

EVERYBODY WINS! USA, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2009 AND 2008

EVERYBODY WINS! USA, INC.  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009 AND 2008

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report .....	3
Financial Statements:	
Statements of Financial Position .....	4
Statements of Activities .....	5
Statements of Functional Expenses .....	6-7
Statements of Cash Flows .....	8
Notes to Financial Statements.....	9-11

**TOAL, GRIFFITH, AYERS & KULLMAN, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

We have audited the accompanying statements of financial position of Everybody Wins! USA, Inc. (a not-for-profit corporation) as of September 30, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Everybody Wins! USA, Inc. as of September 30, 2009 and 2008, 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.

*Toal, Griffith, Ayers & Kullman, LLC*  
January 18, 2010

EVERYBODY WINS! USA, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 SEPTEMBER 30, 2009 AND 2008

ASSETS

	<u>2009</u>	<u>2008</u>
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 61,141	\$ 235,033
Grants Receivable	74,394	9,251
Investments	<u>812</u>	<u>534</u>
 Total Current Assets	 136,347	 244,818
 Furniture and Equipment, Net of Accumulated Depreciation of \$24,463 and \$16,369, Respectively	 <u>16,008</u>	 <u>24,103</u>
 Total Assets	 <u>\$ 152,355</u>	 <u>\$ 268,921</u>

LIABILITIES AND NET ASSETS

<b>Current Liabilities:</b>		
Accounts Payable	\$ 2,103	\$ -
Payroll Liabilities	1,788	1,148
Deferred Revenue	<u>90,774</u>	<u>235,282</u>
 Total Current Liabilities	 94,665	 236,430
 <b>Net Assets:</b>		
Unrestricted	<u>57,690</u>	<u>32,491</u>
 Total Net Assets	 <u>57,690</u>	 <u>32,491</u>
 Total Liabilities and Net Assets	 <u>\$ 152,355</u>	 <u>\$ 268,921</u>

See auditor's report and accompanying notes to financial statements.

**EVERYBODY WINS! USA, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>REVENUE</b>		
Grant Income	\$ 403,295	\$ 468,653
Contributions	131,210	94,129
Member Assessments	42,933	-
Unrealized Gain (Loss)	278	(297)
Interest Income	<u>-</u>	<u>19</u>
 Total Public Support and Revenue	 577,716	 562,504
 <b>EXPENSES</b>		
Program Services	520,487	523,782
Management and General Services	19,553	27,305
Fundraising Services	<u>12,477</u>	<u>20,228</u>
 Total Expenses	 <u>552,517</u>	 <u>571,315</u>
 Change in Net Assets	 25,199	 (8,811)
 Net Assets, Beginning of Year	 <u>32,491</u>	 <u>41,302</u>
 Net Assets, End of Year	 <u>\$ 57,690</u>	 <u>\$ 32,491</u>

See auditor's report and accompanying notes to financial statements.

EVERYBODY WINS! USA, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Accounting	\$ -	\$ 6,150	\$ -	\$ 6,150
Consultants	17,642	-	1,245	18,887
Depreciation	7,524	285	285	8,094
Employee Benefits	18,323	694	694	19,711
Grants to Affiliates	195,018	-	-	195,018
Insurance	-	2,171	-	2,171
Office Expense	6,702	253	253	7,208
Salaries, Wages, and Related Taxes	264,146	10,000	10,000	284,146
Travel and Meetings	11,132	-	-	11,132
Total Expenses	<u>\$ 520,487</u>	<u>\$ 19,553</u>	<u>\$ 12,477</u>	<u>\$ 552,517</u>

See auditor's report and accompanying notes to financial statements.

EVERYBODY WINS! USA, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Program Service Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Accounting	\$ -	\$ 6,181	\$ -	\$ 6,181
Consultants	87,921	3,708	5,350	96,979
Depreciation	7,498	273	272	8,043
Employee Benefits	32,234	1,171	1,171	34,576
Grants to Affiliates	16,500	-	-	16,500
Insurance	-	2,338	-	2,338
Interest	-	198	-	198
Marketing	19	-	-	19
Occupancy Expense	21,388	777	777	22,942
Office Expense	28,975	1,053	1,053	31,081
Salaries, Wages and Related Taxes	319,397	11,606	11,605	342,608
Travel and Meetings	9,850	-	-	9,850
	<u>9,850</u>	<u>-</u>	<u>-</u>	<u>9,850</u>
 Total Expenses	 <u>\$ 523,782</u>	 <u>\$ 27,305</u>	 <u>\$ 20,228</u>	 <u>\$ 571,315</u>

See auditor's report and accompanying notes to financial statements.

**EVERYBODY WINS! USA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Grant Revenue Received	\$ 193,644	\$ 694,684
Contributions Received	131,210	94,129
Member Assessments Received	42,933	-
Interest Income	-	19
Payments to Vendors, Suppliers and Employees	<u>(541,679)</u>	<u>(562,124)</u>
Net Cash Provided (Used) by Operating Activities	(173,892)	226,708
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	-	(1,231)
Sale of Investments	-	400
Purchase of Equipment	<u>-</u>	<u>(3,092)</u>
Net Cash Used by Investing Activities	-	(3,923)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Loan Payable	-	25,000
Payment of Loan Payable	<u>-</u>	<u>(25,000)</u>
Net Cash Used by Financing Activities	<u>-</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(173,892)	222,785
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of Year	<u>235,033</u>	<u>12,248</u>
End of Year	<u>\$ 61,141</u>	<u>\$ 235,033</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO</b>		
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 25,199	\$ (8,811)
Unrealized Loss (Gain) on Investments	(278)	297
Depreciation Expense	8,094	8,043
Increase in Grants Receivable	(65,142)	(9,251)
Increase in Accounts Payable	2,103	-
Increase in Payroll Liabilities	640	1,148
(Increase) Decrease in Deferred Revenue	<u>(144,508)</u>	<u>235,282</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (173,892)</u>	<u>\$ 226,708</u>

See auditor's report and accompanying notes to financial statements.

EVERYBODY WINS! USA, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Everybody Wins! USA, Inc. is a nonprofit organization formed for the purpose building the skills and love of reading among at-risk elementary students. The Organization's revenue is derived from federal grants and from contributions.

Method of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization classifies resources for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. The Organization records unconditional promises to give (pledges) as receivables and revenues and distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. A description of the three net asset categories follows.

- Permanently Restricted - the portion of the net assets resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled and removed by actions of the Organization pursuant to those stipulations.
- Temporarily Restricted - the portion of the net assets resulting from contributions or other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.
- Unrestricted - the portion of the net assets that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

All of the net assets of the Organization are unrestricted at September 30, 2009 and 2008.

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 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

EVERYBODY WINS! USA, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is a nonprofit corporation whose revenue is derived from contributions and other fundraising activities and is not subject to federal or state income taxes. The Organization is exempt under Section 501(c)(3) of the Internal Revenue Code.

Property and Equipment

Property and equipment is stated at cost at the date of acquisition or fair value at the date of gift or bequest. Assets are capitalized if they are expected to have a useful life of greater than one year and their cost of acquisition exceeds five hundred dollars. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the asset over five years. 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 income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Revenue Recognition

The Organization's revenue is derived primarily from contributions and grants. Revenue is recognized as earned and as promises to give become unconditional. Receivables are comprised of amounts due under federal grants and contributions. An allowance for doubtful accounts is established based on management's specific identification of doubtful accounts; at September 30, 2009 and 2008, all accounts are considered fully collectable.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted, highly liquid investments with an initial original maturity of three months or less to be cash equivalents.

NOTE 2 - UNINSURED CASH BALANCES

The Organization maintains cash accounts with one bank. The total cash balances are insured by the FDIC up to \$250,000 per bank deposit and at time may exceed this limit. The organization believes it is not exposed to any significant credit risk on cash and cash equivalents and has not experienced any losses on such accounts. At September 30, 2009, no balances on hand exceed the insured amount.

NOTE 3 - RECLASSIFICATIONS

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

EVERYBODY WINS! USA, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009 AND 2008

NOTE 4 - INVESTMENTS

Investments in marketable equity securities with readily determinable fair values are stated at fair market value. Equity securities without readily determinable fair values are stated at cost.

The following table presents the Organization's fair value hierarchy for the above assets and liabilities measured at fair value on a recurring basis as of September 30, 2009:

<u>2009</u>	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	<u>Total</u>
Equities	\$ <u>812</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>812</u>
Total Investments	\$ <u>812</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>812</u>

NOTE 5 -SUBSEQUENT EVENTS

The Organization evaluated subsequent events through the date that the financial statements were available to be issued. The Organization is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to January 18, 2010 that would have a material impact on the financial statements.