

YOUTH LEADERSHIP FOUNDATION, INC.

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

For the Year Ended December 31, 2012

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

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CONLON AND ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Youth Leadership Foundation, Inc. (a District of Columbia non-stock corporation, not-for-profit organization), which comprise the statement of financial position as of December 31, 2012, and the related statement of activities, statement of cash flows, and statement of functional expenses, 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 U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards. 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 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 the Youth Leadership Foundation, Inc. as of December 31, 2012, and the results of its operations and its cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.

Conlon and Associates, LLC

October 31, 2013

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YOUTH LEADERSHIP FOUNDATION, INC.
Statement of Financial Position
As of December 31, 2012

ASSETS

Current Assets

Cash and cash equivalents	\$	134,764
Contributions receivable		2,500
Pledges receivable		57,650
Loan receivable		1,100
Prepaid expenses		1,242
Total current assets		197,256

Property and equipment

Property and equipment, net		2,584
Total property and equipment		2,584

TOTAL ASSETS 199,840

LIABILITIES

Current liabilities

Accounts payable and accrued expenses		28,002
Loan payable		3,025
Total current liabilities		31,027

TOTAL LIABILITIES 31,027

NET ASSETS

Unrestricted		168,813
Total net assets		168,813

TOTAL LIABILITIES AND NET ASSETS \$ 199,840

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

YOUTH LEADERSHI FOUNDATION, INC.
Statement of Activities
For the Year Ended December 31, 2012

REVENUE	
Contributions	\$ 678,832
Tuition fees	50,341
Interest income	3
In-kind contributions	<u>1,650</u>
Total revenue	730,826
EXPENSES	
Program services	625,858
Supporting services	
Management and general	74,835
Fundraising	<u>33,094</u>
Total expenses	733,787
CHANGE IN NET ASSETS	(2,961)
NET ASSETS BEGINNING OF YEAR	<u>171,774</u>
NET ASSETS END OF YEAR	\$ 168,813

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, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets	\$	(2,961)
Adjustments to reconcile decrease in net assets to cash provided by operating activities:		
Depreciation		2,185
(Increase) decrease in operating assets:		
Contributions receivable		-
Pledges receivable		9,154
Loan receivable		-
Prepaid expenses		311
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses		21,749
Loan payable		(1,000)
Total adjustments		<u>32,399</u>
Net Cash Provided by Operating Activities		<u>29,438</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of property and equipment		<u>(3,246)</u>
Net Cash Used by Investing Activities		<u> </u>

NET INCREASE IN CASH 26,192

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 108,572

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 134,764

YOUTH LEADERSHIP FOUNDATION, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2012

Account	Program	Management & General	Fundraising	Total
Advertising	\$ 2,500	\$ -	\$ -	\$ 2,500
Depreciation	1,868	164	153	2,185
Independent contractors	45,069	23,472	-	68,541
Information technology	3,443	940	276	4,659
Insurance	3,912	1,427	-	5,339
Interest	-	1,465	-	1,465
Meetings and conferences	117,026	3,475	-	120,501
Occupancy	50,057	5,011	1,814	56,882
Office	41,506	7,456	1,733	50,695
Payroll, benefits	28,906	2,536	2,366	33,808
Payroll, salaries	304,011	26,819	24,820	355,650
Payroll, taxes	23,596	2,070	1,932	27,598
Travel	3,964	-	-	3,964
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Total	\$ 625,858	\$ 74,835	\$ 33,094	\$ 733,787

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) tax-exempt organization. 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, 2012.

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.

Revenue from tuition is recognized when it is earned.

Income Taxes:

The Organization is organized under section 501(a) of the Internal Revenue Code, a tax-exempt organization under section 501(c)(3). 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, 2012.

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, 2012, the composition of fixed assets is as follows.

Asset	Cost	Accumulated Depreciation	Book Value
Computers	\$ 8,821	\$ 6,237	\$ 2,584
Copiers	9,582	9,582	-
Software	4,250	4,250	-
Furniture	11,540	11,540	-
Instructional computers and software	11,289	11,289	-
Total	\$ 45,482	\$ 42,898	\$ 2,584

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 equipment valued at \$1,650.

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 \$2,500 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 October 31, 2013, the date the financial statements were available to be issued.