

**YOUTH LEADERSHIP FOUNDATION, INC.**

**Financial Statements  
And  
Independent Auditor's Report**

**For the Year Ended December 31, 2011**

**Conlon and Associates, LLC  
Certified Public Accountant**

## CONTENTS

	PAGE
Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to Financial Statements	6-8

CONLON AND ASSOCIATES, LLC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Officers  
Youth Leadership Foundation, Inc.  
Washington, D.C.

We have audited the accompanying statement of financial position of Youth Leadership Foundation, Inc. (Organization) as of December 31, 2011 and the related statement of activities, cash flows, and functional expenses for the year 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 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Youth Leadership Foundation, Inc. as of December 31, 2011, and the change in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Conlon and Associates, LLC*

Silver Spring, Maryland  
November 15, 2012

**YOUTH LEADERSHIP FOUNDATION**  
Statement of Financial Position  
As of December 31, 2011

**ASSETS**

Current Assets

Cash and cash equivalents	\$	108,572
Contributions receivable		2,500
Pledges receivable		66,804
Loan receivable		1,100
Prepaid expenses		1,552
Total current assets		180,528

Property and equipment

Property and equipment, net		1,524
Total property and equipment		1,524

**TOTAL ASSETS**

182,052

**LIABILITIES**

Current liabilities

Accounts payable and accrued expenses		6,253
Loan payable		4,025
Total current liabilities		10,278

**TOTAL LIABILITIES**

10,278

**NET ASSETS**

Unrestricted		171,774
Total net assets		171,774

**TOTAL LIABILITIES AND NET ASSETS**

\$ 182,052

**YOUTH LEADERSHIP FOUNDATION, INC.**  
Statement of Activities  
For the Year Ended December 31, 2011

REVENUE	
Contributions	\$ 579,741
Tuition fees	43,188
Interest income	43
In-kind contributions	1,919
Total revenue	<u>624,891</u>
EXPENSES	
Program services	572,864
Supporting services	
Management and general	69,474
Fundraising	43,978
Total expenses	<u>686,316</u>
CHANGE IN NET ASSETS	(61,425)
NET ASSETS BEGINNING OF YEAR	<u>233,199</u>
NET ASSETS END OF YEAR	\$ 171,774

The Notes to Financial Statements are an Integral Part of These Statements

**YOUTH LEADERSHIP FOUNDATION, INC.**  
Statement of Cash Flows  
For the Year Ended December 31, 2011

**CASH FLOWS FROM OPERATING ACTIVITIES**

Decrease in net assets	\$	(61,425)
Adjustments to reconcile decrease in net assets to cash provided by operating activities:		
Depreciation		2,396
(Increase) decrease in operating assets:		
Contributions receivable		12,475
Pledges receivable		(46,804)
Other receivables		15,000
Loan receivable		-
Prepaid expenses		(99)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses		3,439
Total adjustments		<u>(13,593)</u>
Net Cash Used by Operating Activities		<u>(75,018)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Acquisition of fixed assets		
Net Cash Used by Investing Activities		<u>                    </u>

**NET DECREASE IN CASH** (75,018)

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** 183,590

**CASH AND CASH EQUIVALENTS AT END OF YEAR** \$ 108,572

**YOUTH LEADERSHIP FOUNDATION, INC.**Statement of Functional Expenses  
For the Year Ended December 31, 2011

Account	Program	Management & General	Fundraising	Total
Advertising	\$ 1,500	\$ -	\$ -	\$ 1,500
Depreciation	2,108	144	144	2,396
Independent contractors	99,725	22,778	15,024	137,527
Information technology	2,010	120	-	2,130
Insurance	8,096	890	-	8,986
Interest	-	432	-	432
Meetings	2,285	-	-	2,285
Occupancy	41,637	1,275	1,275	44,187
Office	36,106	17,409	4,498	58,013
Payroll, benefits	33,915	2,312	2,312	38,539
Payroll, salaries	302,963	22,298	19,184	344,445
Payroll, taxes	22,590	1,540	1,541	25,671
Travel	19,929	276	-	20,205
Total	\$ 572,864	\$ 69,474	\$ 43,978	\$ 686,316

**YOUTH LEADERSHIP FOUNDATION, INC.**  
Notes to Financial Statements

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization:**

The Youth Leadership Foundation, Inc. (Organization) is a non-stock corporation, organized as an Internal Revenue Code 501(c)(3) nonprofit corporation. The Organization was established in 1997 in the District of Columbia. Its purpose is to provide supplemental mathematics, science, English, and drama classes, as well as sports activities, to young girls and boys throughout the year.

Significant accounting policies are as follows:

**Fiscal Year:**

The Organization's fiscal year reporting period is January 1 through December 31.

**Basis of Presentation:**

Financial statement presentation follows the recommendations of the FASB ASC 958-205 *Presentation of Financial Statements for Not-for-Profit Organizations*. Under FASB ASC 958-205, the Organization is required to report 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. The Organization had no temporarily or permanently restricted net assets at December 31, 2011.

**Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect: (1) the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements; and (2) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Revenue Recognition:**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All revenue is considered available for the Organization's general programs unless specifically restricted by the donor. Support that is restricted by the donor is reported as an increase in temporarily restricted net assets, depending on the nature of the restriction and when restrictions are met.



**YOUTH LEADERSHIP FOUNDATION, INC.**  
Notes to Financial Statements

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Revenue Recognition, Continued:

When a 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 in the Statement of Activities. Revenue received with temporary restrictions that are met in the same reporting period is reported as unrestricted support, and increases unrestricted net assets.

Income Taxes:

The Organization is a tax-exempt organization that is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been classified as an organization that is not a private foundation under Section 590(a)(1). Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state income taxes. The Organization did not have any unrelated business income for the year ended December 31, 2011.

Cash and Cash Equivalents:

For purposes of the statements of financial position and cash flows, the Organization considers all highly liquid investments, with initial maturity of three months or less, to be considered cash.

**NOTE 2: PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost. Depreciation is calculated for financial statement purposes using the straight-line method over each property's estimated life. As of December 31, 2011, the composition of fixed assets is as follows.

Asset	Cost	Accumulated Depreciation	Book Value
Computers	\$ 5,575	\$ 5,575	\$ -
Copiers	9,582	8,058	1,524
Software	4,250	4,250	-
Furniture	11,540	11,540	-
Instructional computers and software	11,289	11,289	-
<b>Total</b>	<b>\$ 42,236</b>	<b>\$ 40,712</b>	<b>\$ 1,524</b>

**YOUTH LEADERSHIP FOUNDATION, INC.**  
Notes to Financial Statements

**NOTE 3: IN-KIND CONTRIBUTIONS**

The value of in-kind contributions, which satisfy the requirements for recognition in the financial statements, has been recorded as revenue. This revenue consists of instructional supplies valued at \$1,919. The revenue is matched by an expense in the same amount.

**NOTE 4: FUNCTIONAL EXPENSE ALLOCATION**

The Organization's expenses are categorized by function, and allocated between the areas of program, management and general, and fundraising expenses. Certain costs, which benefit more than one category, are allocated based on staff compensation.

**NOTE 5: ADVERTISING COSTS**

The Organization incurred advertising and promotion costs of \$1,500 in accomplishing its mission. These costs were incurred for advocacy and outreach. These costs, which are classified as program costs, are expensed when incurred.

**NOTE 6: SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 15, 2012, the date the financial statements were available to be issued.