

**YOUTH LEADERSHIP FOUNDATION, INC.**

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

**For the Year Ended December 31, 2010**

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

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CONLON AND ASSOCIATES, LLC  
CERTIFIED PUBLIC ACCOUNTANT

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, 2010 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, 2010, 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  
January 6, 2012

**YOUTH LEADERSHIP FOUNDATION**  
Statement of Financial Position  
As of December 31, 2010

**ASSETS**

Current Assets

Cash and cash equivalents	\$	183,590
Contributions receivable		12,475
Pledges receivable		20,000
Loan receivable		1,100
Other receivables		17,500
Prepaid expenses		1,453
Total current assets		236,118

Fixed assets

Property and equipment, net		3,920
Total fixed assets		3,920

**TOTAL ASSETS**

240,038

**LIABILITIES**

Current liabilities

Accounts payable and accrued expenses		2,166
Withholdings payable		648
Loan payable		4,025
Total current liabilities		6,839

**TOTAL LIABILITIES**

6,839

**NET ASSETS**

Unrestricted		233,199
Total net assets		233,199

**TOTAL LIABILITIES AND NET ASSETS**

\$ 240,038

**YOUTH LEADERSHIP FOUNDATION, INC.**  
Statement of Activities  
For the Year Ended December 31, 2010

REVENUE

Grants	\$ 153,703
Tuition fees	44,083
Contributions	453,437
Interest income	41
In-kind contributions	13,749
Total revenue	<u>665,013</u>

EXPENSES

Program services	564,544
Supporting services	
Management and general	42,565
Fundraising	90,420
Total expenses	<u>697,529</u>

CHANGE IN NET ASSETS	(32,516)
NET ASSETS BEGINNING OF YEAR	<u>265,715</u>
NET ASSETS END OF YEAR	\$ 233,199

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, 2010

**CASH FLOWS FROM OPERATING ACTIVITIES**

Decrease in net assets	\$	(32,516)
Adjustments to reconcile decrease in net assets to cash provided by operating activities:		
Depreciation		18,990
(Increase) decrease in operating assets:		
Contributions receivable		(12,475)
Pledges receivable		400
Other receivables		(7,500)
Loan receivable		-
Prepaid expenses		147
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses		(16,315)
Total adjustments		<u>(16,753)</u>
Net Cash Used by Operating Activities		<u>(49,269)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Acquisition of fixed assets		<u>(13,749)</u>
Net Cash Used by Investing Activities		<u>(13,749)</u>

**NET DECREASE IN CASH** (63,018)

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** 246,608

**CASH AND CASH EQUIVALENTS AT END OF YEAR** \$ 183,590

**YOUTH LEADERSHIP FOUNDATION, INC.**  
Statement of Functional Expenses  
For the Year Ended December 31, 2010

Account	Program	Management & General	Fundraising	Total
Bank charges	\$ -	\$ 3,566	\$ -	\$ 3,566
Depreciation	17,090	950	950	18,990
Independent contractors	20,703	14,521	23,438	58,662
Insurance	1,951	785	-	2,736
Meetings	5,362	-	-	5,362
Occupancy	46,255	447	447	47,149
Payroll, benefits	30,339	1,686	1,685	33,710
Payroll, salaries	293,406	15,616	15,615	324,637
Payroll, taxes	22,712	1,262	1,261	25,235
Postage	5,502	259	259	6,020
Printing	9,319	421	420	10,160
Repairs and maintenance	-	1,806	-	1,806
Supplies	92,987	821	32,020	125,828
Telephone	7,647	425	425	8,497
Travel	11,271	-	-	11,271
Write-off of pledges	-	-	13,900	13,900
<b>Total</b>	<b>\$ 564,544</b>	<b>\$ 42,565</b>	<b>\$ 90,420</b>	<b>\$ 697,529</b>

**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 unrestricted net assets at December 31, 2010.

**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:**

All revenue is considered available for the Organization's general programs unless specifically restricted by the donor. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. 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:

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

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, 2010.

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: FIXED ASSETS**

Property and equipment are stated at cost. Depreciation is calculated for financial statement purposes using the straight-line method based over each property's estimated life. As of December 31, 2010, the composition of fixed assets is as follows.

Asset	Cost	Accumulated Depreciation	Book Value
Computers	\$ 5,575	\$ 5,575	\$ -
Copiers	9,582	6,802	2,780
Software	4,250	3,684	566
Furniture	11,540	10,966	574
Instructional computers and software	11,289	11,289	-
<b>Total</b>	<b>\$ 42,236</b>	<b>\$ 38,316</b>	<b>\$ 3,920</b>

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

**NOTE 3: IN-KIND CONTRIBUTIONS**

The Organization received instructional computers and software, valued at \$11,289 and an office computer valued at \$2,460. The associated in-kind contribution of \$13,749 is recorded as revenue and as a matching expense. The equipment and software are recorded as fully depreciated fixed assets.

**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: OPERATING LEASES**

The Organization entered into a lease for instructional space in September 2010. The lease is for a period of nine months, and total payments under the lease are \$18,800. The Organization entered into a lease for instructional space in October 2010. The lease is for a period of one year, and total payments under the lease are \$21,600. The Organization entered into a lease for office space in September 2010. The lease is for a period of twelve months, and total payments under the lease are \$23,928.

**NOTE 6: SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 6, 2012, the date the financial statements were available to be issued.