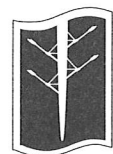


**READ TO A CHILD, INC.
(FORMERLY EVERYBODY WINS! USA, INC.)**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2013**



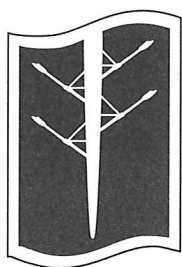
Murphy,
Edwards,
Goncalves
&
Ferrera, PC

READ TO A CHILD, INC.

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FOR THE YEAR ENDED SEPTEMBER 30, 2013

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Murphy,
Edwards,
Goncalves
&
Ferrera, PC

*Certified Public Accountants
and Business Advisors*

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Read to a Child, Inc.

We have audited the accompanying financial statements of Read to a Child, Inc. (formerly Everybody Wins! USA, Inc.) (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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

INDEPENDENT AUDITORS' REPORT

(Continued)

of accounting policies used and the reasonableness of 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 Read to a Child, Inc. as of September 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The prior-year summarized comparative information has been derived from Read to a Child, Inc.'s 2012 financial statements which were reviewed by us, and our report thereon, dated January 11, 2013, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with accounting principles generally accepted in the United State of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

Murphy, Edwards, Moncalves & Ferris, PC

Southborough, Massachusetts

January 22, 2014

READ TO A CHILD, INC.

STATEMENT OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2013

(With Comparative Totals as of September 30, 2012)

	Audited 2013	Reviewed 2012
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents (Note 2)	\$ 436,558	\$ 210,399
Investments (Note 4)	3,230	2,624
Pledges Receivable (Note 2)	11,060	66
Prepaid Expenses	<u>8,424</u>	<u>17,798</u>
Total Current Assets	459,272	230,887
PROPERTY AND EQUIPMENT, NET (Notes 2 and 5)	<u>35,370</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 494,642</u>	<u>\$ 230,887</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable	\$ 9,191	\$ 10,205
Accrued Expenses	18,258	13,821
Deferred Income (Note 6)	<u>63,875</u>	<u>7,500</u>
Total Current Liabilities	<u>91,324</u>	<u>31,526</u>
NET ASSETS (Note 2):		
Unrestricted	376,651	199,361
Temporarily Restricted (Note 7)	<u>26,667</u>	<u>-</u>
Total Net Assets	<u>403,318</u>	<u>199,361</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 494,642</u>	<u>\$ 230,887</u>

See Accompanying Notes and Independent Auditors' Report

READ TO A CHILD, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2013

(With Comparative Totals for the Year Ended September 30, 2012)

	Unrestricted	Temporarily Restricted	Audited 2013 Total	Reviewed 2012 Total
UNRESTRICTED NET ASSETS:				
Support:				
Contributions (Notes 2 and 3)	\$ 459,683	\$ -	\$ 459,683	\$ 272,220
Grant Income	<u>352,277</u>	<u>26,667</u>	<u>378,944</u>	<u>96,001</u>
Special Events Income	148,877	-	148,877	-
Direct Special Event Costs	<u>(31,572)</u>	<u>-</u>	<u>(31,572)</u>	<u>-</u>
Net Special Event Income	<u>117,305</u>	<u>-</u>	<u>117,305</u>	<u>-</u>
In-Kind Contributions (Note 2)	<u>172,330</u>	<u>-</u>	<u>172,330</u>	<u>106,500</u>
Total Support	<u>1,101,595</u>	<u>26,667</u>	<u>1,128,262</u>	<u>474,721</u>
Revenue:				
Interest Income	21	-	21	-
Unrealized Gain	<u>605</u>	<u>-</u>	<u>605</u>	<u>821</u>
Total Revenue	<u>626</u>	<u>-</u>	<u>626</u>	<u>821</u>
TOTAL SUPPORT AND REVENUE	<u>1,102,221</u>	<u>26,667</u>	<u>1,128,888</u>	<u>475,542</u>
FUNCTIONAL EXPENSES (Note 2):				
Program Services	<u>661,828</u>	<u>-</u>	<u>661,828</u>	<u>268,382</u>
Support Services:				
Management and General	192,154	-	192,154	108,227
Fund Raising	<u>70,949</u>	<u>-</u>	<u>70,949</u>	<u>33,190</u>
Total Support Services	<u>263,103</u>	<u>-</u>	<u>263,103</u>	<u>141,417</u>
TOTAL FUNCTIONAL EXPENSES	<u>924,931</u>	<u>-</u>	<u>924,931</u>	<u>409,799</u>
INCREASE IN NET ASSETS	177,290	26,667	203,957	65,743
NET ASSETS - BEGINNING OF YEAR	<u>199,361</u>	<u>-</u>	<u>199,361</u>	<u>133,618</u>
NET ASSETS - END OF YEAR	<u>\$ 376,651</u>	<u>\$ 26,667</u>	<u>\$ 403,318</u>	<u>\$ 199,361</u>

See Accompanying Notes and Independent Auditors' Report

READ TO A CHILD, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2013

(With Comparative Totals for the Year Ended September 30, 2012)

SUPPORT SERVICES

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND RAISING	Audited 2013 TOTAL	Reviewed 2012 TOTAL
Salaries and Wages	\$ 420,761	\$ 41,175	\$ 43,993	\$ 505,929	\$ 210,398
Payroll Taxes	44,679	4,495	4,611	53,785	19,435
Employee Benefits	<u>30,722</u>	<u>1,203</u>	<u>5,268</u>	<u>37,193</u>	<u>9,169</u>
Total Payroll and Related Expenses	496,162	46,873	53,872	596,907	239,002
Accounting Services	-	21,792	-	21,792	4,845
Professional Fees and Consultants	43,139	20,994	683	64,816	11,609
In-Kind Professional Fees (Note 2)	6,075	55,350	6,075	67,500	63,000
Insurance	281	6,084	-	6,365	1,698
Office Expense	7,271	20,508	281	28,060	8,835
Program Books and Supplies	7,927	-	-	7,927	-
Rent	-	3,879	-	3,879	-
In-Kind Rent (Note 2)	85,962	9,434	9,434	104,830	43,500
Travel	10,106	2,284	250	12,640	6,433
Conferences and Meetings	111	146	-	257	14,196
Grants to Affiliates	-	-	-	-	4,000
Memberships and Dues	-	1,000	-	1,000	125
Miscellaneous	1,532	3,496	-	5,028	1,876
Depreciation (Note 2)	<u>3,262</u>	<u>314</u>	<u>354</u>	<u>3,930</u>	<u>10,680</u>
Total Expenses	<u>\$ 661,828</u>	<u>\$ 192,154</u>	<u>\$ 70,949</u>	<u>\$ 924,931</u>	<u>\$ 409,799</u>

See Accompanying Notes and Independent Auditors' Report

READ TO A CHILD, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

(With Comparative Totals for the Year Ended September 30, 2012)

	Audited 2013	Reviewed 2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	\$ 203,957	\$ 65,743
Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:		
Depreciation	3,930	10,680
Unrealized Gain	(605)	(821)
Donated Website	(39,300)	-
(Increase) Decrease in Current Assets:		
Pledges Receivable	(10,995)	83,266
Prepaid Expenses	9,374	(17,798)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(1,014)	10,206
Accrued Expenses	4,437	13,821
Deferred Income	<u>56,375</u>	<u>7,500</u>
Net Cash Provided by Operating Activities	<u>226,159</u>	<u>172,597</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	226,159	172,597
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>210,399</u>	<u>37,802</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 436,558</u></u>	<u><u>\$ 210,399</u></u>

See Accompanying Notes and Independent Auditors' Report

READ TO A CHILD, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 1 ORGANIZATION AND NATURE OF ACTIVITIES

Read to a Child, Inc. (formerly Everybody Wins! USA, Inc.) is a nonprofit organization formed for the purpose of building the skills and love of reading among at-risk elementary students. As of September 30, 2013, the Organization has programs and branch offices located in Boston, Detroit, Phoenix, Los Angeles, Hartford and Miami. The Organization's support and revenue is primarily derived from corporate grants and contributions.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization maintains its accounting records on the accrual basis. The financial statements are presented in accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205, *Financial Statements of Not-for-Profit Organizations*. The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Summarized Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the financial statements for the prior year, from which the summarized totals were derived.

Reclassifications

Some reclassifications have been made within the 2012 accounts, primarily related to professional fees to conform to the current year presentation.

READ TO A CHILD, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

(Continued)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of these statements, the Organization considers equivalent to cash all money market funds and other deposits with an original maturity of ninety days or less from date of purchase. Cash equivalents are stated at cost which approximates market.

Pledges Receivable

Unconditional promises to give are recognized at net realizable value as income in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. As of September 30, 2013, pledges receivable are expected to be fully collected in fiscal year 2014. Accordingly, no allowance for doubtful accounts has been recognized.

Property and Equipment

Property and equipment is stated at cost at the date of acquisition or fair value at the date of gift. Assets are capitalized if they are expected to have a useful life of greater than one year and their cost of acquisition exceeds one thousand dollars.

Depreciation expense is provided on a straight-line basis over the estimated useful life of the asset, which is five years. Depreciation expense for the year ended September 30, 2013 is \$3,930. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts and any resulting gain or loss is recognized in the statement of activities for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

READ TO A CHILD, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

(Continued)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Support that is restricted by the donor is reported as an increase in unrestricted net assets, if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets in accordance with the restriction.

Functional Expenses

The Organization classifies its expenses on a functional basis among its various programs and support services. Expenses that can be identified with specific program or support services are charged directly according to their functional classification. Other expenses that are common to several services are allocated by various statistical bases.

Donated Services and Facilities/In-Kind

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) required specialized skills, are performed by people with those skills and would otherwise be purchased. During the year, the Organization received donated office space valued at \$104,830 and pro bono legal services valued at \$67,500. Donated office space was provided by a national commercial real estate firm at three locations including Los Angeles, Boston and Wellesley, MA. The donated legal services were primarily provided in connection with the Organization's restructuring of its various affiliate offices and the name change of the Organization. The value of the donated office space and legal fees are included in the financial statements as an in-kind contribution and expense.

Subsequent Events

The Organization has evaluated subsequent events through January 22, 2014, the date that the financial statements were available to be issued.

READ TO A CHILD, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

(Continued)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Under FASB ASC 740-10, *Income Taxes*, an organization should recognize the tax benefit associated with uncertain tax positions taken for tax return purposes only when it is more likely than not that position will be sustained. Management does not believe there are any material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits, interest or penalties. Fiscal years 2011 – 2013 are currently open for examination by taxing authorities.

Read to a Child, Inc. qualifies as a tax exempt nonprofit organization under Section 501(c)(3) of the Internal Revenue Code, and as such, is not required to pay income taxes.

NOTE 3 AFFILIATE ACQUISITIONS

During the fiscal year, the Organization completed its national restructuring plan as voted by the Board of Directors and executed legal agreements to acquire Everybody Wins! CT, Everybody Wins! LA and Everybody Wins! South Florida. Upon completion of the acquisitions, a National Council Advisory Board was formed. However, legal control of the newly acquired organizations resides with the Board of Directors of Read to a Child, Inc. Details of the affiliate acquisitions are as follows:

Date	Affiliate	Cash Assets Transferred to Read to a Child
1/31/13	Everybody Wins! CT	\$103,261
10/1/12	Everybody Wins! LA	67,288
11/16/12	Everybody Wins! South Florida	<u>2,735</u>
	Total	<u>\$173,284</u>

In accordance with FASB ASC 958-805, *Not-for-Profit Entities, Business Combinations*, the Organization recognized all cash asset transfers as a contribution in the Statement of Activities. No other consideration was received and no significant liabilities or contingencies were assumed in the acquisitions.

READ TO A CHILD, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

(Continued)

NOTE 4 INVESTMENTS

The Organization carries investments with readily determinable values at quoted market prices, as of the balance sheet date, in accordance with the provisions of the FASB ASC 958-320, *Not-for-Profit Entities, Investments*. As there are active markets for the investments, the fair value measurement of investments are based on level 1 inputs of the fair value hierarchy. The investment mix is comprised entirely of equity securities. Investment performance for the year ended September 30, 2013 consisted of \$605 in unrealized gain.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of September 30, 2013:

Website	\$ 39,300
Less: Accumulated Depreciation	<u>(3,930)</u>
Property and Equipment, Net	<u>\$ 35,370</u>

During the fiscal year 2013, the Organization received the contribution of a newly designed website from an outside company that donated the professional design and technical services. The website is capitalized as an asset at fair market value and the related non-cash gift is recognized as a contribution in the Statement of Activities.

NOTE 6 DEFERRED INCOME

As of September 30, 2013, deferred income consists of the following:

Grant Income	\$ 37,875
Special Event Income	<u>26,000</u>
Total	<u>\$ 63,875</u>

READ TO A CHILD, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

(Continued)

NOTE 7 TEMPORARILY RESTRICTED NET ASSETS

As of September 30, 2013, temporarily restricted net assets are available for the support of the lunchtime reading program in fiscal year 2014.