EVERYBODY WINS! USA, INC.

FINANCIAL STATEMENTS AND

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

EVERYBODY WINS! USA, INC.

FOR THE YEAR ENDED SEPTEMBER 30, 2012

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Murphy,
Edwards,
Goncalves
&
Ferrera, PC

*Certified Public Accountants
and Business Advisors*

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Everybody Wins! USA, Inc.

We have reviewed the accompanying statement of financial position of Everybody Wins! USA, Inc. (a nonprofit organization) as of September 30, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Murphy, Edwards, Goncalves & Ferrera, PC

Southborough, Massachusetts
January 11, 2013

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EVERYBODY WINS! USA, INC.

STATEMENT OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2012

ASSETS

CURRENT ASSETS:	
Cash and Cash Equivalents (Note 2)	$ 210,399
Investments (Note 3)	2,624
Pledges Receivable (Note 2)	66
Prepaid Expenses	17,798
Total Current Assets	230,887
TOTAL ASSETS	$ 230,887

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts Payable	$ 10,205
Accrued Expenses	13,821
Deferred Special Event Income	7,500
Total Current Liabilities	31,526
NET ASSETS (Note 2):	
Unrestricted	199,361
Total Net Assets	199,361
TOTAL LIABILITIES AND NET ASSETS	$ 230,887

See Accompanying Notes and Independent Accountants' Review Report

EVERYBODY WINS! USA, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2012

UNRESTRICTED NET ASSETS:	
Support:	
Contributions (Note 4)	$ 272,220
Grant Income (Note 4)	96,001
In-kind Contributions (Note 2)	106,500
Total Support	474,721
Revenue:	
Unrealized Gain	821
Total Revenue	821
TOTAL SUPPORT AND REVENUE	475,542
FUNCTIONAL EXPENSES (Note 2):	
Program Services	268,382
Support Services:	
Management and General	108,227
Fund Raising	33,190
Total Support Services	141,417
TOTAL FUNCTIONAL EXPENSES	409,799
INCREASE IN NET ASSETS	65,743
NET ASSETS - BEGINNING OF YEAR	133,618
NET ASSETS - END OF YEAR	$ 199,361

See Accompanying Notes and Independent Accountants' Review Report

EVERYBODY WINS! USA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2012

		SUPPORT SERVICES		
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL
Salaries and Wages	$ 162,006	$ 27,352	$ 21,040	$ 210,398
Payroll Taxes	14,965	2,527	1,943	19,435
Employee Benefits	7,060	1,192	917	9,169
Total Payroll and Related Expenses	184,031	31,071	23,900	239,002
Accounting Services	-	4,845	-	4,845
Professional Consultants	2,233	-	1,548	3,781
Professional Fees	7,246	329	253	7,828
In-Kind Professional Fees (Note 2)	-	63,000	-	63,000
Insurance	1,307	221	170	1,698
Office Expense	6,803	1,148	884	8,835
In-kind Rent (Note 2)	33,495	5,655	4,350	43,500
Travel	6,125	254	54	6,433
Conferences and Meetings	13,389	57	750	14,196
Grants to Affiliates	4,000	-	-	4,000
Memberships and Dues	96	16	13	125
Miscellaneous	1,433	243	200	1,876
Depreciation (Note 2)	8,224	1,388	1,068	10,680
Total Expenses	$ 268,382	$ 108,227	$ 33,190	$ 409,799

See Accompanying Notes and Independent Accountants' Review Report

EVERYBODY WINS! USA, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:	
Grant Revenue Received	$ 179,334
Contributions Received	272,154
Payments to Vendors, Suppliers and Employees	(280,642)
Net Cash Provided by Operating Activities	170,846
NET INCREASE IN CASH AND CASH EQUIVALENTS	170,846
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	39,553
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 210,399

See Accompanying Notes and Independent Accountants' Reveiw Report

NOTE 1 ORGANIZATION AND NATURE OF ACTIVITIES

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, 2012, the Organization has programs and branch offices located in Boston, Detroit and Phoenix with plans for further expansion. 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.

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.

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 disclosure. Accordingly actual results could differ from those estimates.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Under *FASB ASC 740*-10, 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 2010 – 2012 are currently open for examination by taking authorities.

Everybody Wins! USA, 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.

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 lives of the asset over five years. Depreciation expense for the year ended September 30, 2012 is $10,680. 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.

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.

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, 2012, pledges receivable are expected to be fully collected in FY 2013. Accordingly, no allowance for doubtful accounts has been recognized.

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 $43,500 and pro bono legal services valued at $63,000. The donated legal services were provided in connection with the Organization's restructuring of its various affiliate offices. The value of the donated office space and legal fees are included in the financial statements as an in-kind contribution and expense.

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.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The Organization has evaluated subsequent events through January 11, 2013, the date that the financial statements were available to be issued. See Note 5.

NOTE 3 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 *Financial Accounting Standards Board Accounting Standards Codification 958-320.* 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, 2012 consisted of $821 in unrealized gain.

NOTE 4 CONCENTRATIONS OF BUSINESS AND CREDIT RISK

The Organization maintains cash accounts primarily with one bank, and it believes that these accounts are not exposed to significant credit risk, as all cash balances were FDIC insured as of September 30, 2012.

For the year ended September 30, 2012, grant and contribution income from two donors comprised 32% of the Organization's total support and revenue.

NOTE 5 SUBSEQUENT EVENTS

Subsequent to September 30, 2012, Everybody Wins! USA, Inc. completed mergers with two of its affiliates, Everybody Wins! South Florida and Everybody Wins! Los Angeles and is actively working towards a merger with Everybody Wins! CT.

On September 18, 2012, the board of directors voted to change the name of the Organization from Everybody Wins! USA, Inc. to Read to a Child. Management anticipates that the name will be legally changed during fiscal year 2013.