
LET'S GET READY, INC.

Financial Statements

For the years ended August 31, 2011 and 2010

LET'S GET READY, INC.

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August 31, 2011 and 2010

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Independent Auditor's Report

To the Board of Trustees
Let's Get Ready, Inc.
New York, New York

We have audited the accompanying statements of financial position of Let's Get Ready, Inc. as of August 31, 2011 and 2010 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Let's Get Ready, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Let's Get Ready, Inc. as of August 31, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

N. Cheng & Co. P.C.

New York, New York
January 26, 2012

LET'S GET READY, INC.
Statement of Financial Position
For the years ended August 31,

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash	\$ 1,089,086	\$ 985,677
Accounts receivable	77,646	78,665
Prepaid expenses	11,222	25,063
Property and equipment, net - Note 3	24,493	37,951
Security deposits	<u>29,485</u>	<u>29,485</u>
 Total assets	 <u>\$ 1,231,932</u>	 <u>\$ 1,156,841</u>
 <u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts and accrued expenses payable	<u>\$ 35,773</u>	<u>\$ 24,854</u>
 Contingencies - Note 7		
 <u>Net assets</u>		
Unrestricted	732,076	654,820
Unrestricted board designated - Note 5	<u>350,000</u>	<u>350,000</u>
 Total unrestricted	 1,082,076	 1,004,820
Temporarily restricted - Note 4	<u>114,083</u>	<u>127,167</u>
 Total net assets	 <u>1,196,159</u>	 <u>1,131,987</u>
 Total liabilities and net assets	 <u>\$ 1,231,932</u>	 <u>\$ 1,156,841</u>

The accompanying notes are an integral part of this statement.

LET'S GET READY, INC.**Statement of Activities and Changes in Net Assets**

For the year ended August 31, 2011

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
<u>Support and revenue</u>			
Contributions	\$ 510,039	\$ 237,500	\$ 747,539
Program service income	220,979		220,979
In-kind contributions - Note 6	411,676		411,676
Special event	751,654		751,654
Less: direct special event expenses	(176,071)		(176,071)
Interest	2,675		2,675
Other income	8,712		8,712
	<u>1,729,664</u>	<u>237,500</u>	<u>1,967,164</u>
Total support and revenue			
Net assets released from restrictions	<u>250,584</u>	<u>(250,584)</u>	<u></u>
	<u>1,980,248</u>	<u>(13,084)</u>	<u>1,967,164</u>
Total support and revenue			
<u>Expenses</u>			
Program services	<u>1,532,219</u>		<u>1,532,219</u>
Supporting services			
Management and general	154,431		154,431
Fund raising	216,342		216,342
	<u>370,773</u>		<u>370,773</u>
Total supporting services			
Total expenses	<u>1,902,992</u>		<u>1,902,992</u>
Change in net assets	77,256	(13,084)	64,172
Net assets at beginning of the year	<u>1,004,820</u>	<u>127,167</u>	<u>1,131,987</u>
Net assets at end of the year	<u>\$ 1,082,076</u>	<u>\$ 114,083</u>	<u>\$ 1,196,159</u>

The accompanying notes are an integral part of this statement.

LET'S GET READY, INC.**Statement of Activities and Changes in Net Assets**

For the year ended August 31, 2010

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
<u>Support and revenue</u>			
Contributions	\$ 446,099	\$ 140,000	\$ 586,099
Program service income	247,460		247,460
In-kind contributions - Note 6	409,250		409,250
Special event	743,163		743,163
Less: direct special event expenses	(177,306)		(177,306)
Interest	3,897		3,897
Other income	10,401		10,401
	<u>1,682,964</u>	<u>140,000</u>	<u>1,822,964</u>
Total support and revenue			
Net assets released from restrictions	<u>322,786</u>	<u>(322,786)</u>	<u></u>
	<u>2,005,750</u>	<u>(182,786)</u>	<u>1,822,964</u>
Total support and revenue			
<u>Expenses</u>			
Program services	<u>1,440,040</u>		<u>1,440,040</u>
Supporting services			
Management and general	113,303		113,303
Fund raising	195,436		195,436
	<u>308,739</u>		<u>308,739</u>
Total supporting services			
Total expenses	<u>1,748,779</u>		<u>1,748,779</u>
Change in net assets	256,971	(182,786)	74,185
Net assets at beginning of the year	<u>747,849</u>	<u>309,953</u>	<u>1,057,802</u>
Net assets at end of the year	<u>\$ 1,004,820</u>	<u>\$ 127,167</u>	<u>\$ 1,131,987</u>

The accompanying notes are an integral part of this statement.

LET'S GET READY, INC.
Statement of Functional Expenses
Fiscal year ended August 31, 2011

	<u>Program services</u>	<u>Supporting services</u>			<u>Total program and supporting services</u>
		<u>Management and general</u>	<u>Fund raising</u>	<u>Sub-total</u>	
Staff	\$ 468,127	\$ 58,110	\$ 100,994	\$ 159,104	\$ 627,231
College program directors	207,200				207,200
Coach labor – Note 6	398,475				398,475
Payroll taxes	42,261	5,246	9,117	14,363	56,624
Employee benefits	34,787	11,856	4,836	16,692	51,479
Total personnel cost	1,150,850	75,212	114,947	190,159	1,341,009
Educational materials and expense	163,212				163,212
Rent and utilities - premises	71,753	28,193	12,454	40,647	112,400
Rent - office equipment	4,665	583	583	1,166	5,831
Printing and reproduction	10,623	35	8,774	8,809	19,432
Professional fees – Note 6	43,883	32,790	39,199	71,989	115,872
Postage and delivery	5,970	510	6,317	6,827	12,797
Telephone	9,045	3,083	1,257	4,340	13,385
Travel, meals and lodging	33,636	874	6,103	6,977	40,613
Insurance		3,275		3,275	3,275
Office and other	20,168	3,600	13,764	17,364	37,532
Payroll processing			10,385	10,385	10,385
Professional development	3,979	1,356	553	1,909	5,888
Depreciation and amortization	14,435	4,920	2,006	6,926	21,361
Total expenses	<u>\$ 1,532,219</u>	<u>\$ 154,431</u>	<u>\$ 216,342</u>	<u>\$ 370,773</u>	<u>\$ 1,902,992</u>

The accompanying notes are an integral part of this statement.

LET'S GET READY, INC.
Statement of Functional Expenses
Fiscal year ended August 31, 2010

	<u>Program services</u>	<u>Supporting services</u>			<u>Total program and supporting services</u>
		<u>Management and general</u>	<u>Fund raising</u>	<u>Sub-total</u>	
Staff	\$ 414,199	\$ 62,098	\$ 75,517	\$ 137,615	\$ 551,814
College program directors	186,180				186,180
Coach labor – Note 6	406,000				406,000
Payroll taxes	53,429	5,414	6,639	12,053	65,482
Employee benefits	43,995	5,502	6,453	11,955	55,950
Total personnel cost	1,103,803	73,014	88,609	161,623	1,265,426
Educational materials and expense	141,288				141,288
Rent and utilities - premises	76,182	13,708	15,931	29,639	105,821
Rent - office equipment	6,905	835	1,020	1,855	8,760
Printing and reproduction	10,714	35	8,849	8,884	19,598
Professional fees – Note 6	4,085	13,618	51,547	65,165	69,250
Postage and delivery	8,012	683	8,478	9,161	17,173
Telephone	9,430	1,209	1,468	2,677	12,107
Travel, meals and lodging	30,851	173	5,648	5,821	36,672
Insurance		2,873		2,873	2,873
Gifts	105				105
Grant writing			450	450	450
Office and other	12,381	2,235	5,298	7,533	19,914
Staff recruitment	5,218	616	716	1,332	6,550
Payroll processing	6,326	747	868	1,615	7,941
Staff and board meetings	930	110	128	238	1,168
Professional development	1,846	40	1,054	1,094	2,940
Dues and subscriptions	710	1,061	907	1,968	2,678
Other expenses	5,807	30	1,649	1,679	7,486
Depreciation and amortization	15,447	2,316	2,816	5,132	20,579
Total expenses	<u>\$ 1,440,040</u>	<u>\$ 113,303</u>	<u>\$ 195,436</u>	<u>\$ 308,739</u>	<u>\$ 1,748,779</u>

The accompanying notes are an integral part of this statement.

LET'S GET READY, INC.**Statement of Cash Flows**

For the years ended August 31,

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Change in net assets	\$ 64,172	\$ 74,185
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:		
Depreciation and amortization	21,360	20,579
Change in prepaid expenses	13,841	(11,141)
Change in accounts receivable	1,019	(36,140)
Change in security deposit		(7,869)
Change in accounts payable	<u>10,919</u>	<u>4,836</u>
Net cash provided by/(used in) operating activities	111,311	44,450
Cash flows from investing activities		
Purchase of property and equipment	(7,902)	(4,406)
Net increase/(decrease) in cash	103,409	40,044
Cash at beginning of the year	<u>985,677</u>	<u>945,633</u>
Cash at end of the year	<u>\$ 1,089,086</u>	<u>\$ 985,677</u>

The accompanying notes are an integral part of this statement.

LET'S GET READY, INC.

Notes to Financial Statements

For the years ended August 31, 2011 and 2010

Note 1 Organization

Let's Get Ready, Inc. ("LGR") was incorporated in the State of New York in 1999 to mobilize, equip and empower talented college students to help the next generation step up to college. LGR expands access to college for low-income high school students. Using volunteer college students as tutors, mentors, and role-models, LGR provides SAT preparation and critical assistance with all aspects of the college admissions process. LGR's support comes primarily through donor contributions.

Note 2 Summary of significant accounting policies

Accounting basis. The accompanying financial statements are prepared on the accrual basis of accounting.

Support. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Unconditional and conditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rate applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Gifts of goods and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, LGR reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Program service income is recognized when earned.

Fixed assets. Acquired fixed assets are capitalized and depreciated over their estimated useful lives using the straight-line method as follows:

Furniture and equipment	7 years
Software	3 years

LET'S GET READY, INC.

Notes to Financial Statements

For the years ended August 31, 2011 and 2010

Note 2 Summary of significant accounting policies – (continued)

Functional allocation of expenses. The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and fund-raising activities benefited.

Use of estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Provision for uncollected pledges. Management reviews and writes off pledges from prior periods that are deemed uncollectible and will make a provision for uncollectible contributions receivable based on management's assessments of the aged basis of its receivables, current economic conditions and historical information. As of August 31, 2011 and 2010, there is no provision for uncollectible pledges.

Concentrations of credit and market risk. Cash is maintained at a number of the nation's largest commercial banks. Accounts at these institutions are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$ 250,000 for each bank effective through December 31, 2013. At August 31, 2011, LGR is not exposed to credit risk for amounts held in excess of the FDIC limit.

Uncertainty in income taxes. The Organization applies the provision of FASB ASC 740, Income Taxes. Management has considered possible areas of uncertain tax positions and possible areas of risk to its tax -exempt status. Management has concluded that the organization has no uncertain tax positions and that its tax exempt status would sustain examination. Tax years of 2008, 2009, and 2010 remain open and are subject to examination.

Subsequent events. LGR evaluated its August 31, 2011 financial statements for subsequent events through January 26, 2012 the date the financial statements were available to be issued. Subsequent to August 31, 2011, LGR was awarded a Chase Community Giving Grant in the amount of \$500,000.

Note 3 Property and equipment

	<u>2011</u>	<u>2010</u>
Furniture and fixtures	\$ 7,620	\$ 7,620
Computer equipment	30,535	27,487
Software	55,487	50,632
Less: accumulated depreciation and amortization	(69,149)	(47,788)
	<u>\$ 24,493</u>	<u>\$ 37,951</u>

LET'S GET READY, INC.**Notes to Financial Statements**

For the years ended August 31, 2011 and 2010

Note 4 Temporarily restricted net assets

Temporarily restricted net assets as of August 31, 2011 consist of the following:

	Balances 9/1/2010	Additions	Releases	Balances 8/31/2011
Time restricted:				
Goldman Sachs Foundation	\$ 66,667		(\$ 66,667)	
Purpose restricted:				
Amelia Peabody Foundation (Epiphany School)	6,667		(6,667)	
Amelia Peabody Foundation (Boston College)		\$ 20,000	(13,333)	\$ 6,667
Babson Foundation	2,333	7,000	(7,000)	2,333
Community Foundation of Western MA	5,000	\$ 10,000	(5,000)	10,000
Dorothy and Edward Perkins Family Foundation		5,000	(2,500)	2,500
Fordham Street Foundation	10,000	40,000	(36,667)	13,333
Greater Worcester Community Foundation	7,500	15,000	(17,500)	5,000
JPMorgan Chase Foundation		60,000	(40,000)	20,000
Ludcke Foundation		25,000	(10,000)	15,000
Maine Community Foundation		5,000		5,000
Maine Community Foundation (Dietz)		5,000		5,000
S&L Marx Foundation	20,000	25,000	(32,500)	12,500
Poorvu Fam Foundation		7,500	(3,750)	3,750
Robert and Dorothy Goldberg Foundation		3,000		3,000
Unum Corporation		10,000		10,000
WellMet Foundation	9,000		(9,000)	
	<u>\$ 127,167</u>	<u>\$ 237,500</u>	<u>(\$ 250,584)</u>	<u>\$ 114,083</u>

LET'S GET READY, INC.**Notes to Financial Statements**

For the years ended August 31, 2011 and 2010

Note 4 Temporarily restricted net assets – (continued)

Temporarily restricted net assets as of August 31, 2010 consist of the following:

	<u>Balances</u> 9/1/2009	<u>Additions</u>	<u>Releases</u>	<u>Balances</u> 8/31/2010
Time restricted:				
Goldman Sachs Foundation	\$ 266,667		\$ (200,000)	\$ 66,667
Purpose restricted:				
NBC Universal	34,286		(34,286)	
The Epiphany School	5,000		(5,000)	
Greater Worcester Foundation	4,000		(4,000)	
Amelia Peabody		\$ 20,000	(13,333)	6,667
Babson Foundation		7,000	(4,667)	2,333
Community Foundation of Western MA		10,000	(5,000)	5,000
Fordham Street Foundation		30,000	(20,000)	10,000
Greater Worcester Community Foundation		15,000	(7,500)	7,500
Marx-Better Foundation		40,000	(20,000)	20,000
WellMet Foundation		18,000	(9,000)	9,000
	<u>\$ 309,953</u>	<u>\$ 140,000</u>	<u>(\$ 322,786)</u>	<u>\$ 127,167</u>

Note 5 Board designated net assets

The Board of Directors elected to restrict \$ 350,000 (an estimated 3 months of expenses) as operating funds reserve. Changes in this balance are subject to Board approval.

The cash balance at August 31, 2011 year end of \$ 1,089,086 is sufficient to cover both this designation of \$ 350,000 and the restricted net assets of \$ 114,083.

LET'S GET READY, INC.**Notes to Financial Statements**

For the years ended August 31, 2011 and 2010

Note 6 In-kind contributions

In-kind contributions consisted of:

	<u>2011</u>	<u>2010</u>
Coach labor	\$ 398,476	\$ 406,000
Legal services	<u>13,200</u>	<u>3,250</u>
Total	<u>\$ 411,676</u>	<u>\$ 409,250</u>

For the fiscal year ended August 31, 2011, LGR had a total of 1,039 coaches. In-kind contributions for coach labor are valued based on average of 26.5 hours per program for 56 programs at a rate of \$ 14.50 per hour. For the fiscal year ended August 31, 2010, LGR had a total of 1,120 coaches. In-kind contributions for coach labor are valued based on average of 25 hours per program for 56 programs at a rate of \$ 14.50 per hour.

Note 7 Commitments

LGR leases office space for the New York Central Office under a long term operating lease agreement that expires on April 30, 2012. At August 31, 2011 and 2010, future minimum annual lease obligations are:

	<u>2011</u>	<u>2010</u>
August 31, 2011		\$ 86,549
April 30, 2012	<u>\$ 43,965</u>	<u>43,965</u>
	<u>\$ 43,965</u>	<u>\$ 130,514</u>

This lease is secured by an irrevocable standby letter of credit that was issued by a bank. The letter of credit is collateralized by \$ 29,485 of cash on deposit with the bank. LGR renews the leases for office space for the Boston Office under a one-year operating lease that expires on November 14, 2012. At August 31, 2011 and 2010, the future minimum monthly lease obligation was \$1,500 and \$1,155, respectively.

Note 8 Related party transactions

LGR received a contribution of \$254,116 from the board of directors for the year ended August 31, 2011.