



IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA

READWORKS, INC.

Audited Financial Statements

August 31, 2012 and 2011

INDEPENDENT AUDITORS' REPORT

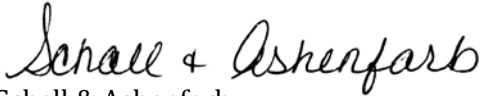
To the Board of Directors of
Readworks, Inc.

We have audited the accompanying statement of financial position of Readworks, Inc. ("The Organization") as of August 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of functional expenses for the years ended August 31, 2012 and 2011 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


Schall & Ashenfarb
Certified Public Accountants, LLC

April 5, 2013

READWORKS, INC.
STATEMENT OF FINANCIAL POSITION
AS OF AUGUST 31, 2012 AND 2011

	<u>8/31/12</u>	<u>8/31/11</u>
Assets		
Cash and cash equivalents (Notes 2d and 2e)	\$807,100	\$650,158
Investments (Notes 2f and 6)	230,445	222,188
Pledges receivable (Notes 2g and 7)	263,537	230,500
Accounts receivable (Note 2g)	6,000	24,095
Prepaid expenses	11,455	2,220
Security deposits	8,400	13,186
Fixed assets, net (Notes 2h and 8)	<u>10,290</u>	<u>15,241</u>
 Total assets	 <u><u>\$1,337,227</u></u>	 <u><u>\$1,157,588</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	<u>\$95,873</u>	<u>\$49,675</u>
Total liabilities	<u>95,873</u>	<u>49,675</u>
Net assets: (Note 2b)		
Unrestricted (Note 3)	860,909	574,631
Temporarily restricted (Note 4)	180,445	333,282
Permanently restricted (Note 5)	<u>200,000</u>	<u>200,000</u>
Total net assets	<u>1,241,354</u>	<u>1,107,913</u>
 Total liabilities and net assets	 <u><u>\$1,337,227</u></u>	 <u><u>\$1,157,588</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, 2012 AND 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 8/31/12</u>	<u>Total 8/31/11</u>
Public support and revenue:					
Contributions	\$1,161,791	\$50,000		\$1,211,791	\$1,138,686
Service delivery revenue	6,425			6,425	31,500
In-kind legal (Note 2i)	26,770			26,770	58,439
Investment income (Note 6)	114	8,257		8,371	733
Miscellaneous income	6,691			6,691	12,681
Net assets released from restrictions	211,094	(211,094)		0	0
Total public support and revenue	<u>1,412,885</u>	<u>(152,837)</u>	<u>0</u>	<u>1,260,048</u>	<u>1,242,039</u>
Expenses:					
Program services:					
Curriculum	443,156			443,156	272,958
Teacher training	166,526			166,526	182,236
Online delivery, assessment and evaluation	196,916			196,916	258,730
Client development	88,255			88,255	141,228
Total program services	<u>894,853</u>	<u>0</u>	<u>0</u>	<u>894,853</u>	<u>855,152</u>
Supporting services:					
Management and general	160,216			160,216	103,498
Fundraising	71,538			71,538	87,446
Total supporting services	<u>231,754</u>	<u>0</u>	<u>0</u>	<u>231,754</u>	<u>190,944</u>
Total expenses (Page 12)	<u>1,126,607</u>	<u>0</u>	<u>0</u>	<u>1,126,607</u>	<u>1,046,096</u>
Change in net assets (Note 3)	286,278	(152,837)	0	133,441	195,943
Net assets - beginning of year	<u>574,631</u>	<u>333,282</u>	<u>200,000</u>	<u>1,107,913</u>	<u>911,970</u>
Net assets - end of year	<u><u>\$860,909</u></u>	<u><u>\$180,445</u></u>	<u><u>\$200,000</u></u>	<u><u>\$1,241,354</u></u>	<u><u>\$1,107,913</u></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, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Contributions	\$878,686	\$260,000		\$1,138,686
Service delivery revenue	31,500			31,500
In-kind legal (Note 2i)	58,439			58,439
Interest and investment gains (Note 6)	95	638		733
Miscellaneous income	12,681			12,681
Net assets released from restrictions	393,906	(393,906)		0
	<u>1,375,307</u>	<u>(133,268)</u>	<u>0</u>	<u>1,242,039</u>
Total public support and revenue				
Expenses:				
Program services:				
Curriculum	272,958			272,958
Teacher training	182,236			182,236
Online delivery, assessment and evaluation	258,730			258,730
Client development	141,228			141,228
Total program services	<u>855,152</u>	<u>0</u>	<u>0</u>	<u>855,152</u>
Supporting services:				
Management and general	103,498			103,498
Fundraising	87,446			87,446
Total supporting services	<u>190,944</u>	<u>0</u>	<u>0</u>	<u>190,944</u>
Total expenses (Page 13)	<u>1,046,096</u>	<u>0</u>	<u>0</u>	<u>1,046,096</u>
Change in net assets	329,211	(133,268)	0	195,943
Reclassification of endowment net assets	(21,550)	21,550		0
Net assets - beginning of year	<u>266,970</u>	<u>445,000</u>	<u>200,000</u>	<u>911,970</u>
Net assets - end of year	<u>\$574,631</u>	<u>\$333,282</u>	<u>\$200,000</u>	<u>\$1,107,913</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, 2012 AND 2011

	<u>8/31/12</u>	<u>8/31/11</u>
Cash flows from operating activities:		
Change in net assets	\$133,441	\$195,943
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:		
Depreciation	11,789	8,648
Realized and unrealized (gains)/losses on investments	(2,549)	7,997
Donated investments	(130,354)	(136,277)
(Increase)/decrease in assets:		
Pledges receivable	(33,037)	(55,000)
Accounts receivable	18,095	19,933
Prepaid expenses	(9,235)	604
Security deposits	4,786	0
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	46,198	(13,409)
Total adjustments	<u>(94,307)</u>	<u>(167,504)</u>
Net cash flows provided by operating activities	<u>39,134</u>	<u>28,439</u>
 Cash flows from investing activities:		
Purchases of fixed assets	(6,838)	(983)
Purchases (dividends re-invested)	(5,708)	(290,537)
Sales of investments	0	281,902
Sales of donated investments	130,354	136,277
Net cash flows provided by investing activities	<u>117,808</u>	<u>126,659</u>
 Net increase in cash and cash equivalents	156,942	155,098
 Cash and cash equivalents - beginning of year	<u>650,158</u>	<u>495,060</u>
 Cash and cash equivalents - end of year	<u><u>\$807,100</u></u>	<u><u>\$650,158</u></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, 2012 AND 2011

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. Readworks is provided directly to K-6 educators, online, at no cost to teachers or their schools, to be shared broadly and freely. ReadWorks 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 and accordingly reflect all significant receivables, payables and other liabilities.

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 market 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 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 on page 3, and functional expenses on page 12, based on fair market value.

j. Expense Allocation/Management Estimates

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.

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.

k. 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, 2009 and later are subject to examination by applicable taxing authorities.

l. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through April 5, 2013, 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>8/31/12</u>	<u>8/31/11</u>
Net investment in fixed assets	\$10,290	\$15,241
Undesignated funds	<u>850,619</u>	<u>559,390</u>
	<u>\$860,909</u>	<u>\$574,631</u>

Note 4 - Temporarily Restricted Net Assets

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>

Temporarily restricted net assets at August 31, 2011 represent the following:

	<u>9/1/10</u>	<u>Reclass</u>	<u>New</u>	<u>Released</u>	<u>8/31/11</u>
Time restricted:					
General	\$120,000	\$0	\$200,000	(\$120,000)	\$200,000
Endowment	<u>0</u>	<u>21,550</u>	<u>638</u>	<u>0</u>	<u>22,188</u>
Total time restricted	120,000	21,550	200,638	(120,000)	222,188
Programs	<u>325,000</u>	<u>0</u>	<u>60,000</u>	<u>(273,906)</u>	<u>111,094</u>
Total	<u>\$445,000</u>	<u>\$21,550</u>	<u>\$260,638</u>	<u>(\$393,906)</u>	<u>\$333,282</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, 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>

Changes in endowment net assets for the year ended August 31, 2011 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$21,550	\$0	\$200,000	\$221,550
Net asset reclassification based on change in law	<u>(21,550)</u>	<u>21,550</u>	<u>0</u>	<u>0</u>
Endowment net assets after reclassification	0	21,550	200,000	221,550
Investment income	0	8,635	0	8,635
Realized losses	0	(6,940)	0	(6,940)
Unrealized losses	<u>0</u>	<u>(1,057)</u>	<u>0</u>	<u>(1,057)</u>
Endowment net assets, end of year	<u>\$0</u>	<u>\$22,188</u>	<u>\$200,000</u>	<u>\$222,188</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, 2012 or 2011.

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>8/31/12</u>	<u>8/31/11</u>
Interest and dividend income	\$5,822	\$8,730
Realized losses on investments	0	(6,940)
Unrealized gains/(losses) on investments	<u>2,549</u>	<u>(1,057)</u>
Total	<u>\$8,371</u>	<u>\$733</u>

Note 7 - Pledges Receivable

Pledges receivables are due within one year.

As of August, 31, 2012, management considers all receivables to be fully collectible. Based on a review of specific accounts and recent history, no allowance for uncollectible amounts is deemed necessary.

The Organization has received conditional pledges of \$300,000 that will be collected over the next four years and recognized as the conditions are met.

Note 8 - Fixed Assets

At August 31, 2012 and 2011, fixed assets consisted of the following:

	<u>8/31/12</u>	<u>8/31/11</u>	<u>Estimated Useful Life</u>
Computers and software	\$39,315	\$69,045	3-5 years
Furniture and fixtures	0	25,703	7 years
Leasehold improvement	<u>0</u>	<u>30,711</u>	5 years
	39,315	125,459	
Less: accumulated depreciation	<u>(29,025)</u>	<u>(110,218)</u>	
Fixed assets	<u>\$10,290</u>	<u>\$15,241</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, 2013	\$50,800
	August 31, 2014	52,000
	August 31, 2015	<u>35,200</u>
		<u>\$138,000</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, 2012 AND 2011

	Program Services				Supporting Services					
	Curriculum	Teacher Training	Online Delivery, Assessment & Evaluation	Client Development	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 8/31/12	Total 8/31/11
Salaries	\$233,687	\$82,899	\$79,842	\$50,667	\$447,095	\$57,197	\$28,579	\$85,776	\$532,871	\$560,380
Payroll taxes and benefits	36,969	13,512	12,679	8,306	71,466	10,302	4,653	14,955	86,421	97,996
	270,656	96,411	92,521	58,973	518,561	67,499	33,232	100,731	619,292	658,376
Professional fees and services	101,534	49,472	86,235	13,706	250,947	18,012	27,340	45,352	296,299	147,779
Occupancy	41,075	15,354	14,175	9,304	79,908	11,452	5,277	16,729	96,637	103,644
Curriculum materials	17,091				17,091			0	17,091	13,714
Insurance	5,397	2,013	1,862	1,220	10,492	1,396	692	2,088	12,580	10,281
Miscellaneous	408	489	77	1,258	2,232	7,020	2,402	9,422	11,654	4,499
Communications and IT	4,750	1,791	1,679	1,074	9,294	1,229	609	1,838	11,132	19,334
Printing		49		420	469	4,480	330	4,810	5,279	6,477
Office supplies and equipment	754	301		141	1,196	4,042	7	4,049	5,245	6,146
Bad debts						4,000		4,000	4,000	0
Conferences	1,257	376	348	1,134	3,115		15	15	3,130	2,979
Postage and shipping				225	225	1,727		1,727	1,952	1,586
Travel	234	270	19	800	1,323	26	129	155	1,478	3,191
Bank charges					0	774	1,505	2,279	2,279	1,403
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	979,409
Depreciation					0	11,789		11,789	11,789	8,648
In-kind legal					0	26,770		26,770	26,770	58,439
Total expenses	\$443,156	\$166,526	\$196,916	\$88,255	\$894,853	\$160,216	\$71,538	\$231,754	\$1,126,607	\$1,046,496

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, 2011

	Program Services				Supporting Services				Total 8/31/11
	Curriculum	Teacher Training	Online Delivery, Assessment & Evaluation	Client Development	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$160,413	\$120,838	\$130,201	\$63,495	\$474,947	\$22,858	\$62,575	\$85,433	\$560,380
Payroll taxes and benefits	26,984	21,202	22,166	10,601	80,953	5,478	11,565	17,043	97,996
	187,397	142,040	152,367	74,096	555,900	28,336	74,140	102,476	658,376
Professional fees and services	27,415	9,430	51,354	31,700	119,899	22,426	5,454	27,880	147,779
Occupancy	33,807	20,489	33,807	10,244	98,347	3,248	2,049	5,297	103,644
Curriculum materials	13,695	19			13,714			0	13,714
Insurance	3,393	2,056	3,084	1,028	9,561	514	206	720	10,281
Miscellaneous	399	514	43	346	1,302	2,805	392	3,197	4,499
Communications and IT	6,380	3,867	6,187	1,933	18,367	580	387	967	19,334
Printing		72		325	397	1,598	4,482	6,080	6,477
Office supplies and equipment		2,518			2,518	3,529	99	3,628	6,146
Conferences	269	246	200	2,154	2,869	20	90	110	2,979
Postage and shipping					0	1,572	14	1,586	1,586
Travel	203	985		1,870	3,058		133	133	3,191
Bank charges					0	2,279		2,279	2,279
Total expenses before depreciation and in-kind	272,958	182,236	247,042	123,696	825,932	66,907	87,446	154,353	980,285
Depreciation					0	8,648		8,648	8,648
In-kind legal			11,688	17,532	29,220	29,219		29,219	58,439
Total expenses	<u>\$272,958</u>	<u>\$182,236</u>	<u>\$258,730</u>	<u>\$141,228</u>	<u>\$855,152</u>	<u>\$103,498</u>	<u>\$87,446</u>	<u>\$190,944</u>	<u>\$1,046,096</u>

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