,923	1,264,685
Total Personnel	1,025,340	98,075	148,667	1,272,082
Occupancy:				
Equipment	7,041	681	1,022	8,744
Office rent	3,235	324	485	4,044
Telephone/internet	7,411	734	1,069	9,214
Transportation/mileage/meals	10,034	992	1,487	12,513
Total Occupancy	27,721	2,731	4,063	34,515
Insurance/License Registrations/Tax Expenses	6,612	661	992	8,265
Office:				
Deposit processing fee	6,968	863	1,045	8,876
Miscellaneous	225	2	34	261
Office supplies/copies	2,776	262	392	3,430
Printing/reproduction/postage	17,276	1,721	2,582	21,579
Total Office	27,245	2,848	4,053	34,146
Professional Fees	45,853	23,380	7,039	76,272
Other:				
Books	115,856	-	-	115,856
Depreciation - Mobile story station	11,830	-	-	11,830
Educational/resource expenses	220,493	-	-	220,493
Equipment	181,012	-	-	181,012
Miscellaneous	1,163	-	-	1,163
Mobile story station van expenses	13,986	-	-	13,986
Printing/design/postage	20,162	-	-	20,162
Program materials	41,194	-	-	41,194
Professional fees	8,075	-	-	8,075
Rent	3,010	-	-	3,010
Special events	92,127	-	63,060	155,187
Supplies	2,145	-	-	2,145
Telephone/internet	8,157	-	-	8,157
Transportation/lodging/meals	12,663	-	-	12,663
Total Other	731,873	-	63,060	794,933
Total Expenses Before In-Kind Expenses	1,864,644	127,695	227,874	2,220,213
In-Kind Expenses	95,277	15,380	-	110,657
Total Program and Supporting Services Expenses	$ 1,959,921	$ 143,075	$ 227,874	$ 2,330,870

The accompanying notes are an integral part of the financial statements.

UNITED THROUGH READING
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash Flows From Operating Activities:		
Change in net assets	$ 435,042	$ 345,352
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	11,831	11,830
Realized and unrealized gain on investments	(1,127)	(1,234)
Donated stock	(64,749)	-
Change in perpetual restricted net assets	(4,205)	(4,238)
(Increase) Decrease in:		
Contributions receivable	63,178	(64,892)
Prepaid expenses	(6,103)	(26,865)
Increase (Decrease) in:		
Accounts payable and accrued expenses	39,101	63,958
Deferred revenue	(213,000)	213,000
Net Cash Provided by Operating Activities	259,968	536,911
Cash Flows From Investing Activities:		
Investment purchases	(8)	(580)
Investment sales	65,144	-
Increase in beneficial interest in endowment funds	(10,829)	(8,485)
Purchase of furniture and equipment	(76,436)	-
Net Cash Used in Investing Activities	(22,129)	(9,065)
Cash Flows From Financing Activities:		
Change in perpetual restricted net assets	4,205	4,238
Net Cash Provided by Financing Activities	4,205	4,238
Net Increase in Cash and Cash Equivalents	242,044	532,084
Cash and Cash Equivalents at Beginning of Year	1,401,929	869,845
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,643,973	$ 1,401,929

The accompanying notes are an integral part of the financial statements.

Note 1 - Organization:

For over 30 years, United Through Reading (the "Organization"), a Nonprofit California Corporation, has been uniting U.S. military families who face physical separation by facilitating the bonding experience of reading aloud together.

United Through Reading offers military service members the opportunity to be video-recorded reading books to their children at home, and then the books and videos are delivered to the children so that they can follow along as their loved ones read their favorite story. This program creates and strengthens emotional connections between parents and their children, encourages literacy and makes homecoming easier. According to surveys, 95% of participants report a decrease in their children's anxiety during deployment and 83% of service member participants report a reduction in their own stress during deployment.

Despite the challenges of COVID-19 in 2020 and 2021, United Through Reading distributed more than 50,000 books at over 790 virtual and in person events around the world. With the release of their self-service Android and iOS app United Through Reading was able to produce recordings in all 50 states, and many locations overseas. The app also allowed them to expand their services to include U.S. military veterans and their families.

Note 2 - Significant Accounting Policies:

Accounting Method

The financial statements of the Organization have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Note 2 - Significant Accounting Policies: (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties

The Organization invests in various types of investment securities which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of financial position.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the investment.

The Organization's statement of financial position includes the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investment in common stock is considered a Level 1 assets and is reported at fair value based on quoted prices in active markets for identical assets at the measurement date.

- Beneficial interest in endowment funds are considered Level 3 assets and are reported at the fair value of the underlying assets as reported by the fund manager.

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. Management believes that all contributions receivable were fully collectible; therefore, no allowance for doubtful contributions receivable was recorded at December 31, 2021 and 2020.

Note 2 - Significant Accounting Policies: (Continued)

Capitalization and Depreciation

The Organization capitalizes all expenditures in excess of $1,000 for furniture and equipment at cost, while donations of furniture and equipment are recorded at their estimated fair values. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire furniture and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Furniture and equipment is depreciated using the straight-line method over the estimated useful lives as follows:

Furniture and equipment	5 years

Depreciation totaled $11,831 and $11,830 for the years ended December 31, 2021 and 2020, respectively.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of furniture and equipment, the asset account is reduced by the cost and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

Compensated Absences

Accumulated unpaid vacation totaling $71,918 and $77,623 at December 31, 2021 and 2020, respectively, is accrued when incurred and included in accounts payable and accrued expenses.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give in writing to the Organization that is in substance, unconditional. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When the stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

The Organization received a conditional contribution in the amount of $-0- and $320,000 of which $213,000 and $107,000 has been earned and recognized as revenue for the years ended December 31, 2021 and 2020, respectively, and $-0- and $213,000 has been included in deferred revenue until the conditions of the contribution have been met.

Special event revenue is recognized in the period that the event occurs.

Note 2 - Significant Accounting Policies: (Continued)

Donated Services and Materials

The Organization utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated professional services are recorded at fair value, and totaled $12,422 and $9,115 for the years ended December 31, 2021 and 2020, respectively and are included in in-kind contributions in the statement of activities.

In-kind contributions of books and supplies used for program services with an estimated fair value of $107,605 and $101,542 for the years ended December 31, 2021 and 2020, respectively, are included in in-kind contributions in the statement of activities.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or support service are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records and estimates made by the Organization's management.

Income Taxes Status

The Organization is a public charity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization is not a private foundation.

The Organization's Return of Organization Exempt from Income Tax for the years ended December 31, 2021 2020, 2019 and 2018 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use to be cash equivalents.

Note 2 - Significant Accounting Policies: (Continued)

Subsequent Events

The Organization has evaluated subsequent events through May 26, 2022, which is the date the financial statements are available for issuance, and concluded that there were no events or transactions that needed to be disclosed.

Note 3 - Liquidity and Availability:

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. The Organization considers contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programs as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets available for general expenditure, within one year, are comprised of the following at December 31:

	2021	2020
Financial Assets as Year-End:		
Cash and cash equivalents	$ 1,643,973	$ 1,401,929
Investment	4,230	3,490
Contributions receivable	33,595	96,773
Financial assets available for general expenditures within one year	$ 1,681,798	$ 1,502,192

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Note 4 - Fair Value Measurements:

The following table summarizes assets measured at fair value by classification within the fair value hierarchy at December 31:

	2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2021
Common stock	$ 4,230	$ -	$ -	$ 4,230
Beneficial interest in endowment funds (Note 8)	-	-	87,729	87,729
	$ 4,230	$ -	$ 87,729	$ 91,959

Note 4 - Fair Value Measurements: (Continued)

	2020			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2020
Common stock	$ 3,490	$ -	$ -	$ 3,490
Beneficial interest in endowment funds (Note 8)	-	-	76,900	76,900
	$ 3,490	$ -	$ 76,900	$ 80,390

The reconciliation for financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are included in Note 8 as indicated above.

The following table represents the Organization's Level 3 financial instrument, the valuation techniques used to measure the fair value of the financial instrument, and the significant unobservable inputs and the range of values for those inputs for the year ended December 31:

	2021			
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in endowment funds	$ 87,729	Valuation of underlying assets as provided by San Diego Foundation and Rancho Santa Fe Foundation	Base price	N/A

	2020			
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in endowment funds	$ 76,900	Valuation of underlying assets as provided by San Diego Foundation and Rancho Santa Fe Foundation	Base price	N/A

Note 5 - Investment:

Investment consist of the following at December 31:

	2021	2020
Common stock	$ 4,230	$ 3,490
Total Investments	$ 4,230	$ 3,490

Note 5 – Investment (Continued):

The following schedule summarizes the investment income and its classification in the statement of activities for the years ended December 31:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest income	$ 776	$ -	$ 776
Realized and unrealized gain on investments	1,127	-	1,127
Investment return on beneficial interest in endowment funds	-	10,829	10,829
Total Investment Income	$ 1,903	$ 10,829	$ 12,732

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest income	$ 808	$ -	$ 808
Realized and unrealized gain on investments	1,234	-	1,234
Investment return on beneficial interest in endowment funds	-	8,485	8,485
Total Investment Income	$ 2,042	$ 8,485	$ 10,527

Note 6 - Contributions Receivable:

Contributions receivable totaled $33,595 and $96,773 at December 31, 2021 and 2020, respectively and are due in less than one year.

Note 7 - Furniture and Equipment:

Furniture and equipment consist of the following at December 31:

	2021	2020
Vehicle - Mobile story station van	$ 135,590	$ 59,154
Office equipment and furniture	1,369	1,369
Subtotal	136,959	60,523
Less: Accumulated depreciation	(38,340)	(26,509)
Furniture and Equipment, Net	$ 98,619	$ 34,014

Note 8 - Beneficial Interest in Endowment Funds:

The Organization has a beneficial interest in endowment funds held at Rancho Santa Fe Foundation and San Diego Foundation. The beneficial interest in endowment funds held at Rancho Santa Fe Foundation is held in an investment pool, which is structured for long-term, total return consisting of 42.7% domestic equities, 16.6% international equities, 5.2% in emerging markets, 20.5% fixed income, 5.4% real assets and 9.6% in cash and cash equivalents. The beneficial interest in endowment funds held at San Diego Foundation is invested in a portfolio of equity and debt securities, which is structured for long-term total return, consisting of 47.6% global/international equities, 15.1% alternative investments, 11.6% fixed income, 6.4% real estate investments, 12.4% hedge funds, 6.2% real assets and 0.7% in cash and cash equivalents. The activity of the beneficial interests in endowment funds consisted of the following for the years ended December 31:

	Rancho Santa Fe Foundation	San Diego Foundation	Total
Balance at December 31, 2019	$ 32,472	$ 35,943	$ 68,415
Investment return	4,238	4,247	8,485
Balance at December 31, 2020	36,710	40,190	76,900
Investment return	4,205	6,624	10,829
Balance at December 31, 2021	$ 40,915	$ 46,814	$ 87,729

Note 9 - Net Assets With Donor Restrictions:

	2021	2020
Subject to Expenditure for Specified Purpose:		
Books and supplies	$ 230,979	$ 187,025
Program awareness	53,246	-
STEAM the Summer Slide	30,000	30,000
Unappropriated endowment earnings	26,244	19,620
Mobile story station	20,000	-
Other	8,028	3,500
Employee engagement	5,000	-
Recording sites and application	-	77,177
Milspouse fest	-	37,500
Savannah and San Diego Coast Guard	-	15,425
Educational development	-	10,000
Total Subject to Expenditure for Specified Purpose	373,497	380,247
Perpetual in Nature:		
Endowments (Note 10)	61,485	57,280
Total Net Assets with Donor Restrictions	$ 434,982	$ 437,527

Note 9 - Net Assets With Donor Restrictions: (Continued)

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors are as follows for the years ended December 31:

	2021	2020
Purpose Restrictions Accomplished:		
Books and supplies	$ 175,000	$ 142,076
Recording sites	77,176	64,615
Milspouse fest	37,500	-
STEAM the Summer Slide	30,000	30,000
Mobile story station van	15,426	12,356
Educational development	10,000	-
Other	2,000	-
Hampton Roads and North Carolina	-	120,000
Wounded Warriors	-	10,019
Total Net Assets Released From Restrictions	$ 347,102	$ 379,066

Note 10 - Endowment Net Assets:

The Organization has a beneficial interest in endowment funds that are held at Rancho Santa Fe Foundation ("RSFF") and San Diego Foundation ("SDF") collectively referred as the "Foundations". As required by generally accepted accounting principles net assets associated with endowment funds are classified and reported based on he existence of donor-imposed restrictions. The Foundations manage the funds in accordance with the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The investment objective is to maintain the purchasing power (real value) of the endowment funds. From time to time, the fair value of the assets in an endowment fund may fall below the level that the donors require the Organization to retain as a fund of perpetual duration.

The Organization considers a fund to be underwater if the value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. The Organization has no underwater endowment funds at December 31, 2021 and 2020.

Net assets with donor restrictions in perpetuity held are comprised of:

- The original value of gifts donated to the fund.
- The original value of Organization funds transferred to the fund.
- The original value of the subsequent gifts donated to the fund.
- Investment income and realized and unrealized gains and losses on investments.
- Distributions from the fund in accordance with spending policy.

Note 10 - Endowment Net Assets: (Continued)

RSFF endowment funds are invested in permanent funds with long-term investment objectives and strategies that will accommodate relevant, reasonable or probable events. Management of the assets is designed to preserve the principal of the funds and provide a source of funds for current operations and programs. The Organization's spending policy allows for annual distributions of equity to 5% of the current value, which includes contributions to the fund, income earned on such contributions and all gains and losses on such funds.

SDF endowment funds are invested in a portfolio of equity and debt securities, which are structured for long-term total return. SDF's spending policy is to disburse 5% annually, based upon endowment principal market value over the last 36 months. These calculations are made on a monthly basis. If the market value of the endowment principal of any fund, at the end of each month, is less than the initial value of all contributions made to the endowment principal, then distributions will be limited to interest and dividends received.

Endowment composition by type of fund at December 31:

	2021		
	With Donor Restrictions	With Donor Restrictions - Perpetual	Total
San Diego Foundation	$ 26,244	$ 20,570	$ 46,814
Rancho Santa Fe Foundation	-	40,915	40,915
Total	$ 26,244	$ 61,485	$ 87,729

	2020		
	With Donor Restrictions	With Donor Restrictions - Perpetual	Total
San Diego Foundation	$ 19,620	$ 20,570	$ 40,190
Rancho Santa Fe Foundation	-	36,710	36,710
Total	$ 19,620	$ 57,280	$ 76,900

Note 10 - Endowment Net Assets: (Continued)

Changes in endowment net assets for the year ended December 31:

	2021		
	With Donor Restrictions	With Donor Restrictions - Perpetual	Total
Endowment Net Assets at December 31, 2020	$ 19,620	$ 57,280	$ 76,900
Investment return	6,624	4,205	10,829
Endowment Net Assets at December 31, 2021	$ 26,244	$ 61,485	$ 87,729

	2020		
	With Donor Restrictions	With Donor Restrictions - Perpetual	Total
Endowment Net Assets at December 31, 2019	$ 15,373	$ 53,042	$ 68,415
Investment return	4,247	4,238	8,485
Endowment Net Assets at December 31, 2020	$ 19,620	$ 57,280	$ 76,900

Note 11 - Contingencies:

Paycheck Protection Program Loan

In April 2020, the Organization received a loan totaling $212,800 from the U.S. Small Business Administration, under the CARES Act Paycheck Protection Program (“PPP”). The loan is forgivable to the extent that the Organization meets the terms and conditions of the PPP. Any portion of the loan that is not forgiven bears interest at 1%, and is due in April 2022. The Organization has recognized $-0- and $212,800 as revenue for the year ended December 31, 2021 and 2020, respectively, they have satisfied the terms and conditions of forgiveness of the PPP. The loan was granted forgiveness on January 13, 2021.

Consolidated Appropriations Act Paycheck Protection Program

In February 2021, the Organization received a loan totaling $200,000 from the U.S. Small Business Administration under the CARES Act Paycheck Protection Program (“PPP2”). The loan is forgivable to the extent that the Organization meets the terms and conditions of the PPP2. Any portion of the loan that is not forgiven bears interest at 1% and is due February 2026. The Organization has recognized $200,000 and $-0- as revenue for the year ended December 31, 2021 and 2020, respectively. The Organization has satisfied the terms and conditions of forgiveness of the PPP2 and received forgiveness on March 29, 2022.

Note 11 - Contingencies: (Continued):

Coronavirus Pandemic Contingency

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's donors, employees, and vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.