

READWORKS, INC.

Audited Financial Statements

August 31, 2013 and 2012

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Readworks, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Readworks, Inc. (the "Organization"), which comprise the statement of financial position as of August 31, 2013 and August 31, 2012, and the related statements of activities, functional expenses and 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.

Auditor's 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 audit 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 organization'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 organization'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.

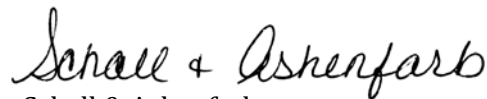
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Readworks, Inc. as of August 31, 2013 and August 31, 2012, 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 13-14 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 to 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 statement as a whole.


Schall & Ashenfarb
Certified Public Accountants, LLC

February 6, 2014

READWORKS, INC.
STATEMENT OF FINANCIAL POSITION
AS OF AUGUST 31, 2013 AND 2012

	<u>8/31/13</u>	<u>8/31/12</u>
Assets		
Cash and cash equivalents (Notes 2d and 2e)	\$960,290	\$807,100
Investments (Notes 2f and 6)	232,221	230,445
Pledges receivable (Notes 2g and 7)	370,000	263,537
Accounts receivable (Note 2g)	850	6,000
Prepaid expenses	6,839	11,455
Security deposits	8,800	8,400
Fixed assets, net (Notes 2h and 8)	<u>6,952</u>	<u>10,290</u>
 Total assets	 <u><u>\$1,585,952</u></u>	 <u><u>\$1,337,227</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	<u>\$21,211</u>	<u>\$95,873</u>
Total liabilities	<u>21,211</u>	<u>95,873</u>
Net assets: (Note 2b)		
Unrestricted (Note 3)	987,520	860,909
Temporarily restricted (Note 4)	377,221	180,445
Permanently restricted (Note 5)	<u>200,000</u>	<u>200,000</u>
Total net assets	<u>1,564,741</u>	<u>1,241,354</u>
 Total liabilities and net assets	 <u><u>\$1,585,952</u></u>	 <u><u>\$1,337,227</u></u>

The attached notes and auditors' report are an integral part of these financial statements.

READWORKS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2013 AND 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 8/31/13</u>	<u>Total 8/31/12</u>
Public support and revenue:					
Contributions	\$1,217,204	\$345,000		\$1,562,204	\$1,211,791
Service delivery revenue				0	6,425
In-kind legal (Note 2i)	39,600			39,600	26,770
Investment income (Note 6)	1,002	1,776		2,778	8,371
Miscellaneous income	2,728			2,728	6,691
Net assets released from restrictions	150,000	(150,000)		0	0
Total public support and revenue	<u>1,410,534</u>	<u>196,776</u>	<u>0</u>	<u>1,607,310</u>	<u>1,260,048</u>
Expenses:					
Program services:					
Curriculum	609,178			609,178	443,156
Teacher training	44,507			44,507	166,526
Online delivery, assessment and evaluation	250,848			250,848	196,916
Client development	150,624			150,624	88,255
Total program services	<u>1,055,157</u>	<u>0</u>	<u>0</u>	<u>1,055,157</u>	<u>894,853</u>
Supporting services:					
Management and general	150,240			150,240	160,216
Fundraising	78,526			78,526	71,538
Total supporting services	<u>228,766</u>	<u>0</u>	<u>0</u>	<u>228,766</u>	<u>231,754</u>
Total expenses (Page 12)	<u>1,283,923</u>	<u>0</u>	<u>0</u>	<u>1,283,923</u>	<u>1,126,607</u>
Change in net assets (Note 3)	126,611	196,776	0	323,387	133,441
Net assets - beginning of year	<u>860,909</u>	<u>180,445</u>	<u>200,000</u>	<u>1,241,354</u>	<u>1,107,913</u>
Net assets - end of year	<u>\$987,520</u>	<u>\$377,221</u>	<u>\$200,000</u>	<u>\$1,564,741</u>	<u>\$1,241,354</u>

The attached notes and auditors' report are an integral part of these financial statements.

READWORKS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Contributions	\$1,161,791	\$50,000		\$1,211,791
Service delivery revenue	6,425			6,425
In-kind legal (Note 2i)	26,770			26,770
Interest and investment gains (Note 6)	114	8,257		8,371
Miscellaneous income	6,691			6,691
Net assets released from restrictions	211,094	(211,094)		0
	<u>1,412,885</u>	<u>(152,837)</u>	<u>0</u>	<u>1,260,048</u>
Total public support and revenue				
Expenses:				
Program services:				
Curriculum	443,156			443,156
Teacher training	166,526			166,526
Online delivery, assessment and evaluation	196,916			196,916
Client development	88,255			88,255
Total program services	<u>894,853</u>	<u>0</u>	<u>0</u>	<u>894,853</u>
Supporting services:				
Management and general	160,216			160,216
Fundraising	71,538			71,538
Total supporting services	<u>231,754</u>	<u>0</u>	<u>0</u>	<u>231,754</u>
Total expenses (Page 13)	<u>1,126,607</u>	<u>0</u>	<u>0</u>	<u>1,126,607</u>
Change in net assets	286,278	(152,837)	0	133,441
Net assets - beginning of year	<u>574,631</u>	<u>333,282</u>	<u>200,000</u>	<u>1,107,913</u>
Net assets - end of year	<u>\$860,909</u>	<u>\$180,445</u>	<u>\$200,000</u>	<u>\$1,241,354</u>

The attached notes and auditors' report are an integral part of these financial statements.

READWORKS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2013 AND 2012

	<u>8/31/13</u>	<u>8/31/12</u>
Cash flows from operating activities:		
Change in net assets	\$323,387	\$133,441
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:		
Depreciation	6,062	11,789
Realized and unrealized (gains)/losses on investments	4,122	(2,549)
Donated investments	(120,308)	(130,354)
(Increase)/decrease in assets:		
Pledges receivable	(106,463)	(33,037)
Accounts receivable	5,150	18,095
Prepaid expenses	4,616	(9,235)
Security deposits	(400)	4,786
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	(74,662)	46,198
Total adjustments	<u>(281,883)</u>	<u>(94,307)</u>
Net cash flows provided by operating activities	<u>41,504</u>	<u>39,134</u>
 Cash flows from investing activities:		
Purchases of fixed assets	(2,724)	(6,838)
Purchases (dividends re-invested)	(5,898)	(5,708)
Sales of investments	0	0
Sales of donated investments	120,308	130,354
Net cash flows provided by investing activities	<u>111,686</u>	<u>117,808</u>
 Net increase in cash and cash equivalents	153,190	156,942
 Cash and cash equivalents - beginning of year	<u>807,100</u>	<u>650,158</u>
 Cash and cash equivalents - end of year	<u>\$960,290</u>	<u>\$807,100</u>

No interest or taxes were paid.

The attached notes and auditors' report are an integral part of these financial statements.

READWORKS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013 AND 2012

Note 1 - Nature of Entity

Readworks, Inc. (the "Organization") was formally introduced in November 2010. The mission of the Organization is to enable teachers to improve their effectiveness and the academic achievement of their students in reading comprehension, solving the reading comprehension crisis and closing the achievement gap through research-based instructional practices and curricula.

There is a crisis in reading comprehension. Only 17% of low-income 4th grade students in the U.S. are proficient readers. Despite the existing research-proven knowledge of how to teach reading comprehension, the majority of elementary school teachers in the United States have not been trained to teach reading comprehension effectively. Additionally, many commonly used reading curricula are ineffective.

Therefore, the Organization focuses on the teacher – the single most important factor in boosting student achievement – by providing research-based reading comprehension curriculum and teacher training. The Organization is provided directly to K-6 educators, online, at no cost to teachers or their schools, to be shared broadly and freely. The Organization also engages in targeted in-person training and research and development in a limited number of schools.

The primary sources of revenue for the Organization are contributions and in-person teacher training revenue.

The Organization is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

The Organization was organized as a New York corporation on May 1, 1990 under the name "The Family School, Inc". The name was subsequently changed to "The Friends of the Family Academy, Inc". On December 4, 2003, the Organization changed its name to "Urban Education Exchange, Inc." In May 2012, the Organization officially changed its name to "Readworks, Inc."

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than when received or paid. All significant receivables, payables and other liabilities have been reflected.

b. Basis of Presentation

Not-for-profit organizations are required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

- *Unrestricted* – represents all activity without donor imposed restrictions.
 - *Temporarily restricted* – accounts for activity based on specific donor restrictions that are expected to be satisfied by passage of time or performance of activities.
 - *Permanently restricted* – accounts for activity restricted by donors that must remain intact in perpetuity.
- c. Revenue Recognition
Donor-restricted contributions are reported as increases 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 statement of activities as net assets released from restriction. However, contributions received with restrictions that expire within the same reporting period are reported as unrestricted.
- Service delivery revenue is recognized as income when services are performed. Service fees earned that have not been collected at year-end are recognized as accounts receivable. All receivables outstanding at year-end are due within one year.
- d. Cash and Cash Equivalents
For purposes of the statement of cash flows, the Organization considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.
- e. Concentration of Credit
Financial instruments that potentially subject the Organization to concentration of credit risk consist of cash, money market accounts and investment securities, which are placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. A significant portion of the funds is not insured by FDIC or related entity; however, the Organization has not experienced any losses from these accounts.
- f. Investments
Securities are recorded at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. “exit price”) in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are reflected in the statement of activities.
- g. Pledges and Accounts Receivable
Pledges are recognized as revenue in the period received at net realizable value if expected to be received within one year or at fair value using risk adjusted present value techniques if expected to be received after one year. Conditional pledges are recognized when the conditions on which they depend are substantially met. Based on a review of specific accounts and recent history, no allowance for uncollectible amounts has been deemed necessary.

h. Fixed Assets

Fixed assets to which the Organization retains title to and capital items purchased which benefit future periods are capitalized at cost, or if donated, at the estimated fair market value at the time of donation.

Fixed assets consist of furniture, equipment, computers and computer software, which are carried at cost and depreciated over their estimated useful lives using the straight-line method.

i. In-Kind Contributions

Organizations are required to recognize contributions of services that either create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contributions. Donated legal services have been recognized on the statements of activities and functional expenses based on fair market value.

j. Expense Allocation

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

k. Management Estimates

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

l. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending August 31, 2010 and later are subject to examination by applicable taxing authorities.

m. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through February 6, 2014, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

Note 3 - Unrestricted Net Assets

Unrestricted net assets are composed of the following:

	<u>8/31/13</u>	<u>8/31/12</u>
Net investment in fixed assets	\$6,952	\$10,290
Undesignated funds	<u>980,568</u>	<u>850,619</u>
	<u>\$987,520</u>	<u>\$860,909</u>

Note 4 - Temporarily Restricted Net Assets

Temporarily restricted net assets at August 31, 2013 represent the following:

	<u>9/1/12</u>	<u>New</u>	<u>Released</u>	<u>8/31/13</u>
Time restricted:				
General	\$100,000	\$295,000	(\$100,000)	\$295,000
Endowment	<u>30,445</u>	<u>1,776</u>	<u>0</u>	<u>32,221</u>
Total time restricted	130,445	296,776	(100,000)	327,221
Programs	<u>50,000</u>	<u>50,000</u>	<u>(50,000)</u>	<u>50,000</u>
Total	<u>\$180,445</u>	<u>\$346,776</u>	<u>(\$150,000)</u>	<u>\$377,221</u>

Temporarily restricted net assets at August 31, 2012 represent the following:

	<u>9/1/11</u>	<u>New</u>	<u>Released</u>	<u>8/31/12</u>
Time restricted:				
General	\$200,000	\$0	(\$100,000)	\$100,000
Endowment	<u>22,188</u>	<u>8,257</u>	<u>0</u>	<u>30,445</u>
Total time restricted	222,188	8,257	(100,000)	130,445
Programs	<u>111,094</u>	<u>50,000</u>	<u>(111,094)</u>	<u>50,000</u>
Total	<u>\$333,282</u>	<u>\$58,257</u>	<u>(\$211,094)</u>	<u>\$180,445</u>

Note 5 - Permanently Restricted Net Assets

The Organization's endowment includes one permanently restricted individual fund to be held indefinitely. The income from this fund can be used to support the Organization's general activities.

Interpretation of Relevant Law

On September 17, 2010, New York State adopted New York Prudent Management of Institutional Funds Act ("NYPMIFA"). The Board of Directors has interpreted NYPMIFA as requiring certain amounts to be retained permanently. Absent explicit donor stipulations to the contrary, the Organization will preserve the fair value of the original gift as of the gift date of all donor-restricted endowment funds. However, under certain circumstances, the Board of Directors has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA.

As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the

original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Absent any specific donor-stipulations, when endowment funds have earnings in excess of amounts that need to be retained permanently, these excess amounts are classified as temporarily restricted net assets until appropriated for expenditure by the Organization's governing board.

Spending Policies

There is no spending policy and the Organization is currently accumulating interest, dividends and other market gains for future appropriation, if deemed prudent and necessary.

Changes in endowment net assets for the year ended August 31, 2013 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$0	\$30,445	\$200,000	\$230,445
Investment income	0	5,898	0	5,898
Unrealized losses	<u>0</u>	<u>(4,122)</u>	<u>0</u>	<u>(4,122)</u>
Endowment net assets, end of year	<u>\$0</u>	<u>\$32,221</u>	<u>\$200,000</u>	<u>\$232,221</u>

Changes in endowment net assets for the year ended August 31, 2012 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$0	\$22,188	\$200,000	\$222,188
Investment income	0	5,708	0	5,708
Unrealized gains	<u>0</u>	<u>2,549</u>	<u>0</u>	<u>2,549</u>
Endowment net assets, end of year	<u>\$0</u>	<u>\$30,445</u>	<u>\$200,000</u>	<u>\$230,445</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of August 31, 2013 or 2012.

Note 6 - Investments

Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data.

All investments in mutual funds were measured using Level 1 inputs, which are the quoted prices in active markets for identical assets.

Investment income consists of the following:

	<u>8/31/13</u>	<u>8/31/12</u>
Interest and dividend income	\$6,900	\$5,822
Unrealized (losses)/gains on investments	<u>(4,122)</u>	<u>2,549</u>
Total	<u>\$2,778</u>	<u>\$8,371</u>

Note 7 - Pledges Receivable

As of August 31, 2013, approximately \$295,000 (80%) was outstanding from one donor. Management expects all receivables to be fully collectable and as such, no allowance for doubtful accounts has been provided.

Grants receivable are due as follows:

Year ended: August 31, 2014	\$175,000
August 31, 2015	100,000
August 31, 2016	<u>100,000</u>
	375,000
Less: adjustment to fair value	<u>(5,000)</u>
Total	<u>\$370,000</u>

The Organization has received conditional pledges of \$200,000 that will be collected over the next two years and recognized as the conditions are met.

Note 8 - Fixed Assets

At August 31, 2013 and 2012, fixed assets consisted of the following:

	<u>8/31/13</u>	<u>8/31/12</u>	Estimated
Computers and software	\$42,040	\$39,315	Useful Life
Less: accumulated depreciation	<u>(35,088)</u>	<u>(29,025)</u>	3-5 years
Fixed assets	<u>\$6,952</u>	<u>\$10,290</u>	

Note 9 - Commitments and Contingencies

The Organization's facility is leased under a non-cancelable operating lease which expires on April 30, 2015.

Future minimum rental requirements are as follows:

For the year ended: August 31, 2014	\$52,000
August 31, 2015	<u>35,200</u>
	<u>\$87,200</u>

Note 10 - Retirement

The Organization has a pension plan under IRS Section 403(b). Eligible employees may contribute pre-tax amounts of their salary up to IRS maximum limits. No employer contributions are required to be made.

READWORKS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2013 AND 2012

	Program Services				Supporting Services					
	Curriculum	Teacher Training	Online Delivery, Assessment & Evaluation	Client Development	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 8/31/13	Total 8/31/12
Salaries	\$276,862	\$23,217	\$80,825	\$65,039	\$445,943	\$47,545	\$29,514	\$77,059	\$523,002	\$532,871
Payroll taxes and benefits	45,005	3,774	13,138	10,572	72,489	8,855	4,799	13,654	86,143	86,421
	321,867	26,991	93,963	75,611	518,432	56,400	34,313	90,713	609,145	619,292
Professional fees and services	227,337	7,829	145,655	58,517	439,338	29,786	35,020	64,806	504,144	296,299
Occupancy	28,883	2,422	8,432	6,785	46,522	4,960	3,079	8,039	54,561	96,637
Curriculum materials	18,345			109	18,454	81		81	18,535	17,091
Insurance	6,594	553	1,925	1,549	10,621	1,132	703	1,835	12,456	12,580
Miscellaneous	590	6,066	39	1,034	7,729	2,249	3,739	5,988	13,717	11,654
Communications and IT	2,014	169	588	473	3,244	345	215	560	3,804	11,132
Printing				633	633	2,114	644	2,758	3,391	5,279
Office supplies and equipment	2,164				2,164	3,311	76	3,387	5,551	5,245
Bad debts								0	0	4,000
Conferences	1,090	100	64	945	2,199	300	70	370	2,569	3,130
Postage and shipping	157			278	435	1,832	153	1,985	2,420	1,952
Travel	137	377	182	4,690	5,386	137	433	570	5,956	1,478
Bank charges					0	1,931	81	2,012	2,012	2,279
Total expenses before depreciation and in-kind	609,178	44,507	250,848	150,624	1,055,157	104,578	78,526	183,104	1,238,261	1,088,048
Depreciation					0	6,062		6,062	6,062	11,789
In-kind legal					0	39,600		39,600	39,600	26,770
Total expenses	\$609,178	\$44,507	\$250,848	\$150,624	\$1,055,157	\$150,240	\$78,526	\$228,766	\$1,283,923	\$1,126,607

The attached notes and auditors' report are an integral part of these financial statements.

READWORKS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2012

	Program Services				Supporting Services				Total 8/31/12
	Curriculum	Teacher Training	Online Delivery, Assessment & Evaluation	Client Development	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$233,687	\$82,899	\$79,842	\$50,667	\$447,095	\$57,197	\$28,579	\$85,776	\$532,871
Payroll taxes and benefits	36,969	13,512	12,679	8,306	71,466	10,302	4,653	14,955	86,421
	270,656	96,411	92,521	58,973	518,561	67,499	33,232	100,731	619,292
Professional fees and services	101,534	49,472	86,235	13,706	250,947	18,012	27,340	45,352	296,299
Occupancy	41,075	15,354	14,175	9,304	79,908	11,452	5,277	16,729	96,637
Curriculum materials	17,091				17,091			0	17,091
Insurance	5,397	2,013	1,862	1,220	10,492	1,396	692	2,088	12,580
Miscellaneous	408	489	77	1,258	2,232	7,020	2,402	9,422	11,654
Communications and IT	4,750	1,791	1,679	1,074	9,294	1,229	609	1,838	11,132
Printing		49		420	469	4,480	330	4,810	5,279
Office supplies and equipment	754	301		141	1,196	4,042	7	4,049	5,245
Bad debts						4,000		4,000	4,000
Conferences	1,257	376	348	1,134	3,115		15	15	3,130
Postage and shipping				225	225	1,727		1,727	1,952
Travel	234	270	19	800	1,323	26	129	155	1,478
Bank charges					0	774	1,505	2,279	2,279
Total expenses before depreciation and in-kind	443,156	166,526	196,916	88,255	894,853	121,657	71,538	193,195	1,088,048
Depreciation					0	11,789		11,789	11,789
In-kind legal					0	26,770		26,770	26,770
Total expenses	\$443,156	\$166,526	\$196,916	\$88,255	\$894,853	\$160,216	\$71,538	\$231,754	\$1,126,607

The attached notes and auditors' report are an integral part of these financial statements.