

**YOUTH VILLAGE
RESOURCES OF DALLAS, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2010 and 2009

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FINANCIAL STATEMENTS

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Independent Auditor's Report

Board of Directors
Youth Village Resources of Dallas, Inc.

We have audited the accompanying statements of financial position of Youth Village Resources of Dallas, Inc. (a nonprofit Organization) as of December 31, 2010 and 2009, and the related statements of financial 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 audits 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 Youth Village Resources of Dallas, Inc. as of December 31, 2010 and 2009, 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.

Thomas Stephen & Company, LLP

September 13, 2011

THOMAS STEPHEN & COMPANY, LLP

Youth Village Resources of Dallas, Inc.
 Statements of Financial Position
 December 31, 2010 and 2009

	<u>Assets</u>	
	<u>2010</u>	<u>2009</u>
Current assets		
Cash and cash equivalents	\$ 52,495	\$ 39,969
Temporarily restricted cash	41,949	71,111
Pledge receivable	240	-
Grants receivable	-	12,500
Total current assets	<u>94,684</u>	<u>123,580</u>
Property and equipment		
Property and equipment, net of accumulated depreciation of \$15,198 and \$8,607, respectively	<u>6,571</u>	<u>7,161</u>
Total noncurrent assets	<u>6,571</u>	<u>7,161</u>
Total assets	<u>\$ 101,255</u>	<u>\$ 130,741</u>
 <u>Liabilities and Net Assets</u> 		
Current Liabilities		
Accrued Expenses	<u>\$ 1,096</u>	<u>\$ -</u>
Net assets		
Unrestricted	58,210	59,630
Temporarily restricted	<u>41,949</u>	<u>71,111</u>
Total net assets	<u>100,159</u>	<u>130,741</u>
Total liabilities and net assets	<u>\$ 101,255</u>	<u>\$ 130,741</u>

See accompanying notes.

Youth Village Resources of Dallas, Inc.
Statement of Financial Activities
for the year ended December 31, 2010

	Unrestricted	Temporarily restricted	2010 Total
Revenue and other support			
Support from the public:			
Contributions	\$ 5,774	\$ 3,475	\$ 9,249
Special events, net of direct expense of \$4,601	6,118	-	6,118
Grants	-	133,645	133,645
Total public support	11,892	137,120	149,012
Other revenue:			
In-kind contributions	3,476	-	3,476
Total other revenue	3,476	-	3,476
Total revenue and other support	15,368	137,120	152,488
Net asset restriction transfers			
Revenue released from restriction	95,171	(95,171)	-
Total revenue	110,539	41,949	152,488
Expenses			
Program services:			
S.A.V.E education	33,307	-	33,307
Holiday	7,835	-	7,835
P.R.E.P	66,493	-	66,493
Program development	-	-	-
Winners camp	-	-	-
Total program services	107,635	-	107,635
Supporting services:			
Management and general	74,260	-	74,260
Fundraising	1,175	-	1,175
Total supporting services	75,435	-	75,435
Total program and supporting services expenses	183,070	-	183,070
Change in net assets	(72,531)	41,949	(30,582)
Net assets, beginning of year	130,741	-	130,741
Net assets, end of year	\$ 58,210	\$ 41,949	\$ 100,159

See accompanying notes.

Youth Village Resources of Dallas, Inc.
Statement of Financial Activities
for the year ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>2009 Total</u>
Revenue and other support			
Support from the public:			
Contributions	\$ 63,590	\$ 20,665	\$ 84,255
Grants	1,250	92,500	93,750
Total public support	<u>64,840</u>	<u>113,165</u>	<u>178,005</u>
Other revenue:			
In-kind contributions	2,891	1,739	4,630
Total other revenue	<u>2,891</u>	<u>1,739</u>	<u>4,630</u>
Total revenue and other support	<u>67,731</u>	<u>114,904</u>	<u>182,635</u>
Net asset restriction transfers			
Revenue released from restriction	43,793	(43,793)	-
Total revenue	<u>111,524</u>	<u>71,111</u>	<u>182,635</u>
Expenses			
Program services:			
S.A.V.E education	21,761	-	21,761
Holiday	4,062	-	4,062
P.R.E.P	36,298	-	36,298
Program development	778	-	778
Winners camp	7,596	-	7,596
Total program services	<u>70,495</u>	<u>-</u>	<u>70,495</u>
Supporting services:			
Management and general	58,008	-	58,008
Fundraising	-	-	-
Total supporting services	<u>58,008</u>	<u>-</u>	<u>58,008</u>
Total program and supporting services expenses	<u>128,503</u>	<u>-</u>	<u>128,503</u>
Change in net assets	<u>(16,979)</u>	<u>71,111</u>	<u>54,132</u>
Net assets, beginning of year	<u>76,609</u>	<u>-</u>	<u>76,609</u>
Net assets, end of year	<u>\$ 59,630</u>	<u>\$ 71,111</u>	<u>\$ 130,741</u>

See accompanying notes.

Youth Village Resources of Dallas, Inc.
Statement of Functional Expenses
for the year ended December 31, 2010

	Program services			Supporting services			Total	
	S.A.V.E Education	Holiday	P.R.E.P	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries	\$ 12,667	\$ 1,366	\$ 5,689	\$ 19,722	\$ 44,233	\$ -	\$ 44,233	\$ 63,955
Purchased services for youth	15,924	5,064	58,006	78,994	-	-	-	78,994
Memberships and dues	-	-	-	-	469	-	469	469
Telephone	426	-	-	426	1,098	-	1,098	1,524
Supplies	-	-	-	-	1,223	-	1,223	1,223
Rental and maintenance of equipment	300	-	-	300	-	-	-	300
Postage and shipping	-	-	-	-	308	-	308	308
Printing and copying	-	-	-	-	554	-	554	554
Conference and meetings	-	-	-	-	20	-	20	20
Training programs	-	-	-	-	600	-	600	600
Marketing	-	-	-	-	638	-	638	638
Professional fees	3,123	-	2,698	5,821	16,046	-	16,046	21,867
Miscellaneous expenses	-	-	-	-	259	-	259	259
Meals and lodging	57	-	100	157	612	-	612	769
Insurance expense	-	-	-	-	944	-	944	944
Contributed materials	810	1,405	-	2,215	113	1,175	1,288	3,503
Depreciation expense	-	-	-	-	6,590	-	6,590	6,590
Other expense	-	-	-	-	553	-	553	553
	<u>\$ 33,307</u>	<u>\$ 7,835</u>	<u>\$ 66,493</u>	<u>\$ 107,635</u>	<u>\$ 74,260</u>	<u>\$ 1,175</u>	<u>\$ 75,435</u>	<u>\$ 183,070</u>

See accompanying notes.

Youth Village Resources of Dallas, Inc.
Statement of Functional Expenses
for the year ended December 31, 2009

	Program services					Supporting services				Total
	S.A.V.E Education	Holiday	P.R.E.P	Program Development	Winners Camp	Total Program Services	Management and General Fundraising	Total Supporting Services		
Salaries	\$ 10,383	\$ 1,148	\$ 9,615	\$ 778	\$ 96	\$ 22,020	\$ 39,234	\$ -	\$ 39,234	\$ 61,254
Memberships and dues	-	-	-	-	-	-	73	-	73	73
Telephone	-	-	-	-	-	-	356	-	356	356
Supplies	9,280	13	-	-	7,500	16,793	2,770	-	2,770	19,563
Rental and maintenance of equipment	-	398	-	-	-	398	-	-	-	398
Postage and shipping	-	-	-	-	-	-	16	-	16	16
Conference and meetings	318	-	-	-	-	318	749	-	749	1,067
Training programs	-	-	25,080	-	-	25,080	-	-	-	25,080
Professional fees	699	-	869	-	-	1,568	3,450	-	3,450	5,018
Miscellaneous expenses	200	70	700	-	-	970	597	-	597	1,567
Meals and lodging	-	1,575	34	-	-	1,609	1,636	-	1,636	3,245
Insurance expense	-	-	-	-	-	-	944	-	944	944
Contributed materials	881	858	-	-	-	1,739	2,891	-	2,891	4,630
Depreciation expense	-	-	-	-	-	-	5,257	-	5,257	5,257
Other expense	-	-	-	-	-	-	35	-	35	35
	<u>\$ 21,761</u>	<u>\$ 4,062</u>	<u>\$ 36,298</u>	<u>\$ 778</u>	<u>\$ 7,596</u>	<u>\$ 70,495</u>	<u>\$ 58,008</u>	<u>\$ -</u>	<u>\$ 58,008</u>	<u>\$128,503</u>

See accompanying notes.

Youth Village Resources of Dallas, Inc.
 Statements of Cash Flows
 for the years ended December 31, 2010 and 2009

	2010	2009
Cash flows from operating activities		
Change in net assets	\$ (30,582)	\$ 54,132
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	6,590	5,257
Decrease (increase) in pledge receivable	(240)	-
Decrease (increase) in grants receivable	12,500	17,500
Increase (decrease) in accrued expenses	1,096	-
Net cash provided by/(used by) operating activities	(10,636)	76,889
Cash flows from investing activities:		
Change in restricted cash	29,162	(71,111)
Purchase of fixed assets	(6,000)	-
Net cash provided by/(used by) investments activities	23,162	(71,111)
Increase in cash and cash equivalents	12,526	5,778
Cash at beginning of year	39,969	34,191
Cash at end of year	\$ 52,495	\$ 39,969

See accompanying notes.

Youth Village Resources of Dallas, Inc.
Notes to Financial Statements
December 31, 2010 and 2009

1. Organization and Summary of Significant Accounting Policies

Organization

Youth Village Foundation (the “Organization”) was formed in 2001, effective August 17, 2010 the Organization changed its name to Youth Village Resources of Dallas, Inc. The Organization benefits residents of the Dallas County Youth Village, in areas where Dallas County Juvenile Services is unable to find or provide the necessary resources. The Youth Village Resources of Dallas, Inc. is dedicated to helping juvenile offenders, ages 10 to 17 years old, reach their law abiding potential. The Organization is located in Dallas, Texas and operates as a nonprofit organization described in Internal Revenue Service Code Section 501(c)(3), which is tax-exempt under internal revenue Code Section 501(a).

Basis of Presentation

The accompanying financial statements include the accounts of the Organization and present financial resources and obligations over which the Organization exercises control.

In accordance with ASC 958-205, “Financial Statements of Not-for-Profit Organizations,” net assets and revenues and other support are classified as unrestricted, temporarily restricted or permanently restricted, based on the existence or absence of donor-imposed restrictions. All expenses are classified as unrestricted.

Also, in accordance with ASC 958, “Accounting for Contributions Received and Contributions Made,” contributions are distinguished between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets.

Unrestricted net assets include all net assets over which the Board of Directors have full discretion as to use. From time to time, portions of unrestricted net assets may be designated to be used for specific purposes. Such amounts are included in unrestricted net assets.

Temporarily and permanently restricted net assets include all net assets over which third parties have imposed restrictions which cannot be changed by the Board of Directors.

A large number of people have contributed significant amounts of time to the activities of the Organization without compensation. The financial statements do not reflect the value of these contributed services because, although clearly substantial, no reliable basis exists for determining an appropriate amount.

The costs of providing various programs and other activities have been disclosed on a functional basis in the statement of financial activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Youth Village Resources of Dallas, Inc.
Notes to Financial Statements
December 31, 2010 and 2009

1. Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment

Furniture and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated lives of the respective assets as follows:

Computer equipment	3 years
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Maintenance and repairs are charged to expense as incurred, whereas major renewals and betterments which extend the useful lives of the property and equipment are capitalized.

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation.

When property or equipment is sold or disposed of, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in other revenue or expense.

Statement of Cash Flows

The statement of cash flows is prepared using the indirect method. For purposes of this statement, cash and cash equivalents include cash on hand, cash in banks, and any short term investments with original maturities of three months or less.

Concentrations Risk

The majority of funding for the Organization is derived from contributions. Continuation of such funding at current levels in future periods is subject to various factors such as economic conditions, compliance with grant provisions, potential new legislation and continued applicability of mission. During 2010 and 2009, three Organizations contributed 76% and 73% of the total public support. The percentage contributed by each organization was 49%, 15% and 12% and was 30%, 29%, and 14% in 2010 and 2009, respectively.

Tax Status

The Organization is exempt from income tax under Internal Revenue Code Section 501(c)(3). Therefore, no provision for income taxes is required.

The Organization has adopted Financial Accounting Standard ASC 740-10 in 2009 and does not believe it has any uncertain tax positions as of December 31, 2010 and 2009. Generally, the three prior years returns are subject to examination by the Internal Revenue Service.

Youth Village Resources of Dallas, Inc. is exempt from Texas franchise tax and sales & use tax as a 501(c)(3) Organization.

Reclassifications

Certain reclassifications have been made to the 2009 financial statements to conform them to the 2010 financial statement presentation.

Youth Village Resources of Dallas, Inc.
Notes to Financial Statements
December 31, 2010 and 2009

2. Restrictions on Assets

Temporarily restricted net assets are available for the following programs for the years ended December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Holiday	\$ -	\$ 752
P.R.E.P	8,191	35,885
S.A.V.E Education	33,758	34,474
Total	<u>\$ 41,949</u>	<u>\$ 71,111</u>

3. Subsequent Events

The Organization has evaluated subsequent events through September 13, 2011, the date which the financial statements were available to be issued. The Organization has no material subsequent events to report.