
LET'S GET READY, INC.

Financial Statements

For the years ended August 31, 2018 and 2017

LET'S GET READY, INC.

Financial Statements

August 31, 2018 and 2017

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Independent Auditors' 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, 2018 and 2017 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.

Auditors' 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 auditors' 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, 2018 and 2017, 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.

NChing LLP

New York, New York
June 20, 2019



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

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Cash	\$ 14,674	\$ 44,255
Accounts receivable	688,389	74,099
Investments – Note 3	990,620	1,928,953
Prepaid expenses	19,741	52,980
Furniture and equipment, net – Note 4	61,510	22,131
Software, net of amortization of \$78,501 and \$63,559 for 2018 and 2017	21,811	36,753
Certificates of deposits	45,776	45,669
Security deposits	<u>2,500</u>	<u>2,500</u>
 Total assets	 <u>\$ 1,845,021</u>	 <u>\$ 2,207,340</u>
 <u>Liabilities and net assets</u>		
Liabilities		
Accounts and accrued expenses payable	\$ 20,169	\$ 94,188
Unearned revenue	<u>151,713</u>	<u>11,740</u>
 Total liabilities	 <u>171,882</u>	 <u>105,928</u>
 Commitments and contingencies – Note 8		
 Net assets		
Unrestricted board designated – Note 7	700,000	700,000
Unrestricted – other	<u>159,206</u>	<u>1,246,883</u>
 Total unrestricted	 859,206	 1,946,883
Temporarily restricted – Note 5	<u>813,933</u>	<u>154,529</u>
 Total net assets	 <u>1,673,139</u>	 <u>2,101,412</u>
 Total liabilities and net assets	 <u>\$ 1,845,021</u>	 <u>\$ 2,207,340</u>

The accompanying notes are an integral part of the financial statements.

LET'S GET READY, INC.**Statement of Activities**

For the year ended August 31, 2018

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
<u>Support and revenue</u>			
Contributions	\$ 750,546	\$ 1,694,933	\$ 2,445,479
Program service income	298,282		298,282
In-kind contributions – Note 6	414,400		414,400
Special events	1,063,132		1,063,132
Less: direct special events expenses	(285,202)		(285,202)
Net investment income – Note 3	<u>19,933</u>		<u>19,933</u>
Total	2,261,091	1,694,933	3,956,024
Net assets released from restrictions	<u>1,035,529</u>	<u>(1,035,529)</u>	<u>-</u>
Total support and revenue	<u>3,296,620</u>	<u>659,404</u>	<u>3,956,024</u>
 <u>Expenses</u>			
Program services	<u>3,578,669</u>		<u>3,578,670</u>
 Supporting services			
Management and general	369,433		369,433
Fund raising	<u>436,194</u>		<u>436,194</u>
Total supporting services	<u>805,627</u>		<u>805,627</u>
Total expenses	<u>4,384,296</u>	<u>-</u>	<u>4,384,297</u>
Change in net assets	(1,087,677)	659,404	(428,273)
Net assets at beginning of the year	<u>1,946,883</u>	<u>154,529</u>	<u>2,101,412</u>
Net assets at end of the year	<u>\$ 859,206</u>	<u>\$ 813,933</u>	<u>\$ 1,673,139</u>

The accompanying notes are an integral part of the financial statements.

LET'S GET READY, INC.**Statement of Activities**

For the year ended August 31, 2017

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
<u>Support and revenue</u>			
Contributions	\$ 1,665,817	\$ 254,179	\$ 1,919,996
Program service income	299,022		299,022
In-kind contributions – Note 6	613,696		613,696
Special events	1,323,108		1,323,108
Less: direct special events expenses	(320,103)		(320,103)
Net investment income – Note 3	11,222		11,222
Other income	1,750		1,750
	<u>3,594,512</u>	<u>254,179</u>	<u>3,848,691</u>
Total	3,594,512	254,179	3,848,691
Net assets released from restrictions	<u>154,650</u>	<u>(154,650)</u>	<u>-</u>
	<u>3,749,162</u>	<u>99,529</u>	<u>3,848,691</u>
Total support and revenue	<u>3,749,162</u>	<u>99,529</u>	<u>3,848,691</u>
 <u>Expenses</u>			
Program services	<u>3,333,058</u>		<u>3,333,058</u>
 Supporting services			
Management and general	370,389		370,389
Fund raising	<u>378,666</u>		<u>378,666</u>
Total supporting services	<u>749,055</u>		<u>749,055</u>
Total expenses	<u>4,082,113</u>		<u>4,082,113</u>
Change in net assets	(332,951)	99,529	(233,422)
Net assets at beginning of the year	<u>2,279,834</u>	<u>55,000</u>	<u>2,334,834</u>
Net assets at end of the year	<u>\$ 1,946,883</u>	<u>\$ 154,529</u>	<u>\$ 2,101,412</u>

The accompanying notes are an integral part of the financial statements.

LET'S GET READY, INC.
Statement of Functional Expenses
For the year ended August 31, 2018

	Program services	Supporting services			Total program and supporting services
		Management and general	Fund raising	Sub-total	
Salaries	\$ 2,000,088	\$ 203,151	\$ 184,702	\$ 387,853	\$ 2,387,941
Tutoring in-kind – Note 6	414,400	-	-	-	414,400
Fringe benefits	<u>307,788</u>	<u>49,419</u>	<u>58,150</u>	<u>107,569</u>	<u>415,357</u>
Total personnel cost	2,722,276	252,570	242,852	495,422	3,217,698
Educational materials and expense	286,133	-	-	-	286,133
Rent and utilities – premises	190,907	14,565	14,397	28,962	219,869
Printing and reproduction	3,408	426	426	852	4,260
Professional fees	183,049	46,471	50,970	97,441	280,490
Postage and delivery	8,086	910	1,112	2,022	10,108
Telephone	17,966	962	1,487	2,449	20,415
Travel, meals and lodging	27,154	12,343	1,646	13,989	41,143
Insurance	7,181	4,189	598	4,787	11,968
Office and other	108,059	28,301	120,923	149,224	257,283
Professional development	2,543	872	218	1,090	3,633
Depreciation and amortization	<u>21,907</u>	<u>7,824</u>	<u>1,565</u>	<u>9,389</u>	<u>31,296</u>
Total expenses	<u>\$ 3,578,669</u>	<u>\$ 369,433</u>	<u>\$ 436,194</u>	<u>\$ 805,627</u>	<u>\$ 4,384,296</u>

The accompanying notes are an integral part of the financial statements.

LET'S GET READY, INC.
Statement of Functional Expenses
For the year ended August 31, 2017

	Program services	Supporting services			Total program and supporting services
		Management and general	Fund raising	Sub-total	
Salaries	\$ 1,627,835	\$ 201,750	\$ 183,789	\$ 385,539	\$ 2,013,374
Tutoring in-kind – Note 6	577,500	-	-	-	577,500
Fringe benefits	246,596	39,550	46,583	86,133	332,729
Total personnel cost	2,451,931	241,300	230,372	471,672	2,923,603
Educational materials and expense	343,710				343,710
Rent and utilities – premises	143,336	13,983	13,804	27,787	171,123
Printing and reproduction	1,030	129	129	258	1,288
Professional fees (In-kind \$36,196) – Note 6	228,622	62,339	65,712	128,051	356,673
Postage and delivery	7,735	870	1,064	1,934	9,669
Telephone	20,512	1,099	1,698	2,797	23,309
Travel, meals and lodging	62,519	28,417	3,789	32,206	94,725
Insurance	5,039	2,939	420	3,359	8,398
Office and other	54,161	14,185	60,609	74,794	128,955
Professional development	2,583	885	221	1,106	3,689
Depreciation and amortization	11,880	4,243	848	5,091	16,971
Total expenses	<u>\$ 3,333,058</u>	<u>\$ 370,389</u>	<u>\$ 378,666</u>	<u>\$ 749,055</u>	<u>\$ 4,082,113</u>

The accompanying notes are an integral part of the financial statements.

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

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ (428,273)	\$ (233,422)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization		
Furniture and equipment	12,386	8,899
Software	14,942	8,072
(Gains) losses on investments	(24,377)	(14,801)
(Gains) losses on disposal of assets	1,711	64
Change in accounts receivable	(614,290)	36,320
Change in prepaid expenses	33,239	(39,480)
Change in security deposits	(107)	(235)
Change in accounts and accrued expenses payable	(74,019)	8,764
Change in unearned revenue	<u>139,973</u>	<u>(46,835)</u>
Net cash provided (used in) by operating activities	<u>(938,815)</u>	<u>(272,654)</u>
Cash flows from investing activities		
Purchase of furniture and equipment	(53,476)	(16,491)
Purchase of software	-	(44,825)
Purchase/sale of investments	<u>962,710</u>	<u>(1,914,152)</u>
Net cash provided (used in) investing activities	<u>909,234</u>	<u>(1,975,468)</u>
Net increase (decrease) in cash	(29,581)	(2,248,122)
Cash, beginning of year	<u>44,255</u>	<u>2,292,377</u>
Cash, end of year	<u>\$ 14,674</u>	<u>\$ 44,255</u>

The accompanying notes are an integral part of the financial statements.

LET'S GET READY, INC.
Notes to Financial Statements
August 31, 2018 and 2017

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. LGR 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. However, if a restriction is fulfilled in the same time period in which the contribution is received, LGR reports that support as unrestricted.

Permanently restricted net assets consist of net assets that are limited by donors for investment in perpetuity.

LET'S GET READY, INC.
Notes to Financial Statements
August 31, 2018 and 2017

Note 2 Summary of significant accounting policies – (continued)

Revenue recognition. 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. Furniture and equipment are stated at cost and depreciated on a straight-line basis over their estimated useful lives of 3 to 7 years.

Accounting for website and software development costs. All costs incurred in the planning stage of developing a website are expensed as incurred as are internal and external training costs and maintenance costs. Fees incurred to internet service providers in return for hosting a website on their servers are expensed over the period of benefit. Fees paid to consultants that develop computer systems and software used for LGR's internal reporting and management functions are deferred and amortized on the straight-line method over a 3 to 5 year period from the time the system becomes operational.

External and internal costs incurred during the application development stage of internal use website software are capitalized. Upgrades and enhancements that result in additional functionality to the website software, which enable it to perform tasks that was previously incapable of performing, are also capitalized.

LET'S GET READY, INC.
Notes to Financial Statements
August 31, 2018 and 2017

Note 2 Summary of significant accounting policies – (continued)

Capitalized internal use website development costs are amortized using the straight-line method over its estimated useful life of three years and begins when all substantial testing of the website is completed, and the website is ready for its intended use.

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.

Investments. Investments in marketable securities with readily determinable fair values are stated at fair value based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Investment income and gains on restricted amounts are reported as increases in temporarily restricted net assets.

Allowance for doubtful accounts. Management has determined that no allowance for uncollectible accounts for accounts receivable is necessary as of August 31, 2018 and 2017. 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.

Concentrations of credit risk. Financial instruments, which potentially subject LGR to concentrations of credit risk, include cash, accounts receivable and investments. 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, 2018 and 2017, LGR cash balance did not exceed the current insured amount under FDIC. 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 exempt from income taxes under 501(c)(3) of 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 significant uncertain tax positions that would require recognition in the financial statements. Periods ending August 31, 2015 and subsequent remain subject to examination by the taxing authorities.

LET'S GET READY, INC.
Notes to Financial Statements
August 31, 2018 and 2017

Note 3 Investments and fair value measurements

Investments as of August 31, 2018 consist primarily of U.S. Treasury bills, money market and equity securities recorded at fair value as summarized below:

<u>Recurring fair value measurements</u>	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>
Money market fund	\$ 215,402	\$ 215,402
Equity securities	156,130	156,130
U.S. treasury bills	<u>619,088</u>	<u>619,088</u>
Total investments	<u>\$ 990,620</u>	<u>\$ 990,620</u>

Investments as of August 31, 2017 consist primarily of U.S. Treasury bills, money market and equity securities recorded at fair value as summarized below:

<u>Recurring fair value measurements</u>	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>
Money market fund	\$ 241,446	\$ 241,446
Equity securities	147,839	147,839
U.S. treasury bills	<u>1,539,668</u>	<u>1,539,668</u>
Total investments	<u>\$ 1,928,953</u>	<u>\$ 1,928,953</u>

The following schedule summarizes the investment return and its classification in the Statement of Activities for the years ended August 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 24,377	\$ 14,801
Unrealized gains (losses)	(49,169)	(22,888)
Realized gains (losses)	44,769	19,804
Investment fees	<u>(44)</u>	<u>(495)</u>
Net investment income	<u>\$ 19,933</u>	<u>\$ 11,222</u>

LET'S GET READY, INC.
Notes to Financial Statements
August 31, 2018 and 2017

Note 4 Furniture and equipment

Furniture and equipment consist of:

	<u>2018</u>	<u>2017</u>
Furniture	\$ 85,201	\$ 37,646
Equipment	<u>59,989</u>	<u>55,779</u>
Subtotal	145,190	93,425
Less: accumulated depreciation	(<u>83,680</u>)	(<u>71,294</u>)
Total	<u>\$ 61,510</u>	<u>\$ 22,131</u>

Note 5 Temporarily restricted net assets

Temporarily restricted net assets as of August 31, 2018 consist of the following:

	<u>Beginning balances</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending balances</u>
Grad bag intern program	\$ 6,029	\$ -	\$ 6,029	\$ -
College access program	81,500	1,654,720	996,500	739,720
Maine statewide expansion project	67,000	21,656	33,000	55,656
Time restriction	<u>-</u>	<u>18,557</u>	<u>-</u>	<u>18,557</u>
Total	<u>\$ 154,529</u>	<u>\$ 1,694,933</u>	<u>\$ 1,035,529</u>	<u>\$ 813,933</u>

Temporarily restricted net assets as of August 31, 2017 consist of the following:

	<u>Beginning balances</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending balances</u>
Grad bag intern program	\$ 5,000	\$ 39,179	\$ 38,150	\$ 6,029
College access program	25,000	115,000	58,500	81,500
Partner project	25,000	-	25,000	-
Maine statewide expansion project	<u>-</u>	<u>100,000</u>	<u>33,000</u>	<u>67,000</u>
Total	<u>\$ 55,000</u>	<u>\$ 254,179</u>	<u>\$ 154,650</u>	<u>\$ 154,529</u>

LET'S GET READY, INC.
Notes to Financial Statements
August 31, 2018 and 2017

Note 6 In-kind contributions

In-kind contributions consisted of:

	<u>2018</u>	<u>2017</u>
Tutoring	\$ 414,400	\$ 577,500
Legal services	<u>-</u>	<u>36,196</u>
Total	<u>\$ 414,400</u>	<u>\$ 613,696</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, 2018 and 2017, LGR had a total of 592 and 825 coaches, respectively. In-kind contributions for tutoring are recorded at estimated fair valued based on average hours per coach and estimated hourly rates.

Note 7 Board designated net assets

The Board of Directors has elected to designate \$700,000 as board designated reserve as of August 31, 2018 and 2017. The purpose of reserve is to cover operating shortfalls as needed. Changes in this balance are subject to Board approval.

Note 8 Commitments and contingencies

Lease commitments

LGR leases office space for its New York and Boston offices under operating leases which expire on July 31, 2023 and December 31, 2020, respectively. The deposit for the lease of New York office was secured by a letter of credit. Future minimum annual lease obligations are:

Year ending August 31,

2019	\$ 203,738
2020	209,573
2021	196,765
2022	183,550
2023	<u>188,718</u>
	<u>982,344</u>

Rental expenses for the years ended August 31, 2018 and 2017 was \$206,065 and \$157,186, respectively.

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.

LET'S GET READY, INC.
Notes to Financial Statements
August 31, 2018 and 2017

Note 9 Board contributions

LGR received contributions of \$542,869 and \$755,355 from the Board of Directors for the years ended August 31, 2018 and 2017, respectively.

Note 10 Employee benefit plan

LGR has a simple IRA plan covering eligible employees. LGR makes a matching contribution up to 3% of the employee's compensation. Employer contribution amounted to \$27,883 and \$11,139 for the years ended August 31, 2018 and 2017, respectively.

Note 11 Subsequent events

LGR has evaluated events and transactions for potential recognition or disclosure through June 20, 2019, 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.