

Learning Ally – Financial Overview

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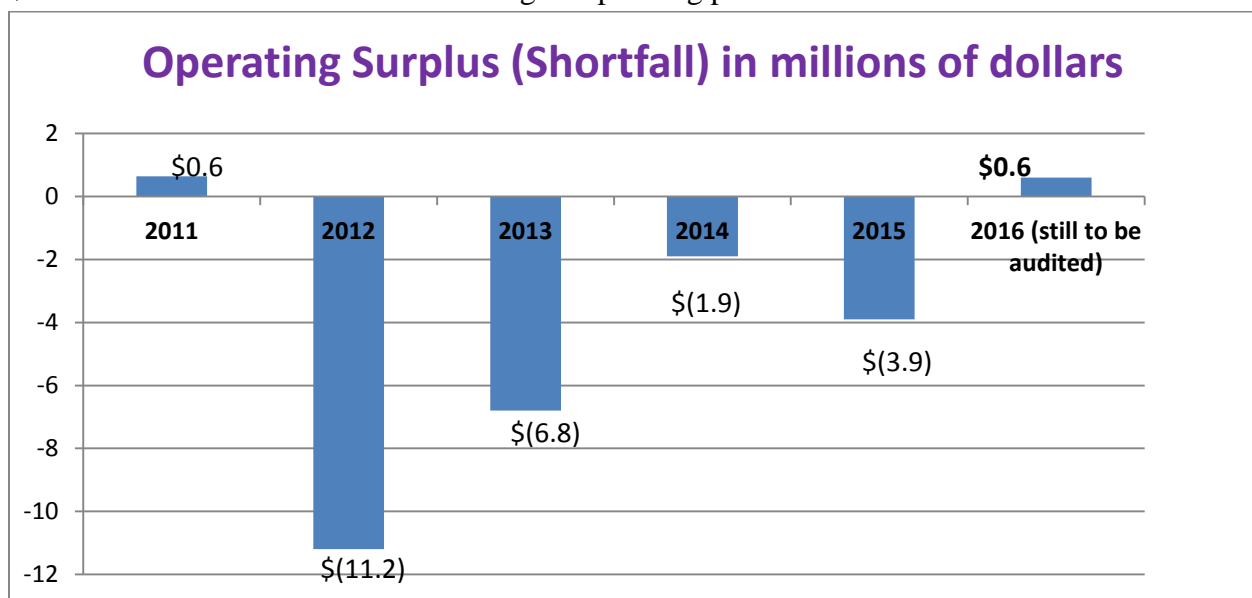
Over the past few years Learning Ally has sustained operating shortfalls stemming from the loss of substantial Federal government funding of \$13 million in fiscal year 2012 that Learning Ally had received annually for many years. This loss severely diminished the organization's revenues which could not be readily replaced. As such, Learning Ally had to revamp its entire organization over the past few years to offset the \$13 million shortfall, while still delivering on the organization's mission.

Learning Ally has been up to the challenge. Learning Ally radically changed its business model and transitioned from one dependent on government grants, to one reliant on more diverse sources of revenue: donor contributions and fees for delivering effective products and services that positively impact the lives of the blind, visually impaired and learning disabled communities. Additionally, significant investments to enhance the expansion of services were needed, as well as to update various technologies required to ensure our program's relevance, quality and impact for those who struggle with reading the printed word.

Fortunately, over its long history Learning Ally had built up a significant reserve of almost \$50 million as of the end of fiscal year 2011, enabling Learning Ally to absorb the loss of government funding and to make the necessary investments in technology and programs and services, which allow us to better serve the needs of the students we assist and to lower our expense base.

So, how are we doing?

As depicted below, Learning Ally has been able to withstand the loss of \$13 million of annual Federal funding, despite many obstacles, having first narrowed its operating loss from its peak of \$11.2 million in 2012 and then achieving an operating profit in 2016.

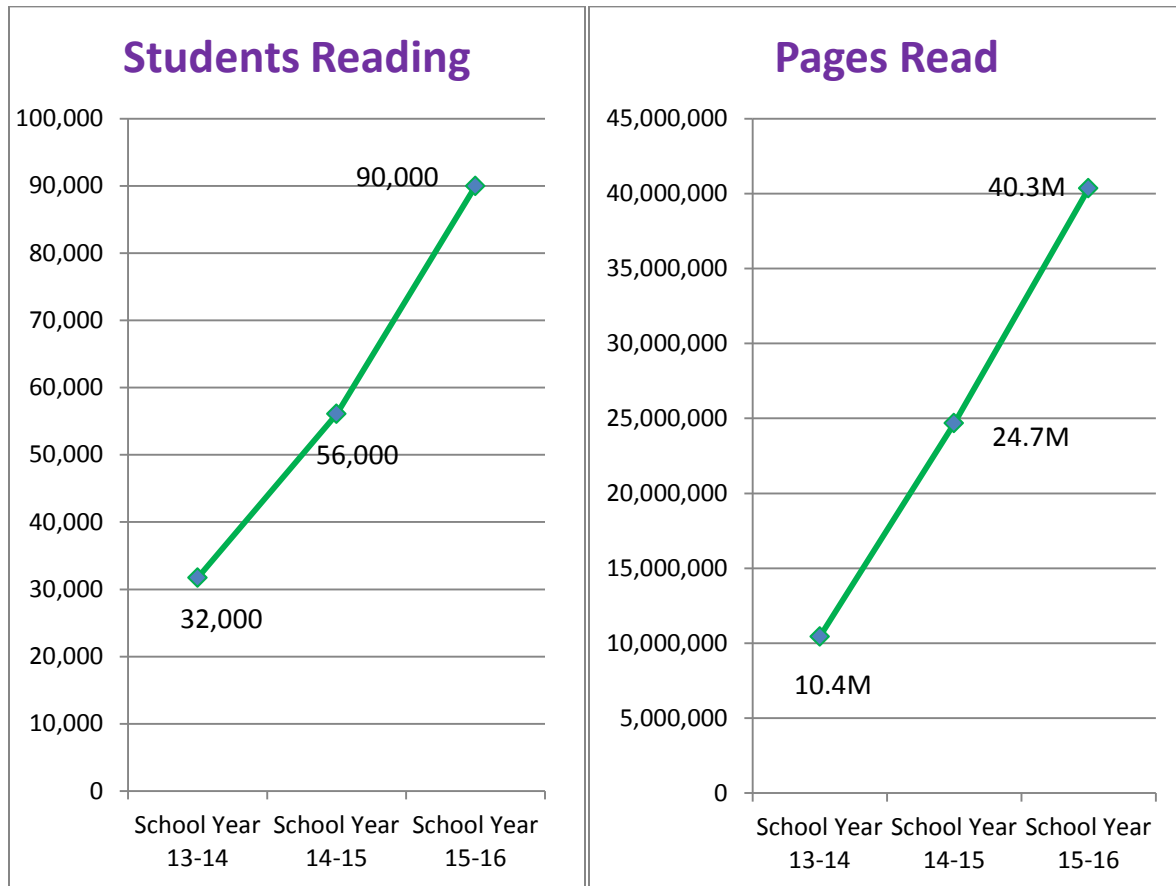


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But it is not just about our financial turnaround -- a turnaround for which any for-profit organization would be awarded high marks, given the loss of more than 40% of its annual revenue base (Tax Form 990).

Despite the earlier loss of government funding and our related financial challenges, Learning Ally is realizing substantial growth in the number of students, teachers and parents served to further advance our mission. Over the past two years the number of students making use of our services *nearly tripled* and those students read a combined 40 million pages in the 2015-2016 school year, a *fourfold* gain from just two years ago.



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Beneath the above charts lie 90,000 mostly K through 12 students who struggle to read the printed word and very well might not be reading at all if not for Learning Ally. Those who struggle to read face a clouded future: -- two-thirds of student who cannot read proficiently by grade 4 become part of the criminal justice system or on welfare (i); approximately 50% of America's unemployed youth ages 16-21 are functionally literate, with no prospects of obtaining living wage jobs (ii). Learning Ally is working to brighten the prospects for students struggling to read the printed word. In a spring 2016 nationwide self-assessment of educators:

- 97% of teachers indicated -- Using Learning Ally has allowed them to encourage independent reading among their students.
- 94% indicated -- Learning Ally helps students develop or reinforce the skills needed for reading.
- 90% indicated -- Students that use Learning Ally are able to comprehend assigned grade-level reading materials.
- 84% indicated -- Students who use Learning Ally demonstrated improvements in their academic performance.

As a nearly 70 year-old organization that has in essence reinvented itself to better serve those who struggle to read, we are all very grateful for the continued support of Learning Ally volunteers, donors, board, parents, educators and staff whose commitment to the blind, visually impaired and dyslexic has been unwavering.

(i) http://nces.ed.gov/NAAL/lit_history.asp (National Center for Educational Statistics [NCES], National Assessment of Adult Literacy [NAAL]).

(ii) <http://literacyprojectfoundation.org/community/statistics/>