
LET'S GET READY, INC.

Financial Statements

For the years ended August 31, 2014 and 2013

LET'S GET READY, INC.
Financial Statements
August 31, 2014 and 2013
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Independent Auditor's Report

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

Report on the financial statements

We have audited the accompanying financial statements of Let's Get Ready, Inc., which comprise the statements of financial position as of August 31, 2014 and 2013 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.

Auditor's 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 the 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 audit opinion.

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, 2014 and 2013, 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.

N. Chung : G., P.C.

New York, New York
December 11, 2014

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

	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Cash	\$ 1,689,569	\$ 1,703,810
Accounts receivable	190,100	105,366
Prepaid expenses	17,597	43,676
Property and equipment, net - Note 3	17,732	17,217
Security deposits - Note 7	<u>44,926</u>	<u>44,881</u>
Total assets	<u>\$ 1,959,924</u>	<u>\$ 1,914,950</u>
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts and accrued expenses payable	\$ 89,955	\$ 97,343
Unearned revenue - Note 9	<u>99,600</u>	<u>62,100</u>
Total liabilities	<u>189,555</u>	<u>159,443</u>
<u>Net assets</u>		
Unrestricted	1,103,869	994,523
Unrestricted board designated - Note 5	<u>600,000</u>	<u>550,000</u>
Total unrestricted	1,703,869	1,544,523
Temporarily restricted - Note 4	<u>66,500</u>	<u>210,984</u>
Total net assets	<u>1,770,369</u>	<u>1,755,507</u>
Total liabilities and net assets	<u>\$ 1,959,924</u>	<u>\$ 1,914,950</u>

The accompanying notes are an integral part of this statement.

LET'S GET READY, INC.
Statement of Activities
For the year ended August 31, 2014

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
<u>Support and revenue</u>			
Contributions	\$ 1,105,701	\$ 101,500	\$ 1,207,201
Program service income	300,693		300,693
In-kind contributions - Note 6	1,003,059		1,003,059
Special events	1,173,461		1,173,461
Less: direct special events expenses	(269,486)		(269,486)
Interest	1,134		1,134
Other income	<u>16,062</u>		<u>16,062</u>
Total	3,330,623	101,500	3,432,124
Net assets released from restrictions	<u>245,984</u>	(245,984)	
Total support and revenue	<u>3,576,608</u>	(144,484)	<u>3,432,124</u>
<u>Expenses</u>			
Program services	<u>2,951,896</u>		<u>2,951,896</u>
Supporting services			
Management and general	131,433		131,433
Fund raising	<u>333,933</u>		<u>333,933</u>
Total supporting services	<u>465,366</u>		<u>465,366</u>
Total expenses	<u>3,417,262</u>		<u>3,417,262</u>
Change in net assets	159,346	(144,484)	14,862
Net assets at beginning of the year	<u>1,544,523</u>	<u>210,984</u>	<u>1,755,507</u>
Net assets at end of the year	<u>\$ 1,703,869</u>	<u>\$ 66,500</u>	<u>\$ 1,770,369</u>

The accompanying notes are an integral part of this statement.

LET'S GET READY, INC.
Statement of Activities
For the year ended August 31, 2013

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
<u>Support and revenue</u>			
Contributions	\$ 1,063,590	\$ 60,000	\$ 1,123,590
Program service income	251,967		251,967
In-kind contributions - Note 6	754,402		754,402
Special events	1,130,238		1,130,238
Less: direct special events expenses	(239,170)		(239,170)
Interest	2,756		2,756
Other income	18,680		18,680
	<u>2,982,463</u>	<u>60,000</u>	<u>3,042,463</u>
Total			
Net assets released from restrictions	<u>306,483</u>	<u>(306,483)</u>	<u> </u>
Total support and revenue	<u>3,288,946</u>	<u>(246,483)</u>	<u>3,042,463</u>
<u>Expenses</u>			
Program services	<u>2,383,036</u>		<u>2,383,036</u>
<u>Supporting services</u>			
Management and general	123,448		123,448
Fund raising	<u>314,593</u>		<u>314,593</u>
Total supporting services	<u>438,041</u>		<u>438,041</u>
Total expenses	<u>2,821,077</u>		<u>2,821,077</u>
Change in net assets	467,869	(246,483)	221,386
Net assets at beginning of the year	<u>1,076,654</u>	<u>457,467</u>	<u>1,534,121</u>
Net assets at end of the year	<u>\$ 1,544,523</u>	<u>\$ 210,984</u>	<u>\$ 1,755,507</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, 2014

	Program services	Supporting services			Total program and supporting services
		Management and general	Fund raising	Sub-total	
Salaries	\$ 1,076,036	\$ 44,048	\$ 197,127	\$ 241,175	\$ 1,317,211
Coach labor - Note 6	994,000				994,000
Fringe benefits	<u>143,329</u>	<u>10,463</u>	<u>37,740</u>	<u>48,203</u>	<u>191,532</u>
Total personnel cost	2,213,365	54,511	234,867	289,378	2,502,743
Educational materials and expense	364,472				364,472
Rent and utilities - premises	152,019	12,093	8,637	20,730	172,749
Printing and reproduction	1,645	603	3,236	3,839	5,484
Professional fees – (In-kind \$9,059) - Note 6	39,014	23,412	42,259	65,671	104,685
Postage and delivery	18,845	2,068	2,068	4,136	22,981
Telephone	17,595	768	4,482	5,250	22,845
Travel, meals and lodging	70,172	1,892	5,643	7,535	77,707
Insurance		3,890		3,890	3,890
Office and other	58,910	28,626	31,165	59,791	118,701
Website and logo	2,435	135	136	271	2,706
Professional development	6,751	1,052	964	2,016	8,767
Depreciation and amortization	<u>6,673</u>	<u>2,383</u>	<u>476</u>	<u>2,859</u>	<u>9,532</u>
Total expenses	<u>\$ 2,951,896</u>	<u>\$ 131,433</u>	<u>\$ 333,933</u>	<u>\$ 465,366</u>	<u>\$ 3,417,262</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, 2013

	<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	\$ 883,349	\$ 36,064	\$ 133,938	\$ 170,002	\$ 1,053,351
Coach labor - Note 6	720,160				720,160
Fringe benefits	<u>115,385</u>	<u>7,252</u>	<u>21,389</u>	<u>28,641</u>	<u>144,026</u>
Total personnel cost	1,718,894	43,316	155,327	198,643	1,917,537
Educational materials and expense	260,208				260,208
Rent and utilities - premises	158,497	12,242	6,496	18,738	177,235
Printing and reproduction	1,378	519	2,724	3,243	4,621
Professional fees - (In-kind \$17,547) - Note 6	53,787	38,047	114,917	152,964	206,751
Postage and delivery	14,076	1,592	1,574	3,166	17,242
Telephone	18,620	1,652	1,833	3,485	22,105
Travel, meals and lodging	57,331	1,850	4,872	6,722	64,053
Insurance		3,439		3,439	3,439
Office and other	69,917	16,689	24,678	41,367	111,284
Website and logo	19,327	1,074	1,074	2,148	21,475
Professional development	4,328	645	622	1,267	5,595
Depreciation and amortization	<u>6,673</u>	<u>2,383</u>	<u>476</u>	<u>2,859</u>	<u>9,532</u>
Total expenses	<u>\$ 2,383,036</u>	<u>\$ 123,448</u>	<u>\$ 314,593</u>	<u>\$ 438,041</u>	<u>\$ 2,821,077</u>

The accompanying notes are an integral part of this statement.

LET'S GET READY, INC.
Statements of Cash Flows
For the years ended August 31,

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$ 14,862	\$ 221,386
Adjustments to reconcile change in net assets to net cash (used in)/provided by operating activities:		
Depreciation and amortization	9,532	9,683
Change in accounts receivable	(84,734)	33,247
Change in prepaid expenses	26,079	(40,698)
Change in security deposits	(45)	87
Change in accounts and accrued expenses payable	(7,388)	1,535
Change in unearned revenue	<u>37,500</u>	<u>62,100</u>
Net cash (used in)/provided by operating activities	(4,194)	287,340
Cash flows from investing activities		
Purchase of property and equipment	(<u>10,047</u>)	(<u>300</u>)
Net (decrease)/increase in cash	(14,241)	287,040
Cash at beginning of the year	<u>1,703,810</u>	<u>1,416,770</u>
Cash at end of the year	<u>\$ 1,689,569</u>	<u>\$ 1,703,810</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, 2014 and 2013

Note 1 Organization

Let's Get Ready, Inc. ("LGR") provides low-income high school students with SAT preparation, admissions counseling and other support services needed to gain admission to and graduate from college. Trained college student volunteers deliver these services while providing the inspiration and encouragement students need to succeed. LGR is a not-for-profit organization which was incorporated in the State of New York in 1999. The organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

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. 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, 2014 and 2013

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, 2014 and 2013, 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. LGR's exposure to credit risk for amounts held in excess of the FDIC limit for the years ended August 31, 2014 and 2013 amount to \$484,510 and \$755,938, respectively.

Income taxes. LGR had no uncertain tax positions as of August 31, 2014 and 2013 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. LGR is no longer subject to federal or state and local income tax examinations by tax authorities for the year ended August 31, 2010 and prior years.

Subsequent events. LGR has evaluated its financial statements for potential recognition and disclosure, events and transactions that occurred subsequent to the date of the statement of financial position through December 11, 2014, the date the financial statements were available to be issued. On September 2014, the Michael & Susan Dell Foundation approved a three year grant, in the amount of \$1,157,426, to LGR for its College Success Program.

Note 3 Property and equipment

Property and equipment consist of:

	<u>2014</u>	<u>2013</u>
Furniture and fixtures	\$ 37,646	\$ 33,796
Computer equipment	27,707	21,510
Software	55,487	55,487
Less: accumulated depreciation and amortization	(103,108)	(93,576)
Net	<u>\$ 17,732</u>	<u>\$ 17,217</u>

LET'S GET READY, INC.
Notes to Financial Statements
 For the years ended August 31, 2014 and 2013

Note 4 Temporarily restricted net assets

Temporarily restricted net assets as of August 31, 2014 consist of the following:

	<u>Beginning balances</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending balances</u>
Time restricted	\$ 172,000		(\$ 172,000)	
Purpose restricted	<u>38,984</u>	<u>\$ 101,500</u>	<u>(73,984)</u>	<u>\$ 66,500</u>
	<u>\$ 210,984</u>	<u>\$ 101,500</u>	<u>(\$ 245,984)</u>	<u>\$ 66,500</u>

Temporarily restricted net assets as of August 31, 2013 consist of the following:

	<u>Beginning balances</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending balances</u>
Time restricted	\$ 325,000		(\$ 153,000)	\$ 172,000
Purpose restricted	<u>132,467</u>	<u>\$ 60,000</u>	<u>(153,483)</u>	<u>38,984</u>
	<u>\$ 457,467</u>	<u>\$ 60,000</u>	<u>(\$ 306,483)</u>	<u>\$ 210,984</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, 2013, a total of \$153,000 was released leaving a balance of \$172,000.

Note 5 Board designated net assets

The Board of Directors has elected to restrict \$600,000 and \$550,000 as board designated reserves as of August 31, 2014 and 2013, respectively. Changes in this balance are subject to Board approval.

LET'S GET READY, INC.
Notes to Financial Statements
For the years ended August 31, 2014 and 2013

Note 6 In-kind contributions

In-kind contributions consisted of:

	<u>2014</u>	<u>2013</u>
Coach labor	\$ 994,000	\$ 720,160
Legal services	9,059	17,547
Rent abatement- two months		<u>16,695</u>
Total	<u>\$ 1,003,059</u>	<u>\$ 754,402</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, 2014 and 2013, LGR had a total of 1,420 and 1,286 coaches, respectively. In-kind contributions for coach labor are recorded at estimated fair valued based on average hours per coach and estimated hourly rates.

Note 7 Commitments

LGR leases office space for its New York central and Boston office under operating leases which expire on May 31, 2018 and January 1, 2016, respectively. Future minimum annual lease obligations are:

Year ending August 31,	<u>Payments</u>
2015	\$ 129,598
2016	135,341
2017	139,401
2018	<u>122,667</u>
Total	<u>\$ 527,007</u>

Note 8 Board Contributions

LGR received contributions of \$471,140 and \$412,833 from the Board of Directors for the years ended August 31, 2014 and 2013, respectively.

Note 9 Unearned revenue

As of August 31, 2014 LGR has received a total of \$99,600 in contributions for the Boston Gala 2014 that took place on October 8, 2014 at the Boston Harbor Hotel. As of August 31, 2013, LGR has received a total of \$62,100 in contributions for the Boston Gala 2013 that took place on October 9, 2013.