
LET'S GET READY, INC.

Financial Statements

For the years ended August 31, 2012 and 2011

LET'S GET READY, INC.

Contents

August 31, 2012 and 2011

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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, 2012 and 2011 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, 2012 and 2011 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

N. Cheng & Co., P.C.

New York, New York
January 28, 2013

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

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Cash	\$ 1,416,770	\$ 1,089,086
Accounts receivable	138,613	77,646
Prepaid expenses	2,978	11,222
Property and equipment, net - Note 3	26,600	24,493
Security deposits- Note 7	<u>44,968</u>	<u>29,485</u>
 Total assets	 <u>\$ 1,629,929</u>	 <u>\$ 1,231,932</u>
 <u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts and accrued expenses payable	<u>\$ 95,808</u>	<u>\$ 35,773</u>
 Total Liabilities	 <u>95,808</u>	 <u>35,773</u>
 <u>Net assets</u>		
Unrestricted	576,654	732,076
Unrestricted board designated - Note 5	<u>500,000</u>	<u>350,000</u>
 Total unrestricted	 1,076,654	 1,082,076
Temporarily restricted - Note 4	<u>457,467</u>	<u>114,083</u>
 Total net assets	 <u>1,534,121</u>	 <u>1,196,159</u>
 Total liabilities and net assets	 <u>\$ 1,629,929</u>	 <u>\$ 1,231,932</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, 2012

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
<u>Support and revenue</u>			
Contributions	\$ 633,295	\$ 699,000	\$ 1,332,295
Program service income	230,501		230,501
In-kind contributions - Note 6	626,696		626,696
Special event	879,328		879,328
Less: direct special event expenses	(205,808)		(205,808)
Interest	2,494		2,494
Other income	550		550
	<u>2,167,056</u>	<u>699,000</u>	<u>2,866,056</u>
Net assets released from restrictions	<u>355,616</u>	<u>(355,616)</u>	<u></u>
Total support and revenue	<u>2,522,672</u>	<u>343,384</u>	<u>2,866,056</u>
<u>Expenses</u>			
Program services	<u>2,061,611</u>		<u>2,061,611</u>
Supporting services			
Management and general	131,432		131,432
Fund raising	335,051		335,051
	<u>466,483</u>		<u>466,483</u>
Total supporting services	<u>466,483</u>		<u>466,483</u>
Total expenses	<u>2,528,094</u>		<u>2,528,094</u>
Change in net assets	(5,422)	343,384	337,962
Net assets at beginning of the year	<u>1,082,076</u>	<u>114,083</u>	<u>1,196,159</u>
Net assets at end of the year	<u>\$ 1,076,654</u>	<u>\$ 457,467</u>	<u>\$ 1,534,121</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>
Net assets released from restrictions	250,584	(250,584)	
	<u>1,980,248</u>	<u>(13,084)</u>	<u>1,967,164</u>
 <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	<u>370,773</u>		<u>370,773</u>
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 Functional Expenses
Fiscal year ended August 31, 2012

	<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>	
Salaries	\$ 786,656	\$ 54,239	\$ 115,257	\$ 169,496	\$ 956,152
Coach labor – Note 6	591,696				591,696
Fringe benefits	107,903	8,456	19,562	28,018	135,921
Total personnel cost	1,486,255	62,695	134,819	197,514	1,683,769
Educational materials and expense	238,126				238,126
Rent and utilities - premises	78,235	30,560	13,447	44,007	122,242
Printing and reproduction	6,994	874	874	1,748	8,742
Professional fees – (In-kind \$35,000) - Note 6	57,850	15,162	158,384	173,546	231,396
Postage and delivery	11,745	785	3,132	3,917	15,662
Telephone	19,532	1,929	2,653	4,582	24,114
Travel, meals and lodging	49,285	2,899	5,798	8,697	57,982
Insurance		2,682		2,682	2,682
Office and other	63,244	7,937	12,984	20,921	84,165
Website and logo	32,510	1,806	1,806	3,612	36,122
Professional development	7,514	417	417	834	8,348
Depreciation and amortization	10,321	3,686	737	4,423	14,744
Total expenses	<u>\$ 2,061,611</u>	<u>\$ 131,432</u>	<u>\$ 335,051</u>	<u>\$ 466,483</u>	<u>\$ 2,528,094</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>	
Salaries	\$ 675,327	\$ 58,110	\$ 100,994	\$ 159,104	\$ 834,431
Coach labor – Note 6	398,475				398,475
Fringe benefits	77,048	17,102	13,953	31,055	108,103
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 - (In-kind \$13,200) - 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	24,149	27,749	47,917
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>

* Re-grouped for comparative purposes.

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>2012</u>	<u>2011</u>
Cash flows from operating activities		
Change in net assets	\$ 337,962	\$ 64,172
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	14,744	21,360
Change in prepaid expenses	8,244	13,841
Change in accounts receivable	(60,967)	1,019
Change in security deposit	(15,483)	
Change in accounts payable	<u>60,035</u>	<u>10,919</u>
Net cash provided by operating activities	344,535	111,311
Cash flows from investing activities		
Purchase of property and equipment	(<u>16,851</u>)	(<u>7,902</u>)
Net increase in cash	327,684	103,409
Cash at beginning of the year	<u>1,089,086</u>	<u>985,677</u>
Cash at end of the year	<u>\$ 1,416,770</u>	<u>\$ 1,089,086</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, 2012 and 2011

Note 1 Organization

Let's Get Ready, Inc. ("LGR") was incorporated in the State of New York in 1999 to expand college access 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, 2012 and 2011

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, 2012 and 2011, 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, 2012, LGR is exposed to \$276,962 credit risk for amounts held in excess of the FDIC limit.

Uncertainty in income taxes. The organization had no uncertain tax positions as of August 31, 2012 and 2011 in accordance with Accounting Standards Codification ("ASC") Topic 740, Income Taxes, which provides standards for establishing and classifying any tax provision for uncertain tax positions. The organization is no longer subject to federal or state and local income tax examinations by tax authorities for the year ended August 30, 2009 and prior years..

Subsequent events. LGR evaluated its August 31, 2012 financial statements for subsequent events through January 28, 2013 the date the financial statements were available to be issued.

Note 3 Property and equipment

	<u>2012</u>	<u>2011</u>
Furniture and fixtures	\$ 33,496	\$ 7,620
Computer equipment	21,510	30,535
Software	55,487	55,487
Less: accumulated depreciation and amortization	(83,893)	(69,149)
	<u>\$ 26,600</u>	<u>\$ 24,493</u>

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

For the years ended August 31, 2012 and 2011

Note 4 Temporarily restricted net assets

Temporarily restricted net assets as of August 31, 2012 consist of the following:

	<u>Balances</u> 9/1/2011	<u>Additions</u>	<u>Releases</u>	<u>Balances</u> 8/31/2012
Time restricted				
Chase Community Giving		\$ 500,000	(\$ 175,000)	\$ 325,000
Purpose restricted				
Amelia Peabody Foundation	\$ 6,667	20,000	(20,000)	6,667
Babson Foundation	2,333		(2,333)	-
Community Foundation of Western MA	10,000		(10,000)	-
Dorothy and Edward Perkins Family Foundation	2,500	5,000	(5,000)	2,500
Fordham Street Foundation	13,333	40,000	(26,933)	26,400
Greater Worcester Community Foundation	5,000		(5,000)	-
JPMorgan Chase Foundation	20,000		(20,000)	-
Ludcke Foundation	15,000	25,000	(29,500)	10,500
Maine Community Foundation	10,000		(10,000)	-
S&L Marx Foundation	12,500	25,000	(25,000)	12,500
Poorvu Fam Foundation	3,750	10,000	(8,750)	5,000
Robert and Dorothy Goldberg Foundation	3,000	4,000	(3,000)	4,000
Libra Foundation		15,000	(5,100)	9,900
V&L Marx Foundation		50,000		50,000
Francis Hollis Brain		5,000		5,000
Unum Corporation	10,000		(10,000)	-
	<u>\$ 114,083</u>	<u>\$ 699,000</u>	<u>(\$ 355,616)</u>	<u>\$ 457,467</u>

On March 20, 2012, Let's Get Ready was awarded a three year \$500,000 grant from Chase Community Giving for program expansion and enhancement. As of August 31, 2012, a total of \$175,000 was released leaving a balance of \$325,000.

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

For the years ended August 31, 2012 and 2011

Note 4 Temporarily restricted net assets – (continued)

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

	<u>Balances</u> 9/1/2010	<u>Additions</u>	<u>Releases</u>	<u>Balances</u> 8/31/2011
Time restricted				
Goldman Sachs Foundation	\$ 66,667		(\$ 66,667)	-
Purpose restricted				
Amelia Peabody Foundation	6,667	\$ 20,000	(20,000)	\$ 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		10,000		10,000
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>

Note 5 Board designated net assets

As of August 31, 2012 and 2011 the Board of Directors elected to restrict \$500,000 and \$350,000 (an estimated 3 months of expenses excluding in-kind contributions) as operating funds reserve, respectively. Changes in this balance are subject to Board approval.

The cash balance at August 31, 2012 year end of \$ 1,416,770 is sufficient to cover both this designation of \$ 500,000 and the restricted net assets of \$ 457,467.

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

For the years ended August 31, 2012 and 2011

Note 6 In-kind contributions

In-kind contributions consisted of:

	<u>2012</u>	<u>2011</u>
Coach labor	\$ 591,696	\$ 398,475
Legal services	<u>35,000</u>	<u>13,200</u>
Total	<u>\$ 626,696</u>	<u>\$ 411,675</u>

Volunteer college coaches function as tutors providing intensive SAT preparation and assistance with the college application process to LGR's high school students. For the fiscal year ended August 31, 2012 and 2011, LGR had a total of 1,174 and 1,039 coaches respectively. In-kind contributions for coach labor are valued based on average of 28 and 26.5 hours per coach at a rate of \$18 and \$14.50 per hour respectively.

Note 7 Commitments

LGR leases office space for the New York central office under a long term operating lease agreement. On February 24, 2012, LGR signed an amendment to the lease which extended the lease for a period of six years for a new suite within the same building. The lease amendment commenced July 5, 2012 and expires on May 31, 2018. At August 31, 2012, future minimum annual lease obligations are:

As of December 31,	<u>Term of lease</u>		<u>Deferred rent payable</u>	
	<u>Payments</u>	<u>Expense</u>	<u>Annual</u>	<u>Accumulated</u>
2012		\$ 9,955	\$ 9,955	\$ 9,955
2013	\$ 83,725	119,457	35,732	45,687
2014	106,012	119,457	13,445	34,089
2015	129,598	119,457	(10,140)	23,949
2016	135,341	119,458	(15,883)	33,108
Thereafter	<u>262,068</u>	<u>228,960</u>	<u>(33,108)</u>	
Total	<u>\$ 716,744</u>	<u>\$ 716,744</u>	<u>\$ -</u>	

This lease is secured by an irrevocable standby letter of credit collateralized by \$ 44,968 of cash on deposit with the bank. For its Boston office LGR has a one-year operating lease that expires on November 14, 2012. At August 31, 2012 and 2011, the future minimum monthly lease obligation was \$1,500.

Note 8 Related party transactions

LGR received contributions of \$341,073 and \$254,116 from the Board of Directors for the year ended August 31, 2012 and 2011 respectively.