

Hood & Strong

Advisory, Tax
and Assurance

Worldreader.org

December 31, 2023 and 2022

Independent Auditors' Report and
Consolidated Financial Statements and
Supplemental Information

**Independent Auditors' Report, Consolidated Financial Statements and
Supplementary Information**

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Independent Auditors' Report

THE BOARD OF DIRECTORS
WORLDREADER.ORG
San Francisco, California

Opinion

We have audited the consolidated financial statements of **WORLDREADER.ORG (Worldreader or the Organization)**, which comprise the consolidated statement of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Worldreader as of December 31, 2023 and 2022, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Worldreader 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Worldreader's ability to continue as a going concern for one year from the date of this report.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Worldreader'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 consolidated financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Worldreader'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on these consolidated financial statements as a whole. The accompanying supplementary information (pages 17-18) is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Hood & Strong LLP

San Francisco, California
August 16, 2024

Consolidated Statement of Financial Position

December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets:						
Cash and cash equivalents	\$ 2,677,800	\$ 2,157,485	\$ 4,835,285	\$ 868,656	\$ 2,602,256	\$ 3,470,912
Grants and pledges receivable, net	145,732	2,589,489	2,735,221	13,295	5,699,951	5,713,246
Software development, net	1,143,374		1,143,374	1,373,202		1,373,202
Prepaid expenses and other assets	216,591		216,591	223,900		223,900
Total assets	\$ 4,183,497	\$ 4,746,974	\$ 8,930,471	\$ 2,479,053	\$ 8,302,207	\$ 10,781,260
Liabilities and Net Assets						
Liabilities:						
Accounts payable and accrued expenses	\$ 400,305		\$ 400,305	\$ 495,688		\$ 495,688
Loans payable	1,879,841		1,879,841			-
Grants payable	20,347		20,347	60,078		60,078
Unearned program revenue	625	\$ 74,072	74,697	24,246	\$ 221,192	245,438
Total liabilities	2,301,118	74,072	2,375,190	580,012	221,192	801,204
Net Assets:	1,882,379	4,672,902	6,555,281	1,899,041	8,081,015	9,980,056
Total liabilities and net assets	\$ 4,183,497	\$ 4,746,974	\$ 8,930,471	\$ 2,479,053	\$ 8,302,207	\$ 10,781,260

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Activities and Changes in Net Assets

Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:						
Contributions and grants	\$ 2,749,391	\$ 1,561,120	\$ 4,310,511	\$ 1,161,673	\$ 5,028,318	\$ 6,189,991
In-kind contributions	1,113,971		1,113,971	903,680		903,680
Program income	137,810	362,890	500,700	36,400	552,000	588,400
Interest income	177,871	8,772	186,643	32,395		32,395
Other income	50,000		50,000	14,400		14,400
Net assets released from restrictions	5,340,895	(5,340,895)	-	5,989,723	(5,989,723)	-
Total support and revenues	9,569,938	(3,408,113)	6,161,825	8,138,271	(409,405)	7,728,866
Expenses:						
Program services	7,494,183		7,494,183	5,940,664		5,940,664
Management and general	1,096,886		1,096,886	1,688,538		1,688,538
Development	995,531		995,531	990,619		990,619
Total expenses	9,586,600	-	9,586,600	8,619,821	-	8,619,821
Change in Net Assets Before Other Changes in Net Assets:	(16,662)	(3,408,113)	(3,424,775)	(481,550)	(409,405)	(890,955)
Other Changes in Net Assets:						
Employee Retention Credit			-	28,206		28,206
Change in Net Assets	(16,662)	(3,408,113)	(3,424,775)	(453,344)	(409,405)	(862,749)
Net Assets, beginning of year	1,899,041	8,081,015	9,980,056	2,352,385	8,490,420	10,842,805
Net Assets, end of year	\$ 1,882,379	\$ 4,672,902	\$ 6,555,281	\$ 1,899,041	\$ 8,081,015	\$ 9,980,056

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Functional Expenses

Years Ended December 31, 2023 and 2022

		Supporting Services			
	Program Services	Management and General	Development	Subtotal	2023 Total
Compensation, taxes and benefits	\$ 1,619,488	\$ 715,086	\$ 765,467	\$ 1,480,553	\$ 3,100,041
Grants	2,538,094				2,538,094
Donated good and services	1,113,971				1,113,971
Reading supplies and content	104,113				104,113
Professional fees	969,143	160,672	107,872	268,544	1,237,687
Occupancy costs	16,820	21,719	15,095	36,814	53,634
Postage, shipping and customs	626	1,555	6,990	8,545	9,171
Travel	70,946	66,924	14,425	81,349	152,295
Conferences, conventions and meetings	115,107	3,005	1,787	4,792	119,899
Office supplies	26,047	19,797	5,244	25,041	51,088
Business licensing and fees	30	10,250	11,991	22,241	22,271
Marketing	180,701	909	1,469	2,378	183,079
Dues and subscriptions	128,558	90,280	55,501	145,781	274,339
Technology and development	192,640				192,640
Amortization	369,252				369,252
Other	48,647	6,689	9,690	16,379	65,026
	\$ 7,494,183	\$ 1,096,886	\$ 995,531	\$ 2,092,417	\$ 9,586,600

		Supporting Services			
	Program Services	Management and General	Development	Subtotal	2022 Total
Compensation, taxes and benefits	\$ 1,456,546	\$ 936,104	\$ 755,630	\$ 1,691,734	\$ 3,148,280
Grants	2,228,911				2,228,911
Donated good and services	652,324	251,356		251,356	903,680
Reading supplies and content	116,482				116,482
Professional fees	800,169	245,511	67,883	313,394	1,113,563
Occupancy costs	36,475	28,809	21,030	49,839	86,314
Postage, shipping and customs	233	647	2,449	3,096	3,329
Travel	35,525	68,646	19,705	88,351	123,876
Conferences, conventions and meetings	9,731	24,254	1,342	25,596	35,327
Office supplies	9,011	30,025	14,725	44,750	53,761
Business licensing and fees	101	9,546	12,262	21,808	21,909
Marketing	115,988		3,742	3,742	119,730
Dues and subscriptions	129,374	86,925	40,272	127,197	256,571
Technology and development	105,861				105,861
Amortization	234,718				234,718
Other	9,215	6,715	51,579	58,294	67,509
	\$ 5,940,664	\$ 1,688,538	\$ 990,619	\$ 2,679,157	\$ 8,619,821

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

<i>Years Ended December 31,</i>	2023	2022
Cash Flows from Operating Activities:		
Change in net assets	\$ (3,424,775)	\$ (862,749)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Amortization of license expense and software development costs	369,252	234,718
Discount on long-term receivables	47,493	104,406
Changes in operating assets and liabilities:		
Grants and pledges receivable	2,930,532	1,570,131
Software development costs	(139,424)	(693,444)
Prepaid expenses and other assets	7,309	(48,049)
Accounts payable and accrued expenses	(95,383)	64,140
Grants payable	(39,731)	(256,211)
Unearned program revenue	(170,741)	(80,678)
Net cash (used) provided by operating activities	(515,468)	32,264
Cash Flows from Financing Activities:		
Proceeds on loan payable	2,000,000	
Payments on loan payable	(120,159)	
Net cash provided by financing activities	1,879,841	-
Net Change in Cash and Cash Equivalents	1,364,373	32,264
Cash and Cash Equivalents, beginning of year	3,470,912	3,438,648
Cash and Cash Equivalents, end of year	\$ 4,835,285	\$ 3,470,912

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

Note 1 - Organization:

Worldreader.org (Worldreader or the Organization), established in 2010 is a non-profit organization supported by individuals and private institutions. Worldreader's mission is to get children reading so they can achieve their potential. Worldreader works with partners globally to motivate children and caregivers to complete at least 25 books a year with comprehension, increasing the volume and frequency of reading.

Worldreader has a majority-owned not-for-profit subsidiary, Digital Reading Foundation. Digital Reading Foundation was registered with the Government of India as a limited-shares private company under the Companies Act 2013, section 7 and incorporated under rule 8 of the Companies Rules, 2014 to advance the mission of Worldreader within India.

Worldreader is affiliated with organizations in Spain, Ghana, Kenya, and the United Kingdom. Worldreader does not exert control over the affiliated entities in Spain, Ghana, Kenya and the United Kingdom, therefore the activity of those organizations are excluded from the accompanying consolidated financial statements.

The accompanying consolidated financial statements include all the amounts and operations of Worldreader.org and Digital Reading Foundation (collectively Worldreader or the Organization).

Note 2 - Summary of Significant Accounting Policies:

Basis of Accounting

The accompanying consolidated financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Worldreader reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – the portion of net assets not subject to time or donor-imposed restrictions and may be expended for any purpose in performing the primary objective of Worldreader.

Net Assets With Donor Restrictions – the portion of net assets of which use by Worldreader is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Worldreader.

Principles of Consolidation

All significant intercompany accounts and transactions have been eliminated in consolidation.

Notes to the Consolidated Financial Statements

Cash and Cash Equivalents

Worldreader considers all cash and other highly liquid investments with initial maturities of three months or less at the date of purchase to be cash equivalents.

Grants and Pledges Receivable

Grants and pledges receivable consist primarily of commitments made by individuals and foundations. Long term receivables are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using market rates applicable in the year in which those promises are received. Amortization of the discount is recorded as contribution revenue.

Worldreader uses the allowance method to account for uncollectible contributions based on historical experience and an evaluation of the outstanding receivables at the end of the year. Management has determined that an allowance for uncollectible receivables was not necessary at December 31, 2023 and 2022.

Software Development

Software development costs consist of expenditures related to the development and improvements to the on-line and application platforms used to further enhance the platform to deliver an exciting and meaningful digital reading experience. The Organization capitalizes qualified expenses under the requirements of Accounting Standards Codification (ASC) Topic 985 and ASC Topic 350 governing the treatment for both internal and external software development. All capitalized costs are amortized over the assets estimated useful lives, generally five years. As of December 31, 2023 and 2022, the total capitalized value is \$1,866,098 and \$1,846,253 and the related accumulated amortization was \$722,724 and \$473,051, respectively.

Revenue Recognition

Grants and contributions are recognized as revenue when received or unconditionally promised. Worldreader reports contributions as increases in net assets with donor restrictions if such grants and contributions are received with donor stipulations that limit the use of the donation. When a donor 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.

In-kind contributions generally consist of donated content, advertising, commercial licenses, and professional services. Contributed services and materials are recorded at their fair market value as of the date of the gift. See Note 7.

Program income primarily represents earnings on government grants and professional service contracts and are recognized when Worldreader incurs the expenditures related to the required services or performance obligation.

Notes to the Consolidated Financial Statements

Amounts billed or received in advance are recorded as unearned program revenue until the related services or performance obligations are fulfilled. The performance obligations vary from contract to contract; however, the majority relate to the delivery of access to digital content and training services which has been prepaid by the grantee.

The following table provides information about significant changes in the contract liabilities for the year ended December 31:

	2023	2022
Unearned program revenue, beginning of year	\$ 245,438	\$ 326,116
Increase due to cash received during the year	236,225	136,853
Revenue recognized	(406,966)	(217,531)
Unearned program revenue, end of year	\$ 74,697	\$ 245,438

Grant Expense and Payable

Grants are made to tax-exempt organizations or equivalent entities with objectives consistent with the mission of Worldreader. Grant expenses are recorded when Worldreader makes an unconditional promise to give. Conditional promises to give are recognized as grant expense in the period in which the recipient meets the terms of the condition. Grant cancellations or unspent funds are recorded in the year the grant is cancelled or the funds are returned. Grants payable as of December 31, 2023 are expected to be paid in 2024.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the Consolidated Statement of Activities and Changes in Net Assets. Expenses such as salaries, benefits, and office supplies are allocated among program services, general and administrative and fundraising based on actual use. Facility, operational and depreciation expenses have been allocated on the basis of full-time equivalency of staffing in each function.

Income taxes

Worldreader is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and has been classified as an organization which is not a private foundation as defined by Sections 509(a)(1) and 170(b)(i)(A)(vi) of the IRC. Digital Reading Foundation is formed in India under Section 8 of the Companies Rule which designates the organization as a not-for-profit. The Digital Reading Foundation is currently in the process of applying for their official tax-exempt status.

Notes to the Consolidated Financial Statements

As of December 31, 2023 and 2022, management evaluated Worldreader's tax positions and concluded that Worldreader had maintained its tax-exempt status and had no uncertain tax positions that require adjustment to the consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Worldreader evaluated subsequent events with respect to the consolidated financial statements for the year ended December 31, 2023 through August 16, 2024, the date the consolidated financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying consolidated financial statements nor have any subsequent events occurred, the nature of which would require disclosure, except as discussed in Notes 5, 8, and 11.

Note 3 - Grants and Pledges Receivable:

Grants and pledges receivable, net consisted of the following at December 31:

	2023	2022
Individuals	\$ 2,622,485	\$ 5,800,440
Foundations	50,000	
Corporations		30,000
Other receivables	145,732	13,294
	<u>2,818,217</u>	<u>5,843,734</u>
Less discount to present value	(82,996)	(130,488)
Total grants and pledges receivable, net	<u>\$ 2,735,221</u>	<u>\$ 5,713,246</u>

Notes to the Consolidated Financial Statements

Receivables as of December 31, 2023 are expected to be collected as follows:

Year Ending	
December 31,	
2024	\$ 2,198,217
2025	280,509
2026	106,495
2027	75,000
2028	75,000
Total	\$ 2,735,221

The Organization is the recipient of certain conditional promises to give - that is, those with a measurable performance or other barrier and a right of return – which are not recognized until the conditions on which they depend have been met. At December 31, 2022, contributions approximating \$750,000 had not been recognized in the consolidated financial statements because the conditions on which they depend had not been met. The conditional contribution was recognized in 2023.

Note 4 - Net Assets with Donor Restrictions:

Net assets with donor restrictions consisted of the following as of December 31:

	2023	2022
Grants and programs	\$ 2,321,856	\$ 3,426,986
Time restricted	2,151,046	4,454,029
Restricted in perpetuity	200,000	200,000
Total	\$ 4,672,902	\$ 8,081,015

Notes to the Consolidated Financial Statements

During 2023 and 2022, net assets were released from donor restrictions by incurring expenses or through the passage of time as follows:

	2023	2022
Purpose restricted	\$ 2,273,708	\$ 1,970,703
Time restricted	3,067,187	4,019,020
Total	\$ 5,340,895	\$ 5,989,723

Note 5 - Note Payable:

On February 10, 2023, Worldreader executed a unsecured note payable of \$2,000,000 held by one of the board members of the Organization. The loan bears interest at a rate per annum equal to the upper limit of the target rate range of the Federal Funds rate plus 2.00%. The interest rate as of December 31, 2023 was 6.75%. The note will mature on February 10, 2033 with monthly principal payments beginning March 10, 2023. Interest will begin to accrue on the first anniversary of the note date with no interest due for the first year. The outstanding loan balance was \$1,879,841 as of December 31, 2023.

Subsequent to year end, the loan balance and accrued interest was forgiven in full by the board member.

Notes to the Consolidated Financial Statements

Note 6 - Availability of Financial Assets and Liquidity:

Worldreader's financial assets available for general expenditures within one year of the date of the Consolidated Statement of Financial Position were as follows at December 31:

	2023	2022
Cash and cash equivalents	\$ 4,835,285	\$ 3,470,912
Grants and pledges receivable, net	2,735,221	5,713,246
Total financial assets	7,570,506	9,184,158
Less net assets with donor restrictions, including long term receivables	(4,472,902)	(7,881,015)
Less restricted in perpetuity	(200,000)	(200,000)
Add net assets with donor restrictions expected to be met in less than a year	3,512,671	5,432,279
	(1,160,231)	(2,648,736)
Financial assets available to meet general expenditures over the next twelve months	\$ 6,410,275	\$ 6,535,422

As part of its liquidity plan, excess cash is invested in short-term liquid products, including money market accounts and high-yield money market accounts.

Notes to the Consolidated Financial Statements

Note 7 - In-Kind Contributions:

Contributions of donated noncash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. For the year ended December 31, 2023, the amount of \$1,113,971 has been reflected in the consolidated financial statements primarily consisted of donated advertising of \$1,088,776, legal services of \$21,904, content of \$891, and commercial licenses of \$2,400. In-kind contributions of \$1,113,971 were utilized in programs activities. For the year ended December 31, 2022, the amount of \$903,680 has been reflected in the consolidated financial statements primarily consisted of donated advertising of \$585,423, legal services of \$251,356, content of \$4,276, and commercial licenses of \$62,625. In-kind contributions of \$652,324 were utilized in programs and \$251,356 were utilized in management and general activities. The value of legal services, content, and commercial leases is based on market rates typically charged for those items in the normal course of business for similar services and products.

Note 8 - Affiliate Transactions:

Worldreader is affiliated with organizations in Spain, Ghana, Kenya and the United Kingdom. The organizations work together to coordinate worldwide activities and communications. Worldreader does not exert control over the affiliated entities, therefore the activity of those organizations are excluded from the accompanying consolidated financial statements. During the year ended December 31, 2023 and 2022, Worldreader granted \$2,372,969 and \$2,228,911, respectively, to these organizations. These awards are reflected as grants expense in the accompanying consolidated financial statements. Subsequent to year end, the Board of the Ghana affiliate approved dissolution of the entity in 2024 and Spain and Kenya have reorganized their operations in 2024, therefore Worldreader's grants to these affiliates will be substantially reduced in 2024.

Note 9 - Future Commitments:

Worldreader leased its office facilities in San Francisco under a month-to-month lease arrangement that expired in 2023. The property was vacated in December 2023 and no future rent expense is anticipated.

Rent expense amounted to \$47,228 and \$83,112 for the years ended December 31, 2023 and 2022, respectively.

Note 10 - Concentrations of Credit Risk:

Worldreader has identified its financial instruments which are potentially subject to credit risk. These financial instruments consist principally of cash and receivables.

Notes to the Consolidated Financial Statements

Periodically, throughout the year, Worldreader has maintained balances in various operating bank accounts in excess of federally insured limits. Worldreader invests its excess cash in money market funds and high-yield money market accounts with major financial institutions. As of December 31, 2023 cash subject to credit risk is approximately \$4,215,000 of cash deposits over federally insured limits.

Approximately 55% of Worldreader's revenue (excluding in-kind contributions) for the year ended December 31, 2023, was derived from contributions and grants from three donors. As of December 31, 2023, approximately 51% of the balance of grants and pledges receivable were due from two donors.

Approximately 57% of Worldreader's revenue (excluding in-kind contributions) for the year ended December 31, 2022, was derived from contributions and grants from three donors. As of December 31, 2022, approximately 58% of the balance of grants and pledges receivable were due from two donors.

Note 11 - Related Party Transactions:

Contributions

Collectively, certain board members made monetary contributions totaling \$175,000 during the year ended December 31, 2023. Pledges receivable from certain board members amounted to approximately \$1,693,765 at December 31, 2023

Collectively, certain board members made monetary contributions totaling \$4,207,000 during the year ended December 31, 2022. Pledges receivable from certain board members amounted to approximately \$4,718,000 at December 31, 2022.

Subsequent to year end, Worldreader received an unrestricted contribution from a board member in the amount of \$1,500,000.

Relationship with Affiliates

Certain members of Worldreader's Board of Directors serve as board members of certain affiliates to which Worldreader makes grants.

Notes Payable

A member of the Board also holds a promissory note with Worldreader (see Note 5).

Worldreader.org

Consolidating Statement of Financial Position (See Independent Auditors' Report)

December 31, 2023 (with comparative totals for 2022)

	Worldreader.org	Digital Reading Foundation	Eliminating Entries	Consolidated Total	2022 Total
Assets:					
Cash and cash equivalents	\$ 4,831,767	\$ 3,518		\$ 4,835,285	\$ 3,470,912
Grants and pledges receivable, net	2,736,425		\$ (1,204)	2,735,221	5,713,246
Software development, net	1,143,374			1,143,374	1,373,202
Prepaid expenses and other assets	215,129	1,462		216,591	223,900
Total assets	\$ 8,926,695	\$ 4,980	\$ (1,204)	\$ 8,930,471	\$ 10,781,260
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	\$ 400,305			\$ 400,305	\$ 495,688
Loans Payable	1,879,841			1,879,841	-
Grants payable	20,347	\$ 1,204	\$ (1,204)	20,347	60,078
Unearned program revenue	74,697			74,697	245,438
Total liabilities	2,375,190	1,204	(1,204)	2,375,190	801,204
Net Assets:					
Without donor restrictions	1,878,603	3,776		1,882,379	1,899,041
With donor restrictions	4,672,902			4,672,902	8,081,015
Total net assets	6,551,505	3,776	-	6,555,281	9,980,056
Total liabilities and net assets	\$ 8,926,695	\$ 4,980	\$ (1,204)	\$ 8,930,471	\$ 10,781,260

Worldreader.org

Consolidating Statement of Activities and Changes in Net Assets (See Independent Auditors' Report)

Year Ended December 31, 2023 (with comparative totals for 2022)

	Worldreader.org	Digital Reading Foundation	Eliminating Entries	Consolidated Total	2022 Total
Support and revenue:					
Contributions and grants	\$ 4,272,679	\$ 37,832		\$ 4,310,511	\$ 6,189,991
In-kind contributions	1,113,971			1,113,971	903,680
Program income	497,939	2,761		500,700	588,400
Interest income	186,643			186,643	32,395
Other income	50,000			50,000	14,400
Total support and revenues	6,121,232	40,593	\$ -	6,161,825	7,728,866
Expenses:					
Program services	7,461,779	32,404		7,494,183	5,940,664
Management and general	1,088,363	8,523		1,096,886	1,688,538
Development	995,531			995,531	990,619
Total expenses	9,545,673	40,927	-	9,586,600	8,619,821
Change in Net Assets Before Other Changes	(3,424,441)	(334)		(3,424,775)	(890,955)
Other Changes in Net Assets					
Employee Retention Credit				-	28,206
Change in Net Assets	(3,424,441)	(334)		(3,424,775)	(862,749)
Net Assets, beginning of year	9,975,946	4,110		9,980,056	10,842,805
Net Assets, end of year	\$ 6,551,505	\$ 3,776	\$ -	\$ 6,555,281	\$ 9,980,056