

YOUTH VILLAGE FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2009

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Independent Auditor's Report

Board of Directors
Youth Village Foundation

We have audited the accompanying statement of financial position of Youth Village Foundation (a nonprofit Organization) as of December 31, 2009, and the related statements of financial activities, functional expenses and cash flows 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 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 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 Village Foundation as of December 31, 2009, and the changes 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.

As discussed in Note 3 of the financial statements, certain errors in recording of fixed assets and grant revenue in prior years were discovered in 2009. Accordingly, beginning net assets have been restated to correct these errors.

Thomas Stephen & Company, LLP

October 8, 2010

THOMAS STEPHEN & COMPANY, LLP

YOUTH VILLAGE FOUNDATION
Statement of Financial Position
December 31, 2009

<u>Assets</u>	<u>2009</u>
Current assets	
Cash and cash equivalents	\$ 111,080
Grants receivable	12,500
Total current assets	<u>123,580</u>
Property and equipment	
Property and equipment, net of accumulated depreciation of \$8,607	<u>7,161</u>
Total noncurrent assets	<u>7,161</u>
Total assets	<u><u>\$ 130,741</u></u>

Liabilities and Net Assets

Net assets	
Unrestricted	59,630
Temporarily restricted	<u>71,111</u>
Total net assets	<u>130,741</u>
Total liabilities net assets	<u><u>\$ 130,741</u></u>

See accompanying notes.

YOUTH VILLAGE FOUNDATION
Statement of Functional 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	<u>43,793</u>	<u>(43,793)</u>	<u>-</u>
Total revenue	111,524	71,111	182,635
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 FOUNDATION
Statement of Functional Expenses
for the year ended December 31, 2009

	Program services					Supporting services				Total
	S.A.V.E	Holiday	P.R.E.P	Program Development	Winners Camp	Total	Management and General	Fundraising	Total	
	Education					Program Services			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 FOUNDATION
Statement of Cash Flows
for the years ended December 31, 2009

	<u>2009</u>
Cash flows from operating activities	
Change in net assets	\$ 54,132
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	5,257
Decrease in grants receivable	<u>17,500</u>
Net cash provided by operating activities	<u>76,889</u>
Increase in cash and cash equivalents	76,889
Cash at beginning of year	34,191
Cash at end of year	<u><u>\$ 111,080</u></u>

See accompanying notes.

YOUTH VILLAGE FOUNDATION
Notes to Financial Statements
December 31, 2009

1. Organization and Summary of Significant Accounting Policies

Organization

Youth Village Foundation (the Organization) was formed in 2001. 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 Foundation 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 FOUNDATION
Notes to Financial Statements
December 31, 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 2009, three Organizations contributed 73% of the total public support. The percentage contributed by each organization was 30%, 29% and 14%.

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, 2009. The years currently remaining open for federal income tax examination are 2006 through 2009.

Youth Village Foundation is exempt from Texas franchise tax and sales & use tax as a 501(c)(3) Organization.

2. Restrictions on Assets

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

	2009
Holiday	\$ 752
P.R.E.P	35,885
S.A.V.E Education	34,474
Total	\$ 71,111

YOUTH VILLAGE FOUNDATION
Notes to Financial Statements
December 31, 2009

3. Prior Period Adjustment

Certain errors resulting in an understatement of beginning net assets were discovered during the current year. Fixed assets were not recorded in the prior year, which resulted in an adjustment to net assets in the amount of \$12,418.

Additionally, an unrestricted grant was erroneously recorded as revenue in the current year, but should have been recorded in the prior year in the amount of \$30,000. Accordingly, an adjustment of \$30,000 was made during 2009 to adjust net assets as of the beginning of the year.

4. Subsequent Events

The Organization has evaluated subsequent events through October 8, 2010, the date which the financial statements were available to be issued. The Board of Directors has agreed to change the name of the Organization from Youth Village Foundation to Youth Village Resources of Dallas, effective September 2010.