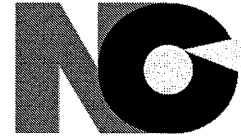

LET'S GET READY, INC.

Financial Statements

For the years ended August 31, 2015 and 2014

LET'S GET READY, INC.
Financial Statements
August 31, 2015 and 2014
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Independent Auditor's Report

To the Board of Directors of
Let's Get Ready, Inc.

We have audited the accompanying financial statements of Let's Get Ready, Inc., which comprise the statements of financial position as of August 31, 2015 and 2014 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, 2015 and 2014, 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. Cheng & Co., P.C

New York, New York
January 28, 2016

LET'S GET READY, INC.
Statements of Financial Position
August 31,

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Cash	\$ 2,106,816	\$ 1,689,569
Accounts receivable	100,316	190,100
Prepaid expenses	10,014	17,597
Property and equipment, net – Note 3	19,541	17,732
Security deposits	<u>45,374</u>	<u>44,926</u>
 Total assets	 <u>\$ 2,282,061</u>	 <u>\$ 1,959,924</u>
 <u>Liabilities and net assets</u>		
Liabilities		
Accounts and accrued expenses payable	\$ 138,601	\$ 89,955
Unearned revenue – Note 9	<u>53,500</u>	<u>99,600</u>
 Total liabilities	 <u>192,101</u>	 <u>189,555</u>
 Commitments and contingencies – Note 7		
 Net assets		
Unrestricted	1,337,460	1,103,869
Unrestricted board designated – Note 5	<u>700,000</u>	<u>600,000</u>
 Total unrestricted	 2,037,460	 1,703,869
Temporarily restricted – Note 4	<u>52,500</u>	<u>66,500</u>
 Total net assets	 <u>2,089,960</u>	 <u>1,770,369</u>
 Total liabilities and net assets	 <u>\$ 2,282,061</u>	 <u>\$ 1,959,924</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, 2015

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
<u>Support and revenue</u>			
Contributions	\$ 1,474,706	\$ 61,250	\$ 1,535,956
Program service income	255,467		255,467
In-kind contributions – Note 6	839,482		839,482
Special events	1,645,653		1,645,653
Less: direct special events expenses	(218,254)		(218,254)
Interest	706		706
Other income	8,419		8,419
	<u>4,006,179</u>	<u>61,250</u>	<u>4,067,429</u>
Net assets released from restrictions	<u>75,250</u>	<u>(75,250)</u>	<u> </u>
	<u>4,081,429</u>	<u>(14,000)</u>	<u>4,067,429</u>
 <u>Expenses</u>			
Program services	<u>3,144,824</u>		<u>3,144,824</u>
 Supporting services			
Management and general	184,526		184,526
Fund raising	418,488		418,488
	<u>603,014</u>		<u>603,014</u>
Total supporting services	<u>603,014</u>		<u>603,014</u>
Total expenses	<u>3,747,838</u>		<u>3,747,838</u>
Change in net assets	333,591	(14,000)	319,591
Net assets at beginning of the year	<u>1,703,869</u>	<u>66,500</u>	<u>1,770,369</u>
Net assets at end of the year	<u>\$ 2,037,460</u>	<u>\$ 52,500</u>	<u>\$ 2,089,960</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	16,062		16,062
	<u>3,330,624</u>	<u>101,500</u>	<u>3,432,124</u>
Total	3,330,624	101,500	3,432,124
Net assets released from restrictions	<u>245,984</u>	<u>(245,984)</u>	<u> </u>
	<u>3,576,608</u>	<u>(144,484)</u>	<u>3,432,124</u>
Total support and revenue	<u>3,576,608</u>	<u>(144,484)</u>	<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 Functional Expenses
For the year ended August 31, 2015

	<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	\$ 1,340,028	\$ 44,566	\$ 223,817	\$ 268,383	\$ 1,608,411
Coach labor – Note 6	801,500				801,500
Fringe benefits	197,819	8,937	35,835	44,772	242,591
Total personnel cost	2,339,347	53,503	259,652	313,155	2,652,502
Educational materials and expense	402,126				402,126
Rent and utilities - premises	145,745	24,304	9,654	33,958	179,703
Printing and reproduction	1,180	433	2,320	2,753	3,933
Professional fees (In-kind \$37,982) – Note 6	40,908	75,947	64,730	140,677	181,585
Postage and delivery	15,568	1,709	1,709	3,418	18,986
Telephone	20,932	825	4,240	5,065	25,997
Travel, meals and lodging	81,517	2,607	8,330	10,937	92,454
Insurance		4,244		4,244	4,244
Office and other	84,982	17,956	65,295	83,251	168,233
Website and logo			1,142	1,142	1,142
Professional development	7,317	1,140	1,045	2,185	9,502
Depreciation and amortization	5,202	1,858	371	2,229	7,431
Total expenses	<u>\$ 3,144,824</u>	<u>\$ 184,526</u>	<u>\$ 418,488</u>	<u>\$ 603,014</u>	<u>\$ 3,747,838</u>

The accompanying notes are an integral part of this statement.

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

	<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	\$ 1,076,036	\$ 44,048	\$ 197,127	\$ 241,175	\$ 1,317,211
Coach labor – Note 6	994,000				994,000
Fringe benefits	143,329	10,463	37,740	48,203	191,532
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	6,673	2,383	476	2,859	9,532
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.
Statements of Cash Flows
For the years ended August 31,

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets	\$ 319,591	\$ 14,862
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:		
Depreciation and amortization	7,431	9,532
Change in accounts receivable	89,785	(84,734)
Change in prepaid expenses	7,583	26,079
Change in security deposits	(448)	(45)
Change in accounts and accrued expenses payable	48,646	(7,388)
Change in unearned revenue	(46,100)	37,500
Net cash provided by/(used in) operating activities	426,488	(4,194)
Cash flows from investing activities		
Payments for purchase of property and equipment	(9,241)	(10,047)
Net increase/(decrease) in cash	417,247	(14,241)
Cash, beginning of year	<u>1,689,569</u>	<u>1,703,810</u>
Cash, end of year	<u>\$ 2,106,816</u>	<u>\$ 1,689,569</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, 2015 and 2014

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

Basis of presentation. The financial statements of LGR has been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial statement presentation. The financial statement presentation follows the accounting standards for not-for-profit organizations. Under these standards, an organization is required to report information regarding its financial position and activities according to three classes of net assets depending on the existence and/or nature of any donor restrictions as follows: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets consist of unrestricted contributions and other resources not subject to donor-imposed restrictions.

Temporarily restricted net assets consist of contributions and other inflow of assets whose use by the recipient is limited by donor-imposed stipulation. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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.

LET'S GET READY, INC.

Notes to Financial Statements

For the years ended August 31, 2015 and 2014

Note 2 Summary of significant accounting policies – (continued)

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. Furniture and fixtures, computer equipment and software are stated at cost, less accumulated depreciation or amortization computed on the straight-line method. Furniture and fixtures and computer equipment are depreciated over their estimated useful lives of 3 to 7 years. Software is amortized over 3 years.

Functional allocation of expenses. The costs of providing various programs and activities have been summarized on a functional basis in the combining statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Allowance for doubtful accounts. Management has determined that no allowance for uncollectible accounts for accounts receivable is necessary as of August 31, 2015 and 2014. Such estimate is based on management's assessments of the creditworthiness of its donors, the aged basis of its receivables, as well as current economic conditions and historical information.

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

For the years ended August 31, 2015 and 2014

Note 2 Summary of significant accounting policies – (continued)

Concentrations of credit risk. Financial instruments, which potentially subject LGR to concentrations of credit risk, include cash and accounts receivable. LGR's maintain cash in bank deposits which, at times, may exceed the current insured amount under the Federal Deposit Insurance Corporation (FDIC). As of August 31, 2015 and 2014 LGR cash balance exceeded the current insured amount under FDIC by approximately \$0 and \$484,510, respectively. LGR has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk therein.

Income taxes. LGR is organized as 501(c)(3) not-for-profit organizations under the Internal Revenue Code. LGR has analyzed tax positions taken for filing with the Internal Revenue Service and state jurisdictions where it operates. LGR does not anticipate any adjustments that would result in a material adverse effect on the LGR's financial condition, results of operations or cash flows. LGR's U.S. Federal income tax returns prior to fiscal year 2011 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. As of August 30, 2015 and 2014, LGR did not recognize any interest and penalties associated with tax matters.

Note 3 Property and equipment

Property and equipment consist of:

	<u>2015</u>	<u>2014</u>
Furniture and fixtures	\$ 37,646	\$ 37,646
Computer equipment	36,948	27,707
Software	<u>55,487</u>	<u>55,487</u>
Subtotal	130,081	120,840
Less: accumulated depreciation and amortization	(<u>110,540</u>)	(<u>103,108</u>)
Total	<u>\$ 19,541</u>	<u>\$ 17,732</u>

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

For the years ended August 31, 2015 and 2014

Note 4 Temporarily restricted net assets

Temporarily restricted net assets as of August 31, 2015 consist of the following:

	<u>Beginning balances</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending balances</u>
Purpose restricted	\$ 66,500	\$ 61,250	\$ 75,250	\$ 52,500

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	38,984	\$ 101,500	(73,984)	\$ 66,500
	<u>\$ 210,984</u>	<u>\$ 101,500</u>	<u>(\$ 245,984)</u>	<u>\$ 66,500</u>

Note 5 Board designated net assets

The Board of Directors has elected to restrict \$700,000 and \$600,000 as board designated reserves as of August 31, 2015 and 2014, respectively. Changes in this balance are subject to Board approval.

Note 6 In-kind contributions

In-kind contributions consisted of:

	<u>2015</u>	<u>2014</u>
Coach labor	\$ 801,500	\$ 994,000
Legal services	37,982	9,059
Total	<u>\$ 839,482</u>	<u>\$ 1,003,059</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, 2015 and 2014, LGR had a total of 1,145 and 1,420 coaches, respectively. In-kind contributions for coach labor are recorded at estimated fair valued based on average hours per coach and estimated hourly rates.

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

For the years ended August 31, 2015 and 2014

Note 7 Commitments and contingencies**Lease 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,	Payments
2016	\$ 135,341
2017	139,401
2018	<u>122,667</u>
Total	<u>\$ 397,409</u>

Litigation

From time to time, LGR is a defendant in actions arising in the ordinary course of business. In the opinion of management, such litigation will not have a material adverse effect on LGR financial condition or change in net assets.

Note 8 Board Contributions

LGR received contributions of \$444,158 and \$471,140 from the Board of Directors for the years ended August 31, 2015 and 2014, respectively.

Note 9 Unearned revenue

As of August 31, 2015 LGR has received a total of \$53,500 in contributions for the Boston Gala 2014 that took place on October 07, 2015 at the Boston Harbor Hotel. 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.

Note 10 Subsequent events

LGR has evaluated events and transactions for potential recognition or disclosure through January 28, 2016, which is the date the financial statements were available to be issued. There were no subsequent events requiring adjustment to the financial statements or disclosures.