

RAR-MA, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
WITH
ACCOUNTANTS' COMPILATION REPORT

RAR-MA, INC.

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ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors
RAR-MA, Inc.
Boston, Massachusetts

We have compiled the accompanying statement of financial position of RAR-MA, Inc. (the Organization) as of June 30, 2010, and the related statements of activities and cash flows for the three months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of managements. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

CCR LLP

Boston, Massachusetts
May 6, 2011

RAR-MA, INC.

Statement of Financial Position
June 30, 2010

Assets	
Current assets	
Cash and cash equivalents	\$ 117,002
Certificates of deposit	660,000
Prepaid expenses and other current assets	<u>8,030</u>
Total current assets	785,032
Security deposit	<u>2,400</u>
Total assets	<u><u>\$ 787,432</u></u>
Liabilities and Net Assets	
Current liabilities	
Accounts payable and accrued expenses	<u>\$ 28,376</u>
Net assets	
Unrestricted net assets	572,695
Temporarily restricted net assets	<u>186,361</u>
Total net assets	<u>759,056</u>
Total liabilities and net assets	<u><u>\$ 787,432</u></u>

See accountants' compilation report and notes to financial statements

RAR-MA, INC.

Statement of Activities
For the Three Months Ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Grant revenue	\$ 33,500	\$ 99,716	\$ 133,216
Donations and gifts	2,087	-	2,087
In-kind gifts	35,824	-	35,824
Net assets released from restrictions	37,149	(37,149)	-
Total support and revenue	<u>108,560</u>	<u>62,567</u>	<u>171,127</u>
Expenses			
Program expenses	130,068	-	130,068
General and administrative	25,311	-	25,311
Fundraising expenses	41,654	-	41,654
Total expenses	<u>197,033</u>	<u>-</u>	<u>197,033</u>
Change in net assets	(88,473)	62,567	(25,906)
Net assets, beginning of period	<u>661,168</u>	<u>123,794</u>	<u>784,962</u>
Net assets, end of period	<u><u>\$ 572,695</u></u>	<u><u>\$ 186,361</u></u>	<u><u>\$ 759,056</u></u>

See accountants' compilation report and notes to financial statements

RAR-MA, INC.

Statement of Cash Flows
For the Three Months Ended June 30, 2010

Cash flows from operating activities	
Change in net assets	\$ (25,906)
(Increase) decrease in operating assets	
Accounts receivable	22,357
Prepaid expenses and other current assets	(750)
Increase in operating liabilities	
Accounts payable and accrued expenses	116
Net cash used in operating activities and decrease in cash and cash equivalents	<u>(4,183)</u>
Cash and cash equivalents, beginning of period	<u>121,185</u>
Cash and cash equivalents, end of period	<u><u>\$ 117,002</u></u>

See accountants' compilation report and notes to financial statements

RAR-MA, INC.

Notes to Financial Statements
For the Three Months Ended June 30, 2010

1. Nature of Operations

RAR-MA, Inc. (the Organization) is a Massachusetts non-profit corporation located in Boston, Massachusetts that was incorporated on March 9, 2009. The Organization works with low-income families to help give every child an equal opportunity for achievement by engaging parents in a routine of daily book sharing from birth to age five, fostering healthy brain development, parent-child bonding, and the early literacy skills essential for school success. The Organization is supported primarily through private funding and donations throughout the community.

Prior to April 1, 2009, the organization was operating under the guidance of the GreenLight Fund. On April 1, 2009 the organization began operation as an independent self-governing entity.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, net assets, and changes therein, and disclosure of contingent assets and liabilities, if any. Actual results could differ from those estimates.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting, whereby revenues and expenses are recorded as they are earned or incurred.

Change in Fiscal Year End

The Organization changed its fiscal year end from March 31 to June 30. The financial statements for the current financial period are for the period April 1, 2010 through June 30, 2010.

Contributions

In accordance with ASC 958, *Not-for-Profit Entities*, contributions are recognized as revenue at their fair value when received. Unconditional promises to give are recognized when the commitment is made. All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restriction.

In-Kind Gifts and Services

Donations of goods are recorded at their estimated fair market value on the date of gift, provided the fair market value is reasonably determinable. For the three months ended June 30, 2010 these amounts represented donated new and used books. Donations of professional services are recorded as both unrestricted contributions and as expenses in accordance with ASC 958. For the three months ended June 30, 2010, these amounts reflect donated bookkeeping services.

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RAR-MA, INC.

Notes to Financial Statements
For the Three Months Ended June 30, 2010

2. Summary of Significant Accounting Policies (Continued)

Tax Exempt Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as a public charity. Accordingly, no provision for federal or state income taxes has been made in these financial statements.

Cash and Cash Equivalents

The Organization considers all highly liquid financial instruments with an original maturity of three months or less to be cash equivalents. The cash equivalents represent certificates of deposit which are scheduled to mature in June and July 2011.

Cash balances periodically exceed the amounts insured by the Federal Deposit Insurance Corporation. The Company believes that its exposure to financial loss is mitigated by the financial strength of its depository institution.

Classes of Net Assets

In accordance with ASC 958, *Not-for-Profit Entities*, the Organization reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets – Net assets that are not restricted by donors. This may include net assets whose use is limited by internally imposed restrictions.

Temporarily Restricted Net Assets – Net assets whose use by the Organization has been limited by donors to later periods of time, after specific dates, use in specific locations, after fulfillment of specific requirements or for specific purposes. Upon fulfillment of all donor limitations, the temporarily restricted net assets are released from restriction.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they are to be maintained permanently by the Agency. The Organization has no permanently restricted net assets at June 30, 2010.

Subsequent Events

Subsequent events were evaluated through May 6, 2011, which is the date the financial statements were available to be issued.

3. Line of Credit

The Organization has a \$50,000 revolving line of credit agreement with a bank, payable on demand, bearing interest at the Wall Street Prime Rate plus 1% with a floor of 5% (5% at June 30, 2010). The line is secured by all assets of the Organization. The line of credit contains various covenants with which the Organization must comply. Management believes it was in compliance with these covenants at June 30, 2010. There was no balance outstanding at June 30, 2010.

RAR-MA, INC.

Notes to Financial Statements
For the Three Months Ended June 30, 2010

4. Temporarily Restricted Net Assets

Net assets include temporarily restricted net assets of \$186,295 which are available for costs associated with a specified region.

5. Retirement Plan

The Organization maintains a 403(b) defined contribution retirement plan covering all full-time employees who meet certain age and service requirements. The contributions made by the Organization under this plan for the three months ended June 30, 2010 were \$2,138.

6. Related Party

The Organization is a local chapter of Raising a Reader National. The Organization purchased books and supplies of approximately \$6,332 from this affiliate during the three months ended June 30, 2010.

7. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Releases of restrictions were comprised of the following for the year ended June 30, 2010:

Personnel Costs	\$ 23,702
Program Expenses	9,979
Professional Services	1,380
Employee Related	1,298
Other Expenses	427
Facilities	363
	<u>\$ 37,149</u>

See accountant's compilation report