

G
0
8
/
2
/
2
0
1
3

045753

2010
Audit

045753

LET'S GET READY, INC.

Financial Statements

For the years ended August 31, 2010 and 2009

G
O
8
/
2
/
2
0
1
3

2010

LET'S GET READY, INC.
Contents
August 31, 2010 and 2009

	Page
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3-4
Statement of Functional Expenses	5-6
Statement of Cash Flows	7
Notes to Financial Statements.....	8-11

8
/
2
/
2
0
1
3

N. CHENG & CO. P.C.
Certified Public Accountants

40 Exchange Place
Suite 1206
New York, New York 10005
Voice (212) 785 0100
Fax (212) 785 9168
www.ncheng.com



Independent Auditors' Report

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

We have audited the accompanying statement of financial position of Let's Get Ready, Inc. as of August 31, 2010 and 2009 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, 2010 and 2009 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
March 24, 2011

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

	<u>2010</u>	<u>2009*</u>
<u>Assets</u>		
Cash	\$ 985,677	\$ 945,633
Accounts receivable	78,665	42,525
Prepaid expenses	25,063	13,922
Property and equipment, net - Note 3	37,951	54,124
Security deposits	<u>29,485</u>	<u>21,616</u>
Total assets	<u>\$ 1,156,841</u>	<u>\$ 1,077,820</u>
 <u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts and accrued expenses payable	<u>\$ 24,854</u>	<u>\$ 20,018</u>
Total liabilities	<u>24,854</u>	<u>20,018</u>
Contingencies - Note 7		
<u>Net assets</u>		
Unrestricted	654,820	397,849
Unrestricted board designated - Note 5	<u>350,000</u>	<u>350,000</u>
Total unrestricted	1,004,820	747,849
Temporarily restricted - Note 4	<u>127,167</u>	<u>309,953</u>
Total net assets	<u>1,131,987</u>	<u>1,057,802</u>
Total liabilities and net assets	<u>\$ 1,156,841</u>	<u>\$ 1,077,820</u>

*Restated for comparative purposes.

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> </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.

8
/
2
/
2
0
1
3

LET'S GET READY, INC.
Statement of Activities and Changes in Net Assets
For the year ended August 31, 2009

	<u>Unrestricted</u>	Temporarily <u>restricted</u>	<u>Total</u>
<u>Support and revenue</u>			
Contributions	\$ 330,219	\$ 83,000	\$ 413,219
Program service income	253,544		253,544
In-kind contributions - Note 6	201,162		201,162
Special event	448,056		448,056
Less: direct special event expenses	(114,096)		(114,096)
Interest	<u>13,342</u>		<u>13,342</u>
Total support and revenue	1,132,227	83,000	1,215,227
Net assets released from restrictions	<u>316,047</u>	(<u>316,047</u>)	
Total support and revenue	<u>1,448,274</u>	(<u>233,047</u>)	<u>1,215,227</u>
<u>Expenses</u>			
Program services	<u>1,103,399</u>		<u>1,103,399</u>
Supporting services			
Management and general	92,962		92,962
Fund raising	<u>170,662</u>		<u>170,662</u>
Total supporting services	<u>263,624</u>		<u>263,624</u>
Total expenses	<u>1,367,023</u>		<u>1,367,023</u>
Change in net assets	81,251	(233,047)	(151,796)
Net assets at beginning of the year	<u>666,598</u>	<u>543,000</u>	<u>1,209,598</u>
Net assets at end of the year	<u>\$ 747,849</u>	<u>\$ 309,953</u>	<u>\$ 1,057,802</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

	Program services	Supporting services			Total program and supporting services
		Management and general	Fund raising	Sub-total	
Staff	\$ 414,199	\$ 62,098	\$ 75,517	\$ 137,615	\$ 551,814
College program directors	186,180				186,180
Coach labor	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	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.

8
/
2
/
2
0
1
3

LET'S GET READY, INC.
Statement of Functional Expenses
 Fiscal year ended August 31, 2009

	Program services	Supporting services			Total program and supporting services
		Management and general	Fund raising	Sub-total	
Staff	\$ 330,162	\$ 42,117	\$ 115,188	\$ 157,305	\$ 487,467
College program directors	180,173				180,173
Coach labor	193,662				193,662
Payroll taxes	47,394	5,936	5,031	10,967	58,361
Employee benefits	34,497	2,363	7,551	9,914	44,411
Total personnel cost	785,888	50,416	127,770	178,186	964,074
Educational materials and expense	138,278				138,278
Rent and utilities - premises	73,408	6,623	16,556	23,179	96,587
Rent - office equipment	4,668	515	1,286	1,801	6,469
Printing and reproduction	15,214		4,647	4,647	19,861
Professional fees	5,346	19,173	1,485	20,658	26,004
Postage and delivery	9,920	241	601	842	10,762
Telephone	14,415	719	1,799	2,518	16,933
Travel, meals and lodging	17,800		729	729	18,529
Insurance	1,335	4,212		4,212	5,547
Gifts	1,750				1,750
Grant writing			5,375	5,375	5,375
Office and other	12,916	1,256	3,588	4,844	17,760
Staff recruitment	356		5,212	5,212	5,568
Payroll processing		5,571		5,571	5,571
Staff and board meetings	957	411	383	794	1,751
Professional development	631	565	116	681	1,312
Dues and subscriptions		2,480		2,480	2,480
Other expenses	7,332	350		350	7,682
Depreciation and amortization	13,185	430	1,115	1,545	14,730
Total expenses	<u>\$ 1,103,399</u>	<u>\$ 92,962</u>	<u>\$ 170,662</u>	<u>\$ 263,624</u>	<u>\$ 1,367,023</u>

The accompanying notes are an integral part of this statement.

G
O
8
/
2
/
2
0
1
3

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

	<u>2010</u>	<u>2009*</u>
Cash flows from operating activities		
Change in net assets	\$ 74,185	(\$ 151,796)
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:		
Depreciation and amortization	20,579	14,729
Change in prepaid expenses	(11,141)	(5,520)
Change in accounts receivable	(36,140)	86,596
Change in other receivable		(346)
Change in security deposit	(7,869)	7,254
Change in accounts payable	<u>4,836</u>	<u>16,330</u>
Net cash provided by/(used in) operating activities	44,450	(32,753)
Cash flows from investing activities		
Purchase of property and equipment	(<u>4,406</u>)	(<u>42,023</u>)
Net increase/(decrease) in cash	40,044	(74,776)
Cash at beginning of the year	<u>945,633</u>	<u>1,020,409</u>
Cash at end of the year	<u>\$ 985,677</u>	<u>\$ 945,633</u>

*Restated for comparative purposes.
 The accompanying notes are an integral part of this statement.

8
/
2
/
2
0
1
3

LET'S GET READY, INC.

Notes to Financial Statements

For the years ended August 31, 2010 and 2009

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

8
/
2
/
2
0
1
3

LET'S GET READY, INC.

Notes to Financial Statements

For the years ended August 31, 2010 and 2009

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 has written off pledges from prior periods that were not collected and has made a provision for uncollectible contributions receivable based on management's assessments of the aged basis of its receivables, current economic conditions and historical information.

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, 2010, LGR is not exposed to credit risk for amounts held in excess of the FDIC limit.

Comparative information. Certain 2009 account grouping has been reclassified for comparative purpose.

FASB interpretation No. 48 – Accounting for uncertainty in income taxes – an interpretation of FASB statement No. 109 (FIN 48). Management has considered possible areas of uncertain tax positions and possible areas of risk to its tax-exempt status. Management has concluded that LGR has no uncertain tax positions and that a tax examination would sustain LGR's tax exempt status.

Subsequent events. LGR evaluated its August 31, 2010 financial statements for subsequent events through March 22, 2011, the date the financial statements were available to be issued. LGR is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

Note 3 Property and equipment

	<u>2010</u>	<u>2009 *</u>
Furniture and fixtures	\$ 7,620	\$ 7,620
Computer equipment	27,487	23,081
Software	50,632	50,632
Less: accumulated depreciation and amortization	(47,788)	(27,209)
	<u>\$ 37,951</u>	<u>\$ 54,124</u>

*Restated for comparative purpose.

LET'S GET READY, INC.
Notes to Financial Statements
For the years ended August 31, 2010 and 2009

Note 4 Temporarily restricted net assets

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>

Temporarily restricted net assets as of August 31, 2009 consist of the following:

	<u>Balances</u> 9/1/2008	<u>Additions</u>	<u>Releases</u>	<u>Balances</u> 8/31/2009
Time restricted:				
Goldman Sachs Foundation	\$ 468,000		(\$ 201,333)	\$ 266,667
Purpose restricted:				
Time Warner	50,000		(50,000)	
JP Morgan Foundation	25,000		(25,000)	
NBC Universal		\$ 60,000	(25,714)	34,286
The Epiphany School		15,000	(10,000)	5,000
Greater Worcester Foundation		8,000	(4,000)	4,000
	<u>\$ 543,000</u>	<u>\$ 83,000</u>	<u>(\$ 316,047)</u>	<u>\$ 309,953</u>

8
/
2
/
2
0
1
3

LET'S GET READY, INC.

Notes to Financial Statements

For the years ended August 31, 2010 and 2009

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, 2010 year end of \$ 985,677 is sufficient to cover both this designation of \$ 350,000 and the restricted net assets of \$ 127,167.

Note 6 In-kind contributions

In-kind contributions consisted of:

	<u>2010</u>	<u>2009</u>
Coach labor	\$ 406,000	\$ 193,662
Legal services	<u>3,250</u>	<u>7,500</u>
Total	<u>\$ 409,250</u>	<u>\$ 201,162</u>

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. For the fiscal year ended August 31, 2009, LGR had a total of 636 coaches. In-kind contributions for coach labor are valued based on average of 21 hours per program for 53 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, 2010 and 2009 , future minimum annual lease obligations are:

	<u>2010</u>	<u>2009</u>
August 31, 2010		\$ 84,230
August 31, 2011	\$ 86,549	86,549
April 30, 2012	<u>43,965</u>	<u>43,965</u>
	<u>\$ 130,514</u>	<u>\$ 214,744</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 leases office space for the Boston Office under a one-year operating lease that expires on September 30, 2010. At August 31, 2010 and 2009, the future minimum monthly lease obligation is \$1,155, respectively.