READING AND BEYOND

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2013 AND 2012

ENTITY IDENTIFICATION NO.: 77-0508471
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>GENERAL INFORMATION</td>
<td>1</td>
</tr>
<tr>
<td>INDEPENDENT AUDITORS' REPORT</td>
<td>2 - 3</td>
</tr>
<tr>
<td>FINANCIAL STATEMENTS</td>
<td></td>
</tr>
<tr>
<td>Statements of Financial Position</td>
<td>4</td>
</tr>
<tr>
<td>Statements of Activities</td>
<td>5</td>
</tr>
<tr>
<td>Statements of Functional Expenses</td>
<td>6</td>
</tr>
<tr>
<td>Statements of Cash Flows</td>
<td>7</td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>8 - 17</td>
</tr>
<tr>
<td>SUPPLEMENTARY INFORMATION</td>
<td></td>
</tr>
<tr>
<td>Schedule of Expenditures of Federal and State Awards</td>
<td>18</td>
</tr>
<tr>
<td>Notes to Schedule of Expenditures of Federal and State Awards</td>
<td>19</td>
</tr>
<tr>
<td>Combining Statement of Activities</td>
<td>20</td>
</tr>
<tr>
<td>Combining Schedule of Expenditures by State Categories</td>
<td>21</td>
</tr>
<tr>
<td>Reconciliation of CDE and GAAP Expense Reporting</td>
<td>22</td>
</tr>
<tr>
<td>Schedule of Reimbursable Equipment Expenditures</td>
<td>23</td>
</tr>
<tr>
<td>Schedule of Reimbursable Expenditures for Renovations and Repairs</td>
<td>24</td>
</tr>
<tr>
<td>Schedule of Reimbursable Administrative Costs</td>
<td>25</td>
</tr>
<tr>
<td>AUDITED ATTENDANCE AND FISCAL REPORTS/AUDITED FISCAL REPORTS</td>
<td></td>
</tr>
<tr>
<td>AUD 8501 California State Preschool Program (CSPP-2082)</td>
<td>26 - 27</td>
</tr>
<tr>
<td>AUD 9529 Prekindergarten and Family Literacy (CPKS-2014)</td>
<td>28</td>
</tr>
<tr>
<td>AUD 9530-A Reserve Account Activity Report</td>
<td>29</td>
</tr>
<tr>
<td>INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER</td>
<td></td>
</tr>
<tr>
<td>FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS</td>
<td>30 - 31</td>
</tr>
<tr>
<td>BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED</td>
<td></td>
</tr>
<tr>
<td>IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS</td>
<td></td>
</tr>
<tr>
<td>INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH MAJOR</td>
<td></td>
</tr>
<tr>
<td>PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED</td>
<td>32 - 33</td>
</tr>
<tr>
<td>BY OMB CIRCULAR A-133</td>
<td></td>
</tr>
<tr>
<td>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</td>
<td>34 - 38</td>
</tr>
<tr>
<td>SUMMARY OF PRIOR YEAR AUDIT FINDINGS</td>
<td>39</td>
</tr>
</tbody>
</table>
GENERAL INFORMATION

Name of Agency: Reading and Beyond

Program Name and Contract No.:
California State Preschool Program
Prekindergarten and Family Literacy (Support)
CSPP-2082
CPKS-2014

Type of Agency: Nonprofit Corporation

Address of Agency:
4670 E. Butler Avenue
Fresno, California 93702

Names of Executive Director and Financial Manager

Executive Director Luis Santana
Financial Manager Jonathan Cook

Telephone Number: (559) 600-6191

Period Covered by Audit: Fiscal Year July 1, 2012 to June 30, 2013

Number of Days of Operations by Agency: 248

Scheduled Hours of Operation Each Day: 7:00 a.m. to 5:30 p.m.
INDEPENDENT AUDITORS’ REPORT

Board of Directors
Reading and Beyond
Fresno, California

Report on the Financial Statements

We have audited the accompanying financial statements of Reading and Beyond, which comprise the statements of financial position as of June 30, 2013 and 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.

Auditors’ 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 entity’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 entity’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 opinion.
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Reading and Beyond as of June 30, 2013 and 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 Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. On pages 18 and 19 the accompanying schedule of expenditures of federal and state awards as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplementary information on pages 20 to 29 is presented for purposes of additional analysis, as required by the CDE Audit Guide issued by the California Department of Education, and is also not a required part of the financial statements. Such information and the schedule of expenditures of federal and state awards 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 in conformity with the CDE Audit Guide 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 17, 2013, on our consideration of Reading and Beyond’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Reading and Beyond’s internal control over financial reporting and compliance.

Moore, Tufano & Company

September 17, 2013
# Reading and Beyond

## Statements of Financial Position

**June 30, 2013 and 2012**

## Assets

### Current Assets
- Cash and cash equivalents (Note 2) $368,492
- Short-term investments (Note 3) 1,699,837
- Accounts receivable 11,192
- Grants and contracts receivable (Note 5) 357,816
- Prepaid expenses 79,641

**Total Current Assets** 2,516,978

### Investment in Securities (Note 4)
- 1,035,533

### Property and Equipment, net of accumulated depreciation (Note 6)
- 166,451

### License Rights
- 213,650

**Total Assets** 3,932,612

## Liabilities and Net Assets

### Current Liabilities
- Accounts payable 24,881
- Accrued liabilities 189,754
- Credit card payable 12,159
- Grant advances (Note 7) 371,520
- Child development reserve (Note 8) 4,981

**Total Current Liabilities** 603,295

### Commitments and Contingencies (Note 9)
- 0

### Net Assets
- Unrestricted 3,329,317

**Total Liabilities and Net Assets**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>2,516,978</td>
<td>2,387,483</td>
</tr>
<tr>
<td>Investment in Securities</td>
<td>1,035,533</td>
<td>1,003,253</td>
</tr>
<tr>
<td>Property and Equipment, net of accumulated depreciation</td>
<td>166,451</td>
<td>172,389</td>
</tr>
<tr>
<td>License Rights</td>
<td>213,650</td>
<td>0</td>
</tr>
<tr>
<td>Total Assets</td>
<td>3,932,612</td>
<td>3,563,125</td>
</tr>
</tbody>
</table>

See Accompanying Notes to Financial Statements
## READING AND BEYOND

### STATEMENTS OF ACTIVITIES

**YEARS ENDED JUNE 30, 2013 AND 2012**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UNRESTRICTED REVENUE AND SUPPORT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$27,332</td>
<td>$16,499</td>
</tr>
<tr>
<td>Grants and contracts - Foundations and others</td>
<td>$419,176</td>
<td>$421,316</td>
</tr>
<tr>
<td>Grants and contracts - Governments</td>
<td>$2,317,582</td>
<td>$2,183,035</td>
</tr>
<tr>
<td>Child care food program</td>
<td>$30,243</td>
<td>$34,158</td>
</tr>
<tr>
<td>Prior year reserve release</td>
<td>0</td>
<td>3,499</td>
</tr>
<tr>
<td>Program service fee revenues - tuition</td>
<td>$95,733</td>
<td>$95,368</td>
</tr>
<tr>
<td>Donated goods and services (Note 10)</td>
<td>$627,799</td>
<td>$505,815</td>
</tr>
<tr>
<td>Rental income</td>
<td>$91,276</td>
<td>$68,242</td>
</tr>
<tr>
<td><strong>Fundraising, net of expenses of $5,156 in 2013 and $384 in 2012</strong></td>
<td>$5,064</td>
<td>$2,054</td>
</tr>
<tr>
<td><strong>Investment income (Notes 3 &amp; 4)</strong></td>
<td>$33,014</td>
<td>$24,150</td>
</tr>
<tr>
<td><strong>Realized loss on investments (Note 4)</strong></td>
<td>$(2,682)</td>
<td>0</td>
</tr>
<tr>
<td><strong>Unrealized gain (loss) on investments (Note 4)</strong></td>
<td>$14,107</td>
<td>$(2,960)</td>
</tr>
<tr>
<td><strong>Miscellaneous</strong></td>
<td>$2,510</td>
<td>$2,504</td>
</tr>
<tr>
<td><strong>Loss on disposal of asset</strong></td>
<td>0</td>
<td>$(3,729)</td>
</tr>
<tr>
<td><strong>TOTAL UNRESTRICTED REVENUE AND SUPPORT</strong></td>
<td>$3,661,154</td>
<td>$3,349,951</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>$2,941,562</td>
<td>$2,782,655</td>
</tr>
<tr>
<td>Management and general</td>
<td>$521,648</td>
<td>$457,393</td>
</tr>
<tr>
<td>Fundraising expenses</td>
<td>$3,284</td>
<td>$4,284</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$3,466,494</td>
<td>$3,244,332</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCREASE IN UNRESTRICTED NET ASSETS</strong></td>
<td>$194,660</td>
<td>$105,619</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UNRESTRICTED NET ASSETS, beginning of year</strong></td>
<td>$3,134,657</td>
<td>$3,029,038</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UNRESTRICTED NET ASSETS, end of year</strong></td>
<td>$3,329,317</td>
<td>$3,134,657</td>
</tr>
</tbody>
</table>

See Accompanying Notes to Financial Statements
## READING AND BEYOND

### STATEMENTS OF FUNCTIONAL EXPENSES

**YEARS ENDED JUNE 30, 2013 AND 2012**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bad debt expense</td>
<td>$2,065</td>
<td>$0</td>
<td>$0</td>
<td>$2,065</td>
<td>$562</td>
<td>$0</td>
<td>$0</td>
<td>$562</td>
</tr>
<tr>
<td>Consulting expense</td>
<td>94,500</td>
<td>0</td>
<td>0</td>
<td>94,500</td>
<td>24,000</td>
<td>8,602</td>
<td>0</td>
<td>32,602</td>
</tr>
<tr>
<td>Contracted instructors</td>
<td>2,900</td>
<td>0</td>
<td>0</td>
<td>2,900</td>
<td>29,150</td>
<td>0</td>
<td>0</td>
<td>29,150</td>
</tr>
<tr>
<td>Depreciation</td>
<td>42,737</td>
<td>8,222</td>
<td>0</td>
<td>50,959</td>
<td>11,313</td>
<td>5,390</td>
<td>0</td>
<td>16,703</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>2,663</td>
<td>3,363</td>
<td>50</td>
<td>6,066</td>
<td>783</td>
<td>825</td>
<td>0</td>
<td>1,608</td>
</tr>
<tr>
<td>Fingerprinting expense</td>
<td>4,889</td>
<td>412</td>
<td>0</td>
<td>5,301</td>
<td>5,587</td>
<td>42</td>
<td>0</td>
<td>5,629</td>
</tr>
<tr>
<td>Indirect costs</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>In-kind expense - books and supplies</td>
<td>21,502</td>
<td>0</td>
<td>0</td>
<td>21,502</td>
<td>24,331</td>
<td>0</td>
<td>0</td>
<td>24,331</td>
</tr>
<tr>
<td>In-kind expense - services</td>
<td>427,922</td>
<td>84,551</td>
<td>0</td>
<td>512,473</td>
<td>404,149</td>
<td>77,051</td>
<td>0</td>
<td>481,200</td>
</tr>
<tr>
<td>Insurance</td>
<td>1,371</td>
<td>17,439</td>
<td>65</td>
<td>18,875</td>
<td>1,713</td>
<td>15,829</td>
<td>0</td>
<td>17,542</td>
</tr>
<tr>
<td>Legal and accounting</td>
<td>0</td>
<td>18,300</td>
<td>0</td>
<td>18,300</td>
<td>0</td>
<td>18,309</td>
<td>0</td>
<td>18,309</td>
</tr>
<tr>
<td>Licenses and fees</td>
<td>1,005</td>
<td>2,601</td>
<td>0</td>
<td>3,606</td>
<td>990</td>
<td>2,178</td>
<td>0</td>
<td>3,168</td>
</tr>
<tr>
<td>Other employee benefits</td>
<td>192,327</td>
<td>37,362</td>
<td>539</td>
<td>230,228</td>
<td>188,283</td>
<td>27,472</td>
<td>513</td>
<td>216,268</td>
</tr>
<tr>
<td>Outreach/volunteer retention</td>
<td>172</td>
<td>4,936</td>
<td>0</td>
<td>5,108</td>
<td>6,625</td>
<td>2,827</td>
<td>0</td>
<td>9,452</td>
</tr>
<tr>
<td>Payroll processing and bank fees</td>
<td>29</td>
<td>5,000</td>
<td>10</td>
<td>5,099</td>
<td>148</td>
<td>3,089</td>
<td>4</td>
<td>3,241</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>171,982</td>
<td>23,641</td>
<td>145</td>
<td>195,768</td>
<td>168,746</td>
<td>19,919</td>
<td>295</td>
<td>188,960</td>
</tr>
<tr>
<td>Postage</td>
<td>155</td>
<td>827</td>
<td>168</td>
<td>1,150</td>
<td>501</td>
<td>754</td>
<td>141</td>
<td>1,396</td>
</tr>
<tr>
<td>Printing and copying</td>
<td>10,841</td>
<td>2,281</td>
<td>118</td>
<td>13,240</td>
<td>6,591</td>
<td>3,188</td>
<td>132</td>
<td>9,911</td>
</tr>
<tr>
<td>Rent and janitorial</td>
<td>14,285</td>
<td>3,479</td>
<td>0</td>
<td>17,764</td>
<td>18,505</td>
<td>14,875</td>
<td>0</td>
<td>33,380</td>
</tr>
<tr>
<td>Special program expense</td>
<td>84,038</td>
<td>0</td>
<td>0</td>
<td>84,038</td>
<td>108,034</td>
<td>0</td>
<td>0</td>
<td>108,034</td>
</tr>
<tr>
<td>Supplies and food</td>
<td>124,412</td>
<td>6,617</td>
<td>319</td>
<td>131,348</td>
<td>143,799</td>
<td>7,696</td>
<td>118</td>
<td>151,613</td>
</tr>
<tr>
<td>Telephone and internet</td>
<td>3,744</td>
<td>5,391</td>
<td>0</td>
<td>9,135</td>
<td>1,352</td>
<td>3,949</td>
<td>0</td>
<td>5,301</td>
</tr>
<tr>
<td>Travel/conference expense</td>
<td>36,866</td>
<td>2,557</td>
<td>28</td>
<td>39,451</td>
<td>37,382</td>
<td>1,750</td>
<td>24</td>
<td>39,156</td>
</tr>
<tr>
<td>Utilities</td>
<td>46,096</td>
<td>25,681</td>
<td>0</td>
<td>71,777</td>
<td>34,209</td>
<td>20,047</td>
<td>0</td>
<td>54,256</td>
</tr>
<tr>
<td>Wages</td>
<td>1,655,071</td>
<td>268,948</td>
<td>1,842</td>
<td>1,925,851</td>
<td>1,565,912</td>
<td>223,501</td>
<td>3,027</td>
<td>1,792,430</td>
</tr>
</tbody>
</table>

| TOTAL EXPENSES                  | $2,941,562 | $521,648 | $3,284 | $3,466,494 | $2,782,655 | $457,393 | $4,284 | $3,244,332 |
# READING AND BEYOND

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2013 AND 2012

### CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in net assets</td>
<td>$194,660</td>
<td>$105,619</td>
</tr>
<tr>
<td>Adjustments to reconcile increase in net assets to net cash provided from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>50,959</td>
<td>16,703</td>
</tr>
<tr>
<td>Realized loss on investments</td>
<td>2,682</td>
<td>0</td>
</tr>
<tr>
<td>Unrealized (gain) loss on investments</td>
<td>(14,107)</td>
<td>2,960</td>
</tr>
<tr>
<td>Loss on disposal of asset</td>
<td>0</td>
<td>3,729</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>2,065</td>
<td>562</td>
</tr>
<tr>
<td>In-kind donation - license rights</td>
<td>(93,825)</td>
<td>0</td>
</tr>
<tr>
<td>Changes in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(1,292)</td>
<td>(7,608)</td>
</tr>
<tr>
<td>Grants and contracts receivable</td>
<td>17,540</td>
<td>114,043</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(20,304)</td>
<td>(25,038)</td>
</tr>
<tr>
<td>Rental deposits</td>
<td>0</td>
<td>3,181</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(13,761)</td>
<td>(18,970)</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>(1,622)</td>
<td>59,896</td>
</tr>
<tr>
<td>Credit card payable</td>
<td>(10,162)</td>
<td>15,703</td>
</tr>
<tr>
<td>Grant advances</td>
<td>200,362</td>
<td>22,627</td>
</tr>
<tr>
<td>Child development reserve</td>
<td>10</td>
<td>4,971</td>
</tr>
</tbody>
</table>

**NET CASH PROVIDED FROM OPERATING ACTIVITIES**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>313,205</td>
<td>298,378</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net increase in investments</td>
<td>(269,577)</td>
<td>(267,507)</td>
</tr>
<tr>
<td>Purchase of license rights</td>
<td>(119,825)</td>
<td>0</td>
</tr>
<tr>
<td>Purchase of property and equipment</td>
<td>(44,119)</td>
<td>(67,097)</td>
</tr>
<tr>
<td>Increase in construction in progress</td>
<td>(902)</td>
<td>(98,646)</td>
</tr>
</tbody>
</table>

**NET CASH USED BY INVESTING ACTIVITIES**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(434,423)</td>
<td>(433,250)</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### NET DECREASE IN CASH

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(121,218)</td>
<td>(134,872)</td>
</tr>
</tbody>
</table>

### CASH AND CASH EQUIVALENTS, beginning of year

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>489,710</td>
<td>624,582</td>
</tr>
</tbody>
</table>

### CASH AND CASH EQUIVALENTS, end of year

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$368,492</td>
<td>$489,710</td>
</tr>
</tbody>
</table>

### NON-CASH INVESTING AND FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer of construction in progress to property and equipment</td>
<td>$98,646</td>
<td>0</td>
</tr>
</tbody>
</table>

See Accompanying Notes to Financial Statements
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – Reading and Beyond (the Organization), formerly known as the Fresno Covenant Foundation, was established in March 1999. The Organization is a nonprofit organization committed to helping academically at-risk children improve their academic performance and foster their development into successful students and thriving members of the community. The Organization’s after-school tutoring centers are located in low-income neighborhoods as a way to serve students in different areas of the City of Fresno. The number of open sites they operate depend on availability of funding.

The Organization is supported primarily by federal and state grants and contracts.

Basis of accounting – The financial statements are prepared using the accrual basis of accounting in which support and revenue are recognized when earned or due and expenses are recognized when incurred.

Recognition of donor restrictions – Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Cash and cash equivalents – Cash and cash equivalents consist of cash held in checking, savings, money market, and certificate of deposit accounts with an initial maturity of three months or less. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

Grants and contract receivables – Grants and contract receivables are stated at the amount management expects to collect from outstanding balances. At June 30, 2013 and 2012, the Organization considers all amounts to be fully collectible; therefore, no allowance for doubtful amounts is reflected.

Investment in securities – The organization’s investment in securities is classified as “available for sale” securities and is carried on the financial statements at fair value.

Property and equipment – Property and equipment are carried at cost. Acquisitions of fixed assets in excess of $1,000 are capitalized. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of the donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions or property and equipment are recorded as unrestricted support.

Property and equipment are depreciated using the straight-line method over their estimated useful lives. Routine repairs and maintenance are expensed as incurred.
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment (Continued)
Construction in progress is stated at cost, which includes the cost of construction and other direct costs attributable to the construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use.

License rights – During 2013, the Organization paid $119,825 for license rights to the online database solution for the Promise Neighborhoods grant. The remaining portion of the license rights of $93,825 was received as an in-kind donation. The license rights have indefinite lives that are subject to annual impairment tests.

Compensated absences – The cost of compensated leave is accrued as it is vested to the employee. Accrued compensated absences are included in accrued liabilities on the statements of financial position.

Grant advances – Grant revenue received in advance of expenditures is deferred and recognized over the period to which the expenditure relates.

Donated goods and services – The organization receives various donated goods and services. The estimated fair value of the donation is recorded as support and expense in the period received. Unpaid volunteers make significant contributions of their time to assist the organization. The value of volunteer time is not reflected in these statements because it is not susceptible to objective measurement or valuation.

Income taxes – The organization is incorporated as a non-profit California corporation and is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Tax returns are filed in U.S. federal and state of California jurisdictions. Tax returns remain subject to examination by the U.S. federal jurisdiction for three years after the return is filed and for four years by the California jurisdiction. There are currently no tax years under examination. Interest and penalties on tax assessments are classified as an expense when incurred. For the years ended June 30, 2013 and 2012, interest and penalties totaled $0.

Generally accepted accounting principles provides accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state tax returns are more likely than not to be sustained upon examination.

Accounting estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
NOTE 1:  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reconciliation of CDE and GAAP Expense Reporting – The supplementary Combining Statement of Activities and basic financial statements present financial data in conformity with GAAP. The other supplementary financial data presented in the audit, including data in the Combining Schedule of Expenditures by State Categories, present expenditures according to CDE reporting requirements. However, reporting differences arise because CDE contract funds must be expensed during the contract period (usually one year). For example, program amounts that are capitalized and depreciated over multiple years under GAAP are expensed in the contract period under CDE requirements. To address such reporting differences, the audit report includes a Reconciliation of CDE and GAAP Expense Reporting.

NOTE 2:  CASH AND CASH EQUIVALENTS

At June 30, 2013 and 2012, cash and cash equivalents consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of the Sierra</td>
<td>$124,033</td>
<td>$228,300</td>
</tr>
<tr>
<td>Business checking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank of the Sierra</td>
<td>$20,808</td>
<td>$18,231</td>
</tr>
<tr>
<td>Business savings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Citibank</td>
<td>$223,551</td>
<td>$243,179</td>
</tr>
<tr>
<td>Money market fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change fund</td>
<td>$100</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>$368,492</td>
<td>$489,710</td>
</tr>
</tbody>
</table>

At June 30, 2013 and 2012, cash and cash equivalents included $368,492 and $489,710, respectively, held in commercial banks, which are fully insured by the Federal Deposit Insurance Corporation.
NOTE 3: **SHORT-TERM INVESTMENTS**

Investments as of June 30, 2013 and 2012, are summarized as follows:

<table>
<thead>
<tr>
<th>Bank/Name of Bank</th>
<th>Type of Investment</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of America</td>
<td>Certificate of deposit</td>
<td>$240,408</td>
<td>$0</td>
</tr>
<tr>
<td>Bank of the Sierra Central Valley</td>
<td>Certificate of deposit</td>
<td>0</td>
<td>226,790</td>
</tr>
<tr>
<td>Community Bank</td>
<td>Certificate of deposit</td>
<td>240,836</td>
<td>0</td>
</tr>
<tr>
<td>Fresno First Bank</td>
<td>Certificate of deposit</td>
<td>240,047</td>
<td>246,392</td>
</tr>
<tr>
<td>Murphy Bank</td>
<td>Certificate of deposit</td>
<td>243,621</td>
<td>241,991</td>
</tr>
<tr>
<td>Premier Valley Bank</td>
<td>Certificate of deposit</td>
<td>240,563</td>
<td>0</td>
</tr>
<tr>
<td>Security First Bank</td>
<td>Certificate of deposit</td>
<td>245,297</td>
<td>243,242</td>
</tr>
<tr>
<td>United Security Bank</td>
<td>Certificate of deposit</td>
<td>249,065</td>
<td>246,924</td>
</tr>
<tr>
<td>West America Bank</td>
<td>Certificate of deposit</td>
<td>0</td>
<td>245,776</td>
</tr>
</tbody>
</table>

**Total:** $1,699,837 $1,451,115

The certificates bear interest ranging from 0.25% to 1.1% and have maturities ranging from twelve months to twenty-four months with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

At June 30, 2013 and 2012, all investments held in commercial banks were fully insured by the Federal Deposit Insurance Corporation.

The following schedule summarizes the investment return and its classification in the Statements of Activities for the years ended June 30, 2013 and 2012:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income</td>
<td>$12,160</td>
<td>$17,937</td>
</tr>
</tbody>
</table>

Investment earnings have been reinvested and are included in the cost of the investments.

This page space left blank intentionally.
See next page for continuation of notes.
NOTE 4: INVESTMENT IN SECURITIES

Investment in securities as of June 30, 2013, is summarized as follows:

<table>
<thead>
<tr>
<th>Available-for-sale securities:</th>
<th>Quoted Market Value</th>
<th>Unrealized Gain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market</td>
<td>$ 41,421</td>
<td>$ 683</td>
</tr>
<tr>
<td>Fixed income</td>
<td>706,234</td>
<td>11,639</td>
</tr>
<tr>
<td>Equities</td>
<td>287,878</td>
<td>4,745</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 1,035,533</strong></td>
<td><strong>$ 17,067</strong></td>
</tr>
</tbody>
</table>

Investment in securities as of June 30, 2012, is summarized as follows:

<table>
<thead>
<tr>
<th>Available-for-sale securities:</th>
<th>Quoted Market Value</th>
<th>Unrealized Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market</td>
<td>$ 15,049</td>
<td>$(44)</td>
</tr>
<tr>
<td>Fixed income</td>
<td>729,365</td>
<td>$(2,152)</td>
</tr>
<tr>
<td>Equities</td>
<td>258,839</td>
<td>$(764)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 1,003,253</strong></td>
<td><strong>$(2,960)</strong></td>
</tr>
</tbody>
</table>

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended June 30, 2013 and 2012:

<table>
<thead>
<tr>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income, net of expenses of $5,239 in 2013 and $2,271 in 2012</td>
<td>$ 20,854</td>
</tr>
<tr>
<td>Realized loss</td>
<td>(2,682)</td>
</tr>
<tr>
<td>Unrealized gain (loss)</td>
<td>14,107</td>
</tr>
<tr>
<td><strong>Total investment return</strong></td>
<td><strong>$ 32,279</strong></td>
</tr>
</tbody>
</table>

This page space left blank intentionally.
See next page for continuation of notes.
NOTE 5:  GRANTS AND CONTRACTS RECEIVABLE

At June 30, 2013 and 2012, amounts due to the Organization for expenditures that are reimbursable by the granting or contracting agency are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIMS Education Foundation</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Boys &amp; Girls Club of Fresno County</td>
<td>1,656</td>
<td>0</td>
</tr>
<tr>
<td>California Department of Education</td>
<td>2,235</td>
<td>2,708</td>
</tr>
<tr>
<td>Central Unified School District</td>
<td>0</td>
<td>385</td>
</tr>
<tr>
<td>Ceres Unified School District</td>
<td>0</td>
<td>413</td>
</tr>
<tr>
<td>Comcast</td>
<td>0</td>
<td>2,500</td>
</tr>
<tr>
<td>First 5 Fresno County</td>
<td>0</td>
<td>25,498</td>
</tr>
<tr>
<td>Fresno County DBH</td>
<td>3,110</td>
<td>9,645</td>
</tr>
<tr>
<td>Fresno County DSS</td>
<td>101,119</td>
<td>89,512</td>
</tr>
<tr>
<td>Fresno County Office of Education</td>
<td>148,022</td>
<td>36,855</td>
</tr>
<tr>
<td>Fresno Regional Workforce Investment Board</td>
<td>0</td>
<td>6,941</td>
</tr>
<tr>
<td>Fresno Unified School District</td>
<td>87,861</td>
<td>124,965</td>
</tr>
<tr>
<td>Madera Unified School District</td>
<td>13,101</td>
<td>0</td>
</tr>
<tr>
<td>Mendota Unified School District</td>
<td>165</td>
<td>2,640</td>
</tr>
<tr>
<td>Merced City School District</td>
<td>547</td>
<td>0</td>
</tr>
<tr>
<td>U.S. Department of Education</td>
<td>0</td>
<td>55,323</td>
</tr>
<tr>
<td>SJV Healthcare Workforce</td>
<td>0</td>
<td>7,751</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>220</td>
</tr>
</tbody>
</table>

$ 357,816  $ 375,356

This page space left blank intentionally.
See next page for continuation of notes.
NOTE 6:  PROPERTY AND EQUIPMENT

At June 30, 2013 and 2012, property and equipment consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>$89,653</td>
<td>$52,095</td>
</tr>
<tr>
<td>Vehicles</td>
<td>129,336</td>
<td>129,336</td>
</tr>
<tr>
<td>Leasehold</td>
<td>163,278</td>
<td>58,071</td>
</tr>
<tr>
<td>improvements</td>
<td>902</td>
<td>98,646</td>
</tr>
<tr>
<td>Construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>in progress</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>383,169</td>
<td>338,148</td>
</tr>
</tbody>
</table>

Less: Accumulated depreciation

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(216,718)</td>
<td>(165,759)</td>
</tr>
</tbody>
</table>

$166,451

$172,389

Depreciation expense was $50,959 and $16,703 for the years ended June 30, 2013 and 2012, respectively.
NOTE 7: GRANT ADVANCES

At June 30, 2013 and 2012, grant advances consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Management Corporation</td>
<td>$0</td>
<td>$127</td>
</tr>
<tr>
<td>AT&amp;T</td>
<td>0</td>
<td>11,058</td>
</tr>
<tr>
<td>Bank of America</td>
<td>37,050</td>
<td>140</td>
</tr>
<tr>
<td>Bullard Talent PTA</td>
<td>825</td>
<td>0</td>
</tr>
<tr>
<td>California Department of Education</td>
<td>582</td>
<td>0</td>
</tr>
<tr>
<td>California Endowment</td>
<td>6,650</td>
<td>13,475</td>
</tr>
<tr>
<td>California Health Care Foundation</td>
<td>350</td>
<td>350</td>
</tr>
<tr>
<td>Comcast</td>
<td>13,100</td>
<td>14,300</td>
</tr>
<tr>
<td>Educational Employees Credit Union</td>
<td>10,000</td>
<td>0</td>
</tr>
<tr>
<td>Families in Schools</td>
<td>19,520</td>
<td>15,771</td>
</tr>
<tr>
<td>Fresno County DSS</td>
<td>6,500</td>
<td>6,500</td>
</tr>
<tr>
<td>Fresno County Office of Education</td>
<td>10,000</td>
<td>0</td>
</tr>
<tr>
<td>Fresno Regional Foundation</td>
<td>137,582</td>
<td>0</td>
</tr>
<tr>
<td>Fresno Wesley Foundation</td>
<td>0</td>
<td>1,500</td>
</tr>
<tr>
<td>James Irvine Foundation</td>
<td>91,415</td>
<td>75,000</td>
</tr>
<tr>
<td>Kaiser Permanente</td>
<td>12,579</td>
<td>1,133</td>
</tr>
<tr>
<td>Other</td>
<td>15,944</td>
<td>14,779</td>
</tr>
<tr>
<td>S.H. Cowell Foundation</td>
<td>0</td>
<td>7,025</td>
</tr>
<tr>
<td>SJV Workforce Funders Collaborative</td>
<td>995</td>
<td>0</td>
</tr>
<tr>
<td>Walter Johnson Foundation</td>
<td>1,625</td>
<td>0</td>
</tr>
<tr>
<td>Wells Fargo Foundation</td>
<td>6,803</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>371,520</strong></td>
<td><strong>171,158</strong></td>
</tr>
</tbody>
</table>

NOTE 8: CHILD DEVELOPMENT RESERVE ACCOUNT

Child development contractors with the California Department of Education (CDE) are allowed, with prior CDE approval, to maintain a reserve account from earned but unexpended child development contract funds for three types of programs: Center-Based, Resource and Referral, and Alternative Payment. Transfers from a reserve account are considered restricted income for child development programs, but may be applied to any of the contracts that are eligible to contribute to that particular program type.

Reading and Beyond maintains a reserve account for Center-Based contracts, and funds are deposited into an interest bearing account. The reserve account balance at June 30, 2013 and 2012 was $4,981 and $4,971, respectively, which is recorded as an asset in the cash account.
NOTE 8: CHILD DEVELOPMENT RESERVE ACCOUNT (Continued)

Also, upon termination of all child development center-based contracts with CDE, Reading and Beyond would have to return the reserve funds to CDE, therefore, the reserve account is recorded as a liability (deferred revenue).

The reserve account balance at June 30, 2013 and 2012 includes interest of $10 and $13, respectively, that the bank paid during each respective year.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Grants

In connection with federal and state grant programs, the Organization is obligated to administer the programs in accordance with regulatory restrictions, and is subject to audit by grantor agencies. In case of noncompliance, the agencies involved may require the Organization to refund program monies. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

The Organization is contingently liable in connection with claims and contracts arising in the normal course of its activities. Management is of the opinion that the outcome of such matters will not have a material effect on the financial statements.

The possibility exists that federal and state grants may decrease in the future. In the event such revenue were significantly decreased, the Organization would need to seek other funding sources to maintain operations at current levels.

Operating Leases

The Organization conducts its administrative activities from facilities that are leased under an operating lease that expires May 31, 2016. The lease agreement grants use of the facilities without payment of use fees. However, the Organization is required to pay 100% of gas and electricity on the entire facility. For the years ended June 30, 2013 and 2012, in-kind contributions of $160,200 have been recorded. See Note 10.

The Organization subleases a portion of the administrative facilities to the County of Fresno. The lease is for the period September 1, 2011 – May 31, 2016 for a fee of $6,500 per month.

The Organization conducts certain program activities from facilities that are leased under a month-to-month operating lease. The lease agreement grants use of the facilities without payment of use fees. However, the Organization is required to pay 50% of gas and electricity on the entire facility. For the years ended June 30, 2013 and 2012, in-kind contributions of $88,275 and $0 have been recorded. See Note 10.
NOTE 10: **DONATED GOODS AND SERVICES**

Donated goods and services consist of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free use of facilities (admin &amp; program sites), services</td>
<td>$512,473</td>
<td>$481,200</td>
</tr>
<tr>
<td>Activities supplies</td>
<td>$115,326</td>
<td>$24,615</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$627,799</strong></td>
<td><strong>$505,815</strong></td>
</tr>
</tbody>
</table>

NOTE 11: **RETIREMENT PLAN**

The Organization has a salary reduction plan (401k) in place, which is available to all employees who have worked 12 months and more than 1,000 hours during the calendar year. The amount of the salary reduction is paid directly to an independent administrator and applied directly to the employee retirement investment account. The Organization makes matching contributions of up to 4%. The vesting schedule of the employee is 20% after one year and an additional 20% per year until fully vested at the end of year five. For the years ended June 30, 2013 and 2012, the matching amount contributed to the plan was $36,569 and $32,470, respectively. The contribution is included in Other Employee Benefits expense on the statements of functional expenses.

NOTE 12: **SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 17, 2013 (date financial statements available to be issued) and determined no events have occurred subsequent to June 30, 2013 that would require adjustment to, or disclosure in the financial statements.
<table>
<thead>
<tr>
<th>Agency Name/Pass-Through Agency Program Title</th>
<th>CFDA Number</th>
<th>Grantor's Number</th>
<th>Federal</th>
<th>State</th>
<th>Total</th>
<th>Federal</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Department of Agriculture</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed through California Department of Education:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child and Adult Care Food Program</td>
<td>10.558</td>
<td>05232-CACFP-10-NP-IC</td>
<td>$ 30,243</td>
<td>$ 0</td>
<td>$ 30,243</td>
<td>$ 30,243</td>
<td>$ 0</td>
</tr>
<tr>
<td>Passed through County of Fresno:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplemental Nutrition Assistance Program</td>
<td>10.551</td>
<td>A-12-106</td>
<td>290,000</td>
<td>0</td>
<td>290,000</td>
<td>96,312</td>
<td>0</td>
</tr>
<tr>
<td>Supplemental Nutrition Assistance Program</td>
<td>10.551</td>
<td>A-12-106</td>
<td>448,148</td>
<td>0</td>
<td>448,148</td>
<td>281,048</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>738,148</td>
<td>0</td>
<td>738,148</td>
<td>377,360</td>
<td>0</td>
</tr>
<tr>
<td>U.S. Department of Health &amp; Human Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed through County of Fresno</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temporary Assistance for Needy Families (TANF)</td>
<td>93.558</td>
<td>10-325-1</td>
<td>435,098</td>
<td>0</td>
<td>435,098</td>
<td>423,231</td>
<td>0</td>
</tr>
<tr>
<td>U.S. Department of Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund for Improvement of Education</td>
<td>84.215P</td>
<td>U215P110139</td>
<td>484,678</td>
<td>0</td>
<td>484,678</td>
<td>345,830</td>
<td>0</td>
</tr>
<tr>
<td>California Department of Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>California State Preschool Program</td>
<td>93.596/93.575</td>
<td>CSPP-2082</td>
<td>40,824</td>
<td>106,950</td>
<td>147,774</td>
<td>40,824</td>
<td>104,000</td>
</tr>
<tr>
<td>Prekindergarten and Family Literacy (Support)</td>
<td></td>
<td>CPICS-2014</td>
<td>0</td>
<td>2,500</td>
<td>2,500</td>
<td>0</td>
<td>2,491</td>
</tr>
<tr>
<td>Reserve Account</td>
<td></td>
<td>w/a</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>First 5 Fresno County</td>
<td></td>
<td></td>
<td>40,824</td>
<td>109,450</td>
<td>150,274</td>
<td>40,824</td>
<td>106,491</td>
</tr>
<tr>
<td>Fatherhood Challenge</td>
<td>2012DS6136</td>
<td></td>
<td>0</td>
<td>50,000</td>
<td>50,000</td>
<td>0</td>
<td>23,356</td>
</tr>
<tr>
<td>Total Federal and State Awards</td>
<td></td>
<td></td>
<td>$ 1,728,591</td>
<td>$ 159,450</td>
<td>$ 1,888,441</td>
<td>$ 1,217,598</td>
<td>$ 129,847</td>
</tr>
</tbody>
</table>
READING AND BEYOND

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2013

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state grant activity of Reading and Beyond under programs of the federal and state government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the schedule presents only a selected portion of the operations of Reading and Beyond, it is not intended to and does not present the financial position, changes in net assets or cash flows of Reading and Beyond.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Costs Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C: CLAIM PREPARATION

Monthly CACFP claims were prepared in accordance with the Actual Count Claim method.
**READING AND BEYOND**  
**CHILD DEVELOPMENT PROGRAM**  
**COMBINING STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2013, WITH COMPARATIVE TOTALS FOR 2012**

<table>
<thead>
<tr>
<th></th>
<th>CSPF 2013</th>
<th>CPKS 2014</th>
<th>Total CDE CD Contracts</th>
<th>Non-CDE Programs</th>
<th>TOTAL 2013</th>
<th>TOTAL 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE AND SUPPORT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$27,332</td>
<td>$27,332</td>
</tr>
<tr>
<td>Grants and contracts - Foundations and others</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>415,176</td>
<td>415,176</td>
</tr>
<tr>
<td>Grants and contracts - Governments</td>
<td>160,119</td>
<td>2,491</td>
<td>162,610</td>
<td>1,254,972</td>
<td>2,317,582</td>
<td>2,183,032</td>
</tr>
<tr>
<td>Child care food program, #012532-CA@FF-10-NP-JC</td>
<td>17,337</td>
<td>0</td>
<td>17,337</td>
<td>12,906</td>
<td>30,243</td>
<td>34,158</td>
</tr>
<tr>
<td>Prior year reserve release</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3,499</td>
</tr>
<tr>
<td>Program service fee revenues - tuition</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>95,733</td>
<td>95,733</td>
<td>95,733</td>
</tr>
<tr>
<td>Donated goods and services</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>627,799</td>
<td>627,799</td>
<td>505,815</td>
</tr>
<tr>
<td>Rental income</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>91,276</td>
<td>91,276</td>
<td>68,242</td>
</tr>
<tr>
<td>Fundraising</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5,664</td>
<td>5,664</td>
<td>2,054</td>
</tr>
<tr>
<td>Investment income</td>
<td>34</td>
<td>0</td>
<td>34</td>
<td>32,980</td>
<td>33,014</td>
<td>24,150</td>
</tr>
<tr>
<td>Realized loss on investment</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>(2,692)</td>
<td>(2,692)</td>
<td>0</td>
</tr>
<tr>
<td>Unrealized gain (loss) on investments</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>14,107</td>
<td>14,107</td>
<td>(2,995)</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2,510</td>
<td>2,510</td>
<td>2,504</td>
</tr>
<tr>
<td>Loss on disposal of asset</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>(3,729)</td>
</tr>
<tr>
<td><strong>TOTAL REVENUE AND SUPPORT</strong></td>
<td>177,490</td>
<td>2,491</td>
<td>179,981</td>
<td>3,481,173</td>
<td>3,661,154</td>
<td>3,349,951</td>
</tr>
</tbody>
</table>

| **EXPENSES**          |           |           |                        |                  |            |            |
| Bad debt expense       | 39        | 0         | 39                     | 2,056            | 2,056      | 562        |
| Consulting expense     | 0         | 0         | 0                      | 94,500           | 94,500     | 32,602     |
| Contracted instructors | 0         | 0         | 0                      | 2,900            | 2,900      | 29,160     |
| Depreciation           | 13,132    | 0         | 13,132                  | 37,007           | 50,959     | 16,703     |
| Dues and subscriptions | 870       | 0         | 870                    | 5,196            | 6,066      | 1,608      |
| Fingerprinting expense | 92        | 0         | 92                     | 5,209            | 5,301      | 5,609      |
| Indirect costs         | 10,886    | 184       | 11,070                 | (11,070)         | 0          | 0          |
| In-kind expense - books and supplies | 0        | 0         | 0                      | 21,302           | 21,302     | 24,331     |
| In-kind expense - services | 0       | 0         | 0                      | 512,473          | 512,473    | 481,200    |
| Insurance              | 0         | 0         | 0                      | 18,875           | 18,875     | 17,542     |
| Legal and accounting   | 4,000     | 0         | 4,000                   | 14,300           | 18,300     | 18,360     |
| Licenses and fees      | 0         | 0         | 0                      | 3,666            | 3,666      | 3,168      |
| Other employee benefits | 13,555   | 313       | 13,868                 | 216,380          | 230,228    | 216,268    |
| Outreach/volunteer retention | 32      | 0         | 32                     | 5,076            | 5,106      | 9,452      |
| Payroll processing and bank fees | 0     | 0         | 0                      | 5,039            | 5,039      | 3,041      |
| Payroll taxes          | 9,573     | 150       | 9,723                  | 186,045          | 165,768    | 188,966    |
| Postage                | 0         | 0         | 0                      | 1,150            | 1,150      | 1,396      |
| Printing and copying   | 585       | 0         | 585                    | 12,655           | 13,240     | 9,011      |
| Rent and janitorial     | 3,894     | 0         | 3,894                   | 13,870           | 17,764     | 33,386     |
| Special program expense | 19,586   | 78        | 19,664                 | 64,274           | 84,038     | 108,034    |
| Supplies and food       | 5,414     | 234       | 5,648                  | 125,700          | 131,348    | 151,613    |
| Telephone and internet | 515       | 0         | 515                    | 8,020            | 9,135      | 5,303      |
| Travel/conference expense | 500     | 0         | 500                    | 39,851           | 39,451     | 39,196     |
| Utilities              | 3,847     | 0         | 3,847                  | 67,930           | 71,777     | 54,256     |
| Wages                  | 90,870    | 1,552     | 92,422                 | 1,833,499        | 1,925,803  | 1,792,470  |
| **TOTAL EXPENSES**     | 177,490   | 2,491     | 179,981                | 3,286,313        | 3,466,494  | 3,244,332  |

| **CHANGE IN NET ASSETS** |           |           |                        |                  | 194,660    | 194,660    |
|                          | $0        | $0        | $0                     | $0               | $194,660   | $194,660   |

See Accompanying Notes to Financial Statements

Page 20
### READING AND BEYOND
CHILD DEVELOPMENT PROGRAM

COMBINING SCHEDULE OF EXPENDITURES BY STATE CATEGORIES

YEAR ENDED JUNE 30, 2013

<table>
<thead>
<tr>
<th></th>
<th>CSPP 2082</th>
<th>CPKS 2014</th>
<th>TOTAL CDE CD CONTRACTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000 Certificated salaries</td>
<td>$63,895</td>
<td>$1,514</td>
<td>$65,409</td>
</tr>
<tr>
<td>2000 Classified salaries</td>
<td>26,975</td>
<td>18</td>
<td>26,993</td>
</tr>
<tr>
<td>3000 Employee benefits</td>
<td>23,108</td>
<td>463</td>
<td>23,571</td>
</tr>
<tr>
<td>4000 Books and supplies</td>
<td>25,100</td>
<td>312</td>
<td>25,412</td>
</tr>
<tr>
<td>5000 Services and other operating expenses</td>
<td>14,374</td>
<td>0</td>
<td>14,374</td>
</tr>
<tr>
<td>6100/6200 Other approved capital outlay</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>6400 New equipment (program-related)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>6500 Replacement equipment (program-related)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Depreciation or use allowance</td>
<td>13,152</td>
<td>0</td>
<td>13,152</td>
</tr>
<tr>
<td>Start-up expenses - service level exemption</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Budget impasse credit</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Indirect costs</td>
<td>10,886</td>
<td>184</td>
<td>11,070</td>
</tr>
<tr>
<td>Total Expenses Claimed for Reimbursement</td>
<td>177,490</td>
<td>2,491</td>
<td>179,981</td>
</tr>
<tr>
<td>Total Supplemental Expenses</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$177,490</td>
<td>$2,491</td>
<td>$179,981</td>
</tr>
</tbody>
</table>

Notes:
(a) A written indirect cost allocation plan for the current fiscal year, approved by the Board of Directors, is on file in the main accounting office of Reading and Beyond.

(b) Any food expenses have been allocated to the appropriate contracts.

We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above to an extent considered necessary to assure ourselves that the amounts claimed by the contractor were eligible for reimbursement, reasonable, necessary, and adequately supported, according to governing laws, regulations, and contract provisions.

See Accompanying Notes to Financial Statements
# READING AND BEYOND
## CHILD DEVELOPMENT PROGRAM

### RECONCILIATION OF CDE AND GAAP EXPENSE REPORTING

**YEAR ENDED JUNE 30, 2013**

<table>
<thead>
<tr>
<th></th>
<th>CSPP 2082</th>
<th>CPKS 2014</th>
<th>TOTAL CDE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schedule of Expenditures by State Categories (CDE)</td>
<td>$177,490</td>
<td>$2,491</td>
<td>$179,981</td>
</tr>
<tr>
<td><strong>Adjustments to Reconcile Differences in Reporting:</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Combining Statement of Activities (GAAP)</strong></td>
<td>$177,490</td>
<td>$2,491</td>
<td>$179,981</td>
</tr>
</tbody>
</table>

See Accompanying Notes to Financial Statements

Page 22
## SCHEDULE OF REIMBURSABLE EQUIPMENT EXPENDITURES

**YEAR ENDED JUNE 30, 2013**

<table>
<thead>
<tr>
<th></th>
<th>CSPP 2082</th>
<th>CPKS 2014</th>
<th>Total Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unit Cost Under $7,500 per Item:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Unit Cost Over $7,500 With Prior CDE Approval:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Unit Cost Over $7,500 Without Prior CDE Approval</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Equipment Expenditures</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

**Note:**
Reading and Beyond's capitalization threshold is $1,000, or more.
# Schedule of Reimbursable Expenditures for Renovations and Repairs

**Year Ended June 30, 2013**

<table>
<thead>
<tr>
<th></th>
<th>CSPP 2082</th>
<th>CPKS 2014</th>
<th>Total Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unit Cost Under $10,000 per Item:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>$</td>
<td>0</td>
<td>$</td>
</tr>
<tr>
<td><strong>Unit Cost Over $10,000 With Prior CDE Approval:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Unit Cost Over $10,000 Without Prior CDE Approval:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Renovation and Repair Expenditures</strong></td>
<td>$</td>
<td>0</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Note:**
Reading and Beyond's capitalization threshold is $1,000, or more.
READING AND BEYOND
CHILD DEVELOPMENT PROGRAM

SCHEDULE OF REIMBURSABLE ADMINISTRATIVE COSTS

YEAR ENDED JUNE 30, 2013

<table>
<thead>
<tr>
<th></th>
<th>CSPP 2082</th>
<th>CPKS 2014</th>
<th>TOTAL COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative salaries</td>
<td>$ 6,218</td>
<td>$</td>
<td>$ 6,218</td>
</tr>
<tr>
<td>Administrative benefits/payroll taxes</td>
<td>1,984</td>
<td>0</td>
<td>1,984</td>
</tr>
<tr>
<td>Legal and accounting</td>
<td>4,000</td>
<td>0</td>
<td>4,000</td>
</tr>
<tr>
<td>Indirect costs</td>
<td>10,886</td>
<td>184</td>
<td>11,070</td>
</tr>
<tr>
<td><strong>Total Administrative Costs</strong></td>
<td><strong>$ 23,088</strong></td>
<td><strong>$ 184</strong></td>
<td><strong>$ 23,272</strong></td>
</tr>
</tbody>
</table>

See Accompanying Notes to Financial Statements
## AUDITED ATTENDANCE AND FISCAL REPORT

for California State Preschool Programs

**Agency Name:** Reading and Beyond Child Development Program  
**Vendor No.** 10-Z642

**Fiscal Year Ended:** June 30, 2013  
**Contract No.** CSPP-2082

**Independent Auditor's Name:** Moore Grider & Company

### SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT

<table>
<thead>
<tr>
<th></th>
<th>COLUMN A</th>
<th>COLUMN B</th>
<th>COLUMN C</th>
<th>COLUMN D</th>
<th>COLUMN E</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CUMULATIVE FISCAL YEAR PER FORM CDFS 8561</td>
<td>AUDIT ADJUSTMENTS</td>
<td>CUMULATIVE FISCAL YEAR PER AUDIT</td>
<td>ADJUSTMENT FACTOR</td>
<td>ADJUSTED DAYS OF ENROLLMENT PER AUDIT</td>
</tr>
<tr>
<td><strong>Three and Four Year Olds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time</td>
<td></td>
<td></td>
<td></td>
<td>1.1800</td>
<td></td>
</tr>
<tr>
<td>Full-time</td>
<td></td>
<td></td>
<td>2,107</td>
<td>2,107</td>
<td>1.0000</td>
</tr>
<tr>
<td>Three-quarters-time</td>
<td></td>
<td></td>
<td>104</td>
<td>104</td>
<td>0.6172</td>
</tr>
<tr>
<td>One-half-time</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Exceptional Needs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time-plus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time</td>
<td></td>
<td></td>
<td></td>
<td>1.1800</td>
<td></td>
</tr>
<tr>
<td>Full-time</td>
<td></td>
<td></td>
<td></td>
<td>1.2000</td>
<td></td>
</tr>
<tr>
<td>Three-quarters-time</td>
<td></td>
<td></td>
<td></td>
<td>0.9000</td>
<td></td>
</tr>
<tr>
<td>One-half-time</td>
<td></td>
<td></td>
<td></td>
<td>0.6172</td>
<td></td>
</tr>
<tr>
<td><strong>Limited and Non-English Proficient</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time-plus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time</td>
<td></td>
<td></td>
<td>2,421</td>
<td>2,421</td>
<td>1.0000</td>
</tr>
<tr>
<td>Three-quarters-time</td>
<td></td>
<td></td>
<td></td>
<td>0.8250</td>
<td></td>
</tr>
<tr>
<td>One-half-time</td>
<td></td>
<td></td>
<td>43</td>
<td>43</td>
<td>0.6172</td>
</tr>
<tr>
<td><strong>At Risk of Abuse or Neglect</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time-plus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time</td>
<td></td>
<td></td>
<td></td>
<td>1.1800</td>
<td></td>
</tr>
<tr>
<td>Full-time</td>
<td></td>
<td></td>
<td></td>
<td>1.1000</td>
<td></td>
</tr>
<tr>
<td>Three-quarters-time</td>
<td></td>
<td></td>
<td></td>
<td>0.8250</td>
<td></td>
</tr>
<tr>
<td>One-half-time</td>
<td></td>
<td></td>
<td></td>
<td>0.6172</td>
<td></td>
</tr>
<tr>
<td><strong>Severely Disabled</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time-plus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time</td>
<td></td>
<td></td>
<td></td>
<td>1.7700</td>
<td></td>
</tr>
<tr>
<td>Full-time</td>
<td></td>
<td></td>
<td></td>
<td>1.5000</td>
<td></td>
</tr>
<tr>
<td>Three-quarters-time</td>
<td></td>
<td></td>
<td></td>
<td>1.2500</td>
<td></td>
</tr>
<tr>
<td>One-half-time</td>
<td></td>
<td></td>
<td></td>
<td>0.6172</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL DAYS OF ENROLLMENT</strong></td>
<td>4,675</td>
<td>4,675</td>
<td></td>
<td></td>
<td>4,860.828</td>
</tr>
<tr>
<td><strong>DAYS OF OPERATION</strong></td>
<td>248</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DAYS OF ATTENDANCE</strong></td>
<td>4,672</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

☑ NO NONCERTIFIED CHILDREN - Check this box, omit page 2, and continue to Section III if no noncertified children were enrolled in the program.

Comments - If necessary, attach additional sheets to explain adjustments:

See Accompanying Notes to Financial Statements
# Audited Attendance and Fiscal Report

## For California State Preschool Programs

**Agency Name:** Reading and Beyond Child Development Program  
**Vendor No.:** 10-Z642  
**Fiscal Year End:** June 30, 2013  
**Contract No.:** CSPP-2082

## Section III - Revenue

<table>
<thead>
<tr>
<th>Description</th>
<th>COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDES 8501</th>
<th>COLUMN B AUDIT ADJUSTMENT INCREASE OR DECREASE</th>
<th>COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Restricted Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child Nutrition Programs</td>
<td>$17,337</td>
<td>$0</td>
<td>$17,337</td>
</tr>
<tr>
<td>County Maintenance of Effort (EC § 8279)</td>
<td>0</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Other (Specify):</td>
<td>0</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$17,337</td>
<td>$0</td>
<td>$17,337</td>
</tr>
<tr>
<td><strong>Transfer from Reserve</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract #</td>
<td>0</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td><strong>Family Fees for Certified Children</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract #</td>
<td>15,295</td>
<td>$0</td>
<td>15,295</td>
</tr>
<tr>
<td><strong>Interest Earned on Apportionments</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract #</td>
<td>34</td>
<td></td>
<td>34</td>
</tr>
<tr>
<td><strong>Unrestricted Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family Fees for Noncertified Children</td>
<td>0</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Head Start Program (EC § 8235(b))</td>
<td>0</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Other (Specify):</td>
<td>0</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$32,666</td>
<td>$0</td>
<td>$32,666</td>
</tr>
</tbody>
</table>

## Section IV - Reimbursable Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>COLUMN A</th>
<th>COLUMN B</th>
<th>COLUMN C</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000 Certified Salaries</td>
<td>$63,895</td>
<td>$0</td>
<td>$63,895</td>
</tr>
<tr>
<td>2000 Classified Salaries</td>
<td>26,975</td>
<td></td>
<td>26,975</td>
</tr>
<tr>
<td>3000 Employee Benefits</td>
<td>23,108</td>
<td></td>
<td>23,108</td>
</tr>
<tr>
<td>4000 Books and Supplies</td>
<td>25,100</td>
<td></td>
<td>25,100</td>
</tr>
<tr>
<td>6000 Services and Other Operating Expenses</td>
<td>14,374</td>
<td></td>
<td>14,374</td>
</tr>
<tr>
<td>6100/6200 Other Approved Capital Outlay</td>
<td>0</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>6400 New Equipment (program-related)</td>
<td>0</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>6500 Replacement Equipment (program-related)</td>
<td>0</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Depreciation or Use Allowance</td>
<td>13,152</td>
<td></td>
<td>13,152</td>
</tr>
<tr>
<td>Start-Up Expenses (service level exemption)</td>
<td>0</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Budget Impasse Credit</td>
<td>0</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Indirect Costs. Rate: 7.09% (Rate is self-calculating)</td>
<td>10,886</td>
<td></td>
<td>10,886</td>
</tr>
<tr>
<td><strong>Total Expenses Claimed for Reimbursement</strong></td>
<td>$177,490</td>
<td>$0</td>
<td>$177,490</td>
</tr>
<tr>
<td><strong>Total Administrative Costs (Excluded in Section IV above)</strong></td>
<td>$23,088</td>
<td>$0</td>
<td>$23,088</td>
</tr>
</tbody>
</table>

## For CDE-A&I Use Only:

### Independent Auditor's Assurances on Agency's Compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Child Development Division:

- Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO):
  - YES
  - NO - Explain any discrepancies.

### Reimbursable Expenses Claimed Above are Eligible for Reimbursement, Reasonable, Necessary, and Adequately Supported (check YES or NO):

- YES
- NO - Explain any discrepancies.

### Comments - If necessary, attach additional sheets to explain adjustments:

- Reading and Beyond provided $17,337 of food for this contract under CACFP Agreement No. 05232-CACFP-10-NP-IC.

[NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 4 if there are no supplemental revenues or expenses to report.]

AUD 8501, Page 3 of 4 (FY 2012-13)  
California Department of Education

See Accompanying Note to Financial Statements
# Audited Fiscal Report
for Child Development Support Contracts

**Agency Name:** Reading and Beyond Child Development Program  
**Vendor No.:** 10-Z642

**Fiscal Year End:** June 30, 2013  
**Contract No.:** CPKS-2014

**Multi-Year Contract? (Check "No" Box or Enter Contract Period):** No  
**Period:**

**Independent Auditor's Name:** Moore Grider & Company

<table>
<thead>
<tr>
<th><strong>SECTION I - REVENUE</strong></th>
<th><strong>COLUMN A1</strong></th>
<th><strong>COLUMN A2</strong></th>
<th><strong>COLUMN B</strong></th>
<th><strong>COLUMN C</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RESTRICTED INCOME</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Match Requirement</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>County Maintenance of Effort (EC § 8270)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (Specify):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>INTEREST EARNED ON APPORTIONMENTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>UNRESTRICTED INCOME</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (Specify):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>SECTION II - REIMBURSABLE EXPENSES</strong></th>
<th><strong>COLUMN A1</strong></th>
<th><strong>COLUMN A2</strong></th>
<th><strong>COLUMN B</strong></th>
<th><strong>COLUMN C</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1000 Certificated Salaries</td>
<td>$0</td>
<td>$1,514</td>
<td>$0</td>
<td>$1,514</td>
</tr>
<tr>
<td>2000 Classified Salaries</td>
<td></td>
<td>16</td>
<td></td>
<td>16</td>
</tr>
<tr>
<td>3000 Employee Benefits</td>
<td></td>
<td>463</td>
<td></td>
<td>463</td>
</tr>
<tr>
<td>4000 Books and Supplies</td>
<td></td>
<td>312</td>
<td></td>
<td>312</td>
</tr>
<tr>
<td>5000 Services and Other Operating Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6100/6200 Other Approved Capital Outlay</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6400 New Equipment (program-related)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6500 Replacement Equipment (program-related)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation or Use Allowance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect Costs. Rate: 7.98%</td>
<td></td>
<td>184</td>
<td></td>
<td>184</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</strong></td>
<td>$0</td>
<td>$2,491</td>
<td>$0</td>
<td>$2,491</td>
</tr>
<tr>
<td><strong>TOTAL ADMINISTRATIVE COSTS</strong> (included in section ii above)</td>
<td>$0</td>
<td>$184</td>
<td>$0</td>
<td>$184</td>
</tr>
</tbody>
</table>

**FOR CDE-A&I USE ONLY**

**COMMENTS - If necessary, attach additional sheets to explain adjustments:**

☐ NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 2 if there are no supplemental revenues or expenses to report.

AUD 9529, Page 1 of 2 (FY 2012-13)  
California Department of Education
AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Agency Name: Reading & Beyond Child Development Program
Fiscal Year End: June 30, 2013
Vendor No. 10-Z642
Independent Auditor's Name: Moore Grider & Company

<table>
<thead>
<tr>
<th>RESERVE ACCOUNT TYPE (Check One):</th>
<th>COLUMN A</th>
<th>COLUMN B</th>
<th>COLUMN C</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Center Based</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Resource and Referral</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Alternative Payment</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

LAST YEAR:

1. Beginning Balance (must equal ending balance from Last Year's AUD 9530-A) $4,971 $0 $4,971
2. Plus Transfers from Contracts to Reserve Account (based on last year's post-audit CDFS 9530, Section IV):
   - Contract No. $0 $0 $0
3. Less Excess Reserve to be Billed (enter as a positive amount any excess amount calculated by CDFS on last year's post-audit CDFS 9530) $0 $0 $0
4. Ending Balance on Last Year's Post-Audit CDFS 9530 $4,971 $0 $4,971

THIS YEAR:

5. Plus Interest Earned This Year on Reserve Funds (column A must agree with this year's CDFS 9530-A, Section II) $10 $0 $10
6. Less Transfers to Contracts from Reserve Account (column A amounts must agree with this year's CDFS 9530-A, Section III; and column C amounts must be reported on this year's AUD forms for respective contracts):
   - Contract No. $0 $0 $0
7. Ending Balance on June 30, 2013 (column A must agree with this year's CDFS 9530-A, Section IV) $4,981 $0 $4,981

COMMENTS - If necessary, attach additional sheets to explain adjustments:

See Accompanying Notes to Financial Statements
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Reading and Beyond
Fresno, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Reading and Beyond, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 17, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Reading and Beyond's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Reading and Beyond's internal control. Accordingly, we do not express an opinion on the effectiveness of Reading and Beyond's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Reading and Beyond’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moore Hider & Company

September 17, 2013
INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors
Reading and Beyond
Fresno, California

Report on Compliance for Each Major Federal Program

We have audited Reading and Beyond’s compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Reading and Beyond’s major federal programs for the year ended June 30, 2013. Reading and Beyond’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs.

Auditors’ Responsibility

Our responsibility is to express an opinion on compliance for each of Reading and Beyond’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Reading and Beyond’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Reading and Beyond’s compliance.

Opinion on Each Major Federal Program

In our opinion, Reading and Beyond complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on
each of its major federal programs for the year ended June 30, 2013.

**Report on Internal Control Over Compliance**

Management of Reading and Beyond is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Reading and Beyond’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Reading and Beyond’s internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Moore, Leider & Company*

September 17, 2013
READING AND BEYOND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2013

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements
- Type of auditors' report issued: Unqualified opinion
- Internal control over financial reporting:
  - Material weakness identified: No
  - Significant deficiencies identified that are not considered to be material weaknesses: None reported
- Noncompliance material to the financial statements noted: No

Federal Awards
- Internal control over major programs:
  - Material weakness identified: No
  - Significant deficiencies identified that are not considered to be material weaknesses: None reported
- Type of auditors' report issued on compliance for major programs: Unqualified opinion
- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133: No
- Major Programs:

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.551</td>
<td>Supplemental Nutrition Assistance Program</td>
</tr>
<tr>
<td>84.215P</td>
<td>Fund for Improvement of Education</td>
</tr>
</tbody>
</table>

- Dollar threshold used to distinguish between Type A and Type B programs for program determination: $300,000
- Reading and Beyond qualified as low-risk auditee: Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None
READING AND BEYOND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2013

SECTION III – STATE AWARD FINDINGS AND QUESTIONED COSTS

13-01. Application for Child Development Services and Certification of Eligibility
Not Complete

Program Information: California State Preschool Program – CFDA No. 93.596/93.575;
Grant No. CSPP 2082; Grant period – Year ended June 30, 2013

Criteria: Program eligibility requires the CD 9600 to be certified and signed by the parent.

Condition: During our review of eligibility files, we noted in four files that the CD 9600,
Application for Child Development Services and Certification of Eligibility, had not been
certified and signed by the parent.

Questioned costs: $0

Effect: The child’s CD 9600 was not certified and signed by the parent.

Cause: Policies and procedures are in place for program staff to verify that the CD 9600 is
certified and signed by the parent. The Organization was inconsistent in following these
policies and procedures.

Recommendation: We recommend that all documentation in the parent files be reviewed
for completeness, and that all documentation be maintained in date order, hole-punched,
and filed in the appropriate portion of the file.

Views of Responsible Officials and Planned Corrective Actions: Effective immediately,
each CD 9600 “Application for Child Development Services and Certification of
Eligibility” will be reviewed and signed off by two RAB Preschool representatives. A
copy of the completed CD 9600 will be provided to the Finance Department within five
business days after a child’s effective date of enrollment and within five business days
after any subsequent application update.
READING AND BEYOND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2013

SECTION III – STATE AWARD FINDINGS AND QUESTIONED COSTS (Continued)

13-02. Meal Eligibility Determination Reported on Agency Enrollment/Eligibility Roster
Not Correct

Program Information: Child & Adult Care Food Program – CFDA No. 10.558;
Grant No. 05232-CACFP-10-NP-IC; Grant period – Year ended June 30, 2013

Criteria: Program regulations require the Organization to correctly list the meal benefit
status for each participant on the NSD 3110, Agency Enrollment/Eligibility Roster, for
each reported month.

Condition: During our review of eligibility files, we noted in two files that the NSD 3110
reported the incorrect meal eligibility information.

Questioned costs: $0

Effect: The Organization incorrectly reported meal eligibility, and was not correctly
reimbursed by CDE for the cost of meals provided.

Cause: Policies and procedures are in place for program staff to verify that the NSD 3110
reflects the current determined eligibility information for each participant. The
Organization was inconsistent in following these policies and procedures.

Recommendation: We recommend that program staff review and verify that the NSD 3110
reflects the current determined eligibility information for each participant, based upon the
completed and certified NSD 3101, Meal Benefit Form, located in each participants
eligibility file.

Views of Responsible Officials and Planned Corrective Actions: Effective immediately,
the NSD 3101, Meal Benefit Form for Children, will be provided to the Finance
Department monthly for all new enrollees at the same time the NSD 3110, Agency
Enrollment/Eligibility Roster, is provided to the Finance Department. Finance Department
will review to ensure the information on the NSD 3101 agrees with the NSD 3110.
READING AND BEYOND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2013

SECTION III – STATE AWARD FINDINGS AND QUESTIONED COSTS (Continued)

13-03. Meal Benefit Form for Children Not Complete

Program Information: Child & Adult Care Food Program – CFDA No. 10.558; Grant No. 05232-CACFP-10-NP-IC; Grant period – Year ended June 30, 2013

Criteria: Program regulations regarding NSD 3101, Meal Benefit Form for Children, require the following:

1) The NSD 3101 must be certified and signed by the parent.

2) The NSD 3101 must be completed, certified and signed by a Reading and Beyond representative.

3) If the NSD 3101 notes a child is eligible due to participation in CalFresh/CAIWorks, either the case information must be present, or the parents SSN must be noted.

Condition: During our review of eligibility files, we noted the following:

1) In one file, the NSD 3101 had not been certified and signed by the parent.

2) In one file, the NSD 3101, had not been completed, certified and signed by a Reading and Beyond representative.

3) In one file, the NSD 3101, noted child eligible due to participation in CalFresh/CAIWorks in ‘For Agency Use Only’ area, but no such case information or parent SSN noted.

Questioned costs: $0

Effect: Documentation of certification of eligibility for services was incomplete on the NSD 3101.

Cause: Policies and procedures are in place for program staff to verify that the NSD 3101 is complete in its entirety, and for an agency representative to certify and sign the form. The Organization was inconsistent in following these policies and procedures.

Recommendation: We recommend that program staff review and verify that the NSD 3101 is completed in its entirety, and for an agency representative to certify and sign the form.

Views of Responsible Officials and Planned Corrective Actions: Effective immediately, each NSD 3101, Meal Benefit Form for Children, is going to be reviewed and signed off by two RAB Preschool representatives. This form will be provided to the Finance
13-03. Meal Benefit Form for Children Not Complete (Continued)

Department monthly for all new enrollees at the same time the NSD 3110, Agency Enrollment/Eligibility Roster, is provided to the Finance Department. Finance Department will review each NSD 3101 to ensure it has been completed accurately.
READING AND BEYOND

SUMMARY OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2013

Section II - Financial Statement Findings
None

Section III - Federal Award Findings and Questioned Costs:
None

Section III - State Award Findings and Questioned Costs:
None