



IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA

FRESH YOUTH INITIATIVES, INC.

Audited Financial Statements

May 31, 2009

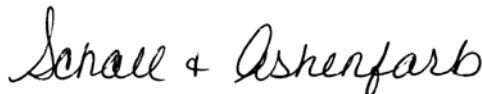
REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Fresh Youth Initiatives, Inc.

We have audited the accompanying statement of financial position of Fresh Youth Initiatives, Inc. ("FYI") as of May 31, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of FYI'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 Fresh Youth Initiatives, Inc. as of May 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.


Schall & Ashenfarb
Certified Public Accountants, LLC

November 24, 2009

FRESH YOUTH INITIATIVES, INC.
STATEMENT OF FINANCIAL POSITION
AS OF MAY 31, 2009

Assets

Cash and cash equivalents (Notes 2e and 2f)	\$421,257
Investments (Notes 2g and 3)	7,261
Contributions receivable (Note 2d)	26,600
Government grant receivables (Note 2d)	21,056
Prepaid expenses	13,970
Fixed assets, net of accumulated depreciation (Notes 2h and 4)	<u>3,572,498</u>
 Total assets	 <u><u>\$4,062,642</u></u>

Liabilities and Net Assets

Liabilities:	
Accounts payable and accrued expenses	<u>\$35,088</u>
Total liabilities	<u>35,088</u>
 Net assets (Note 2b):	
Unrestricted	4,012,554
Temporarily restricted (Note 5)	<u>15,000</u>
Total net assets	<u><u>4,027,554</u></u>
 Total liabilities and net assets	 <u><u>\$4,062,642</u></u>

The attached notes and auditors' report are an integral part of these financial statements.

FRESH YOUTH INITIATIVES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue:			
Government grants	\$92,527		\$92,527
Foundation grants	265,643	\$25,000	290,643
Individual contributions	147,798		147,798
Corporate grants	65,760		65,760
Other grants	27,340		27,340
Special events income (net of direct benefit to donors of \$5,198)	6,705		6,705
Interest income	7,128		7,128
Unrealized loss on investments	(1,491)		(1,491)
In-kind contributions (Note 6)	42,681		42,681
Other revenue	4,286		4,286
Net assets released from restrictions	78,500	(78,500)	0
	<u>736,877</u>	<u>(53,500)</u>	<u>683,377</u>
 Total public support and revenue			
Expenses:			
Program services	733,363		733,363
Supporting services:			
Management and general	181,518		181,518
Fundraising	61,323		61,323
Total supporting services	242,841	0	242,841
Total expenses	976,204	0	976,204
	<u>733,363</u>	<u>0</u>	<u>733,363</u>
 Change in net assets	(239,327)	(53,500)	(292,827)
 Net assets - beginning	4,251,881	68,500	4,320,381
	<u>4,251,881</u>	<u>68,500</u>	<u>4,320,381</u>
 Net assets - ending	\$4,012,554	\$15,000	\$4,027,554
	<u>\$4,012,554</u>	<u>\$15,000</u>	<u>\$4,027,554</u>

The attached notes and auditors' report are an integral part of these financial statements.

FRESH YOUTH INITIATIVES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2009

	Program Services			Supporting Services			Total Expenses
	Community Youth in Action	Other Programs	Total	Management and General	Fundraising	Total	
Personnel services	\$139,373	\$181,819	\$321,192	\$74,795	\$28,938	\$103,733	\$424,925
Payroll taxes and benefits	37,900	32,067	69,967	15,584	7,913	23,497	93,464
Consulting and professional	17,468	14,877	32,345	40,452	12,501	52,953	85,298
Occupancy	16,695	9,496	26,191	4,002	828	4,830	31,021
Donated food for pantry (Note 6)	40,181		40,181	2,500		2,500	42,681
Supplies	24,014	8,532	32,546	6,144	695	6,839	39,385
Communications	4,553	3,563	8,116	1,485	297	1,782	9,898
Travel	3,708	2,666	6,374	962		962	7,336
Program expense	7,228	30,703	37,931	540		540	38,471
Equipment rental and maintenance	13,416	17,502	30,918	7,201	2,785	9,986	40,904
Stipends	13,835	4,787	18,622			0	18,622
Printing and publications	802	658	1,460	1,374	1,643	3,017	4,477
Postage and shipping	33	186	219	991	297	1,288	1,507
Insurance	9,769	7,646	17,415	3,185	637	3,822	21,237
Miscellaneous			0	5,860	1,501	7,361	7,361
Total expenses before depreciation	<u>328,975</u>	<u>314,502</u>	<u>643,477</u>	<u>165,075</u>	<u>58,035</u>	<u>223,110</u>	<u>866,587</u>
Depreciation	<u>50,424</u>	<u>39,462</u>	<u>89,886</u>	<u>16,443</u>	<u>3,288</u>	<u>19,731</u>	<u>109,617</u>
Total expenses	<u><u>\$379,399</u></u>	<u><u>\$353,964</u></u>	<u><u>\$733,363</u></u>	<u><u>\$181,518</u></u>	<u><u>\$61,323</u></u>	<u><u>\$242,841</u></u>	<u><u>\$976,204</u></u>

The attached notes and auditors' report are an integral part of these financial statements.

**FRESH YOUTH INITIATIVES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2009**

Cash flows from operating activities:	
Change in net assets	(\$292,827)
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:	
Depreciation	109,617
Unrealized loss on investments	1,491
(Increase)/decrease in assets:	
Contributions receivable	54,260
Government grant receivables	(12,306)
Prepaid expenses	3,413
Increase in liabilities:	
Accounts payable and accrued expenses	11,354
Total adjustments	<u>167,829</u>
Net cash used for operating activities/ net decrease in cash and cash equivalents	(124,998)
Cash and cash equivalents - beginning	<u>546,255</u>
Cash and cash equivalents - ending	<u><u>\$421,257</u></u>
Supplemental disclosures:	
Interest paid - \$0	
Taxes paid - \$0	

The attached notes and auditors' report are an integral part of these financial statements.

FRESH YOUTH INITIATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2009

Note 1 - Organization

Fresh Youth Initiatives, Inc. ("FYI") is a not-for-profit organization incorporated in the State of New York. Founded in 1993, FYI is based in the Washington Heights – Inwood section of Upper Manhattan, New York City.

FYI's community-based youth development program provides local youth with a menu of community service and other positive activities. The results of these efforts build leadership skills, character, and positive habits in hundreds of local youth, while at the same time strengthening the community fabric of Washington Heights - Inwood in tangible ways. FYI is known in particular for operating the only youth-run food pantry in New York City, the Helping Hands Food Pantry, its sleeping bags project where participants hand-sew sleeping bags for distribution to the homeless, and for the high degree of youth involvement and leadership in service projects.

FYI also operates a 1-to-1 Mentoring Program, a Career Awareness Program, and a special set of summer activities which includes the "Summer of Service" camp for younger participants.

Note 2 - Significant Accounting Policies

a. Basis of Accounting

The financial statements of FYI have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

b. Basis of Presentation

As a not-for-profit organization, FYI reports information regarding its financial position and activities according to specific classes of net assets, as follows:

- *Unrestricted* – represents all activity without donor imposed restrictions.
- *Temporarily restricted* – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor. (See Note 5 for details.)

c. Income Recognition

Contributions are recorded as revenue upon receipt of cash or at the time a pledge is considered unconditional. Contributions received with specific donor restrictions are recorded in the temporarily restricted class of net assets. All other contributions are recorded as unrestricted. When the restrictions from temporarily restricted contributions have been met in the year of donation, they are reported as unrestricted.

Each government grant is reviewed to determine if it has traits that more closely resemble contributions or exchange transactions. Government grants that are recorded as exchange transactions are recognized as revenue when earned.

d. Contributions and Grants Receivable

Receivables expected to be collected within one year are recorded at their net realizable value. Long-term pledges are recorded at their present value using a risk free rate of return. Conditional contributions are recognized as income when the conditions have been substantially met.

Cash received in excess of government grant revenue earned are treated as refundable advances, whereby cash received that is less than revenue earned are treated as grants receivables.

All contributions and grants receivable outstanding at May 31, 2009 are due within 12 months. Management deems these receivables to be fully collectable and has not established any reserves.

e. Cash and Cash Equivalents

FYI considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

f. Concentration of Credit Risk

Financial instruments which potentially subject FYI to concentration of credit risk consist of cash and money market accounts.

FYI places its temporary cash and money market accounts with financial institutions that they feel are creditworthy. At times, deposits may exceed federally insured limits. FYI has not experienced any losses from these accounts.

g. Investments

Investments are recorded at fair market value. Unrealized gains and losses are included in income on the statement of activities. FYI follows FASB Accounting Standards Codification (ASC) 820, (formerly SFAS No. 157) to determine fair market value. Under ASC 820, fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

h. Property, Plant and Equipment

Fixed assets purchased that exceed predetermined amounts where FYI retains title and that benefit future periods are capitalized at cost, or if donated, at the estimated fair market value at the time of donation.

i. Expense Allocation/Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, results could differ from those estimates.

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of FYI.

j. Tax Exempt Status

FYI is a not-for-profit organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

k. Accounting for Uncertainty of Income Taxes

The FASB issued FASB Interpretation No. 48 ("FIN 48"), *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109*. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. FIN 48 prescribes a recognition threshold and measurement standard for the financial statement recognition and measurement of an income tax position taken or expected to be taken on a tax return. In addition, FIN 48 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The effective date of applying FIN 48 has been postponed until December 31, 2009. FYI has elected to defer the application of FIN 48 and the effects are not anticipated to be material.

Note 3 - Investments – Fair Value Measurement

ASC 820 establishes a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data.

All investments were measured using Level 1 inputs, which are the quoted prices in active markets for identical assets. The following summarizes the composition of investments at May 31, 2009:

Equity (corporate stocks)	\$6,526
Mutual funds	<u>735</u>
Total	<u>\$7,261</u>

Note 4 - Fixed Assets

At May 31, 2009, fixed assets consisted of the following:

	<u>Life</u>	<u>Amount</u>
Building and building improvements	39 years	\$3,494,558
Equipment	3-7 years	99,842
Land		313,637
Less: accumulated depreciation		<u>(335,539)</u>
Net: property and equipment		<u>\$3,572,498</u>

Note 5 - Temporarily Restricted Net Assets

The following schedule summarizes temporarily restricted net assets:

	Balance <u>6/1/08</u>	<u>Contributions</u>	Released from <u>Restrictions</u>	Balance <u>5/31/09</u>
Program restricted:				
Community Youth in Action	\$51,000	\$10,000	(\$61,000)	\$0
Time restricted	<u>17,500</u>	<u>15,000</u>	<u>(17,500)</u>	<u>15,000</u>
Total	<u>\$68,500</u>	<u>\$25,000</u>	<u>(\$78,500)</u>	<u>\$15,000</u>

Note 6 - In-Kind Contributions

FYI receives food for use in their pantry, which is recorded as donated goods at fair market value.

Donated services are required to be recorded if they a) create or enhance non-financial assets, or b) require specialized skills, are performed by those that possess those skills and would have been purchased if not donated. Board members and other individuals volunteer their time and perform a variety of tasks that assist FYI. These services do not meet the criteria to be recorded and have not been included in the financial statements.