

Financial Statements

REED CHARITABLE FOUNDATION, INC.

December 31, 2022 and 2021

REED CHARITABLE FOUNDATION, INC.

Financial Statements

December 31, 2022 and 2021

(With Independent Auditor's Report Thereon)

REED CHARITABLE FOUNDATION, INC.

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Independent Auditor's Report

Board of Directors
Reed Charitable Foundation, Inc.

Opinion

We have audited the accompanying financial statements of Reed Charitable Foundation, Inc. (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Reed Charitable Foundation, Inc. as of December 31, 2022 and 2021, 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 Reed Charitable Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Reed Charitable Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Schatz, Tschagg, Whitcomb, Mitchell & Shulman, LLP

May 26, 2023
Maitland, Florida

REED CHARITABLE FOUNDATION, INC.

Statements of Financial Position

December 31, 2022 and 2021

Assets

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 961,962	645,105
Total assets	<u>\$ 961,962</u>	<u>645,105</u>

Liabilities and Net Assets

Liabilities:	<u>\$ -</u>	<u>-</u>
Net assets without donor restrictions	<u>961,962</u>	<u>645,105</u>
Total liabilities and net assets	<u>\$ 961,962</u>	<u>645,105</u>

See accompanying notes to financial statements.

REED CHARITABLE FOUNDATION, INC.

Statements of Activities

For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Support and revenue:		
Contributions	\$ 430,370	374,684
Training fees	51,765	-
Grants	41,250	-
In kind contributions	-	13,162
Special events, net of direct benefit to donor costs of \$161,907 and 101,976	<u>333,725</u>	<u>214,814</u>
Total support and revenue	<u>857,110</u>	<u>602,660</u>
Expenses and other:		
Program expenses	419,268	241,023
Management and general	68,768	32,490
Fundraising expenses	<u>52,217</u>	<u>26,207</u>
Total expenses	<u>540,253</u>	<u>299,720</u>
Change in net assets	316,857	302,940
Net assets, beginning of year	<u>645,105</u>	<u>342,165</u>
Net assets, end of year	<u>\$ 961,962</u>	<u>645,105</u>

See accompanying notes to financial statements.

REED CHARITABLE FOUNDATION, INC.

Statements of Functional Expenses

For the years ended December 31, 2022 and 2021

	2022			2021				
	Program Services	Supporting Services Management and General	Supporting Services Fund Raising	Total	Program Services	Supporting Services Management and General	Supporting Services Fund Raising	Total
Salaries and related expenses	\$ 255,806	36,932	26,476	319,214	104,042	8,810	-	112,852
Advertising and marketing	-	-	-	-	40,221	-	-	40,221
In kind graphic design and printing	-	-	-	-	13,162	-	-	13,162
Training	118,591	-	-	118,591	67,149	-	-	67,149
Insurance expense	8,777	-	-	8,777	475	159	-	634
Professional fees	-	17,131	-	17,131	-	1,956	-	1,956
Contract services	31,162	-	-	31,162	10,609	5,201	5,500	21,310
Office expense	-	14,705	-	14,705	-	16,364	-	16,364
Fundraising	-	-	25,741	25,741	-	-	20,707	20,707
Telephone and IT expense	4,932	-	-	4,932	4,742	-	-	4,742
Travel expense	-	-	-	-	623	-	-	623
Total expenses	\$ 419,268	68,768	52,217	540,253	241,023	32,490	26,207	299,720

See accompanying notes to financial statements.

REED CHARITABLE FOUNDATION, INC.

Statements of Cash Flows

Years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 316,857	302,940
Net cash provided by operating activities	<u>316,857</u>	<u>302,940</u>
Net increase in cash and cash equivalents	316,857	302,940
Cash and cash equivalents - beginning of year	<u>645,105</u>	<u>342,165</u>
Cash and cash equivalents - end of year	<u><u>\$ 961,962</u></u>	<u><u>645,105</u></u>

See accompanying notes to financial statements.

REED CHARITABLE FOUNDATION, INC.

Notes to Financial Statements

December 31, 2022 and 2021

(1) Organization and Summary of Significant Accounting Policies

- (a) Reed Charitable Foundation, Inc. (the Organization) was established in 2019 to immediately make meaningful change for students with dyslexia by providing scholarships for teacher training and private Orton-Gillingham tutoring. Hosting free community education events to provide exceptional content of best practices in dyslexia/general literacy education and facilitate meaningful fellowship for families impacted by dyslexia, and providing social-emotional programming like noticeability that helps students with dyslexia identify their strengths and build self-esteem critical to their long-term success.

(b) Basis of Presentation

The accompanying financial statements are presented on the accrual basis and represent the financial position and results of operations of the Organization.

The Organization has adopted the provisions of FASB Accounting Standards Codification Topic 958, Not-for-Profit Entities.

Unconditional promises to give (pledges) are recorded as receivables and revenue, and the Organization distinguishes between promises received for each net asset category in accordance with donor restrictions, if any.

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

- ◆ Net assets without donor restrictions---Net assets that are not subject to donor-imposed stipulations.
- ◆ Net assets with donor restrictions---Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donors impose restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions.

REED CHARITABLE FOUNDATION, INC.

Notes to Financial Statements

December 31, 2022 and 2021

(1) **Organization and Summary of Significant Accounting Policies - Continued**

(c) **Cash and Cash Equivalents**

The Organization considers investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.

(d) **Revenue and Support**

Contributions received are recorded as revenue and support without donor restrictions or with donor restrictions, depending on the existence and/or nature of any such restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period 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 a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

(e) **Use of 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 support and revenue and expenses during the reporting period. Actual results could differ from these estimates.

(f) **Income Taxes**

Reed Charitable Foundation, Inc. is exempt from federal income tax under provision of Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. Consequently, no provision for income taxes has been included in the accompanying financial statements.

In accordance with "Income Taxes" FASB Accounting Standards Codification Topic 740 (Topic 740), all entities are required to evaluate and disclose income tax risks. Topic 740 clarifies the accounting for uncertainty in tax positions and prescribes guidance related to the financial statement recognition and measurement of a tax position taken or expected to

REED CHARITABLE FOUNDATION, INC.

Notes to Financial Statements

December 31, 2022 and 2021

(1) **Organization and Summary of Significant Accounting Policies - Continued**

(f) **Income Taxes - Continued**

be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statement of activities. As of December 31, 2022, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The Organization's income tax returns are subject to review and examination by federal authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes. The tax returns for the fiscal years ended from 2019 to 2021 are open to examination by federal authorities.

(g) **Concentration of Credit Risk**

The Organization maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

(h) **Functional Allocation of Expenses**

Salaries and related payroll expenses are allocated among functional categories based on the estimated proportion of time spent for each function. All other expenses are distributed based on management's estimate of the relative functional activity.

(i) **Subsequent Events**

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through May 26, 2023, which is the date the financial statements were available to be issued.

(2) **Liquidity and Availability**

As of December 31, 2022, the Organization has \$961,962 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

REED CHARITABLE FOUNDATION, INC.

Notes to Financial Statements

December 31, 2022 and 2021

(2) **Liquidity and Availability - Continued**

The following table reflects the Organization's financial assets as of December 31, 2022 reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date.

Cash and cash equivalents	<u>\$ 961,962</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 961,962</u>