

**YOUTH COMMUNICATION /  
NEW YORK CENTER, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2011 AND 2010**

**YOUTH COMMUNICATION / NEW YORK CENTER, INC.**Table of Contents

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Youth Communication / New York Center, Inc.  
New York, NY

We have audited the accompanying statements of financial position of Youth Communication / New York Center, Inc. (a Delaware nonprofit corporation) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Youth Communication / New York Center, Inc.'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 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 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 Communication / New York Center, Inc. as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with the accounting principles generally accepted in the United States of America.

*SAMWOO* *LLP*

New York, NY  
August 10, 2011

**YOUTH COMMUNICATION / NEW YORK CENTER, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2011 AND 2010**

<b>Assets</b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Current assets:		
Cash and cash equivalent	\$ 1,784,718	\$ 1,923,495
Accounts receivable	14,910	25,912
Total current assets	<u>1,799,628</u>	<u>1,949,407</u>
Property and equipment:		
Office furniture and equipment	103,629	103,531
Leasehold improvement	269,425	269,425
Less: accumulated depreciation	(359,681)	(358,421)
Total property and equipment	<u>13,373</u>	<u>14,535</u>
Security and other deposits (Note 3)	<u>14,468</u>	<u>14,218</u>
<b>Total assets</b>	<b><u><u>\$ 1,827,469</u></u></b>	<b><u><u>\$ 1,978,160</u></u></b>
 <b>Liabilities and net assets</b>		
Current liabilities:		
Payroll taxes and other payables	\$ 16,526	\$ 15,019
Accounts payable	5,121	5,334
Total current liabilities	<u>21,647</u>	<u>20,353</u>
Net assets:		
Unrestricted	1,727,669	1,898,755
Temporarily restricted (Note 4)	78,153	59,052
Total net assets	<u>1,805,822</u>	<u>1,957,807</u>
<b>Total liabilities and net assets</b>	<b><u><u>\$ 1,827,469</u></u></b>	<b><u><u>\$ 1,978,160</u></u></b>

See accompanying notes to financial statements.

**YOUTH COMMUNICATION / NEW YORK CENTER, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2011</u>	<u>Total 2010</u>
<b>Revenue and support</b>				
Grants and contributions from				
Corporation	\$ 4,500	\$ -	\$ 4,500	\$ 6,000
Foundations	428,750	210,000	638,750	576,525
Governments	6,000	-	6,000	5,000
Individuals	116,214	45	116,259	134,187
Contract services	148,307	12,680	160,987	93,162
Subscriptions	11,098	10,370	21,468	10,806
Advertising	3,946	-	3,946	5,249
Interest	5,630	-	5,630	5,183
Book income & royalty	118,238	2,606	120,844	145,727
In-Kind contributions (Note 5)	15,813	-	15,813	30,150
Other income	3,383	1,125	4,508	5,599
Release from temporarily restricted funds (Note 4)	217,725	(217,725)	-	-
<b>Total revenue and support</b>	<b>1,079,604</b>	<b>19,101</b>	<b>1,098,705</b>	<b>1,017,588</b>
<b>Expenses</b>				
Program services:				
Peer education	518,421	-	518,421	614,740
Literacy training	423,475	-	423,475	424,193
Family education	94,313	-	94,313	78,356
Supporting services:				
Administrative and general	128,777	-	128,777	126,796
Fundraising	85,704	-	85,704	70,562
<b>Total expenses</b>	<b>1,250,690</b>	<b>-</b>	<b>1,250,690</b>	<b>1,314,647</b>
<b>Change in net assets</b>	<b>(171,086)</b>	<b>19,101</b>	<b>(151,985)</b>	<b>(297,059)</b>
<b>Net assets at the beginning of period</b>	<b>1,898,755</b>	<b>59,052</b>	<b>1,957,807</b>	<b>2,221,508</b>
<b>Prior period adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,358</b>
<b>Net assets at the end of period</b>	<b>\$ 1,727,669</b>	<b>\$ 78,153</b>	<b>\$ 1,805,822</b>	<b>\$ 1,957,807</b>

See accompanying notes to financial statements.

**YOUTH COMMUNICATION / NEW YORK CENTER, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2011**

	Program Services			Supporting Services		Total Program and Supporting Services
	Peer Education	Literacy Training	Family Education	Administrative and General	Fund Raising	
Salaries (Note 6)	\$ 276,755	\$ 181,237	\$ 57,068	\$ 67,813	\$ 54,643	\$ 637,516
Payroll taxes	21,434	14,144	3,394	6,104	4,075	49,151
Fringe benefits and pension (Note 7)	47,828	29,417	7,174	12,931	12,018	109,368
Total payroll and related expenses	346,017	224,798	67,636	86,848	70,736	796,035
Fees	4,394	4,394	134	1,388	1,388	11,698
Consultants	35,148	14,645	6,457	8,787	-	65,037
Books and books for resale	21,074	11,092	-	3,698	1,109	36,973
Supplies & services (including donated materials of \$ 1,813)	12,160	6,400	5,670	2,133	640	27,003
Telephone	1,993	1,550	-	664	221	4,428
Postage & shipping	47,636	1,014	5,077	1,014	1,014	55,755
Occupancy (Note 8)	26,290	122,688	-	17,527	8,763	175,268
Printing & typing (including donated services of \$ 14,000)	17,639	5,880	9,339	4,410	1,470	38,738
Travel & transportation	2,170	3,255	-	1,591	217	7,233
Refreshments	766	1,148	-	561	77	2,552
Prize & awards	2,634	23,706	-	-	-	26,340
Miscellaneous	85	68	-	18	-	171
Total expenses before depreciation	\$ 518,006	\$ 420,638	\$ 94,313	\$ 128,639	\$ 85,635	\$ 1,247,231
Depreciation and amortization	415	2,837	-	138	69	3,459
<b>Total expenses</b>	<b>\$ 518,421</b>	<b>\$ 423,475</b>	<b>\$ 94,313</b>	<b>\$ 128,777</b>	<b>\$ 85,704</b>	<b>\$ 1,250,690</b>

See accompanying notes to financial statements.

**YOUTH COMMUNICATION / NEW YORK CENTER, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (151,985)	\$ (297,057)
Adjustments to reconcile change in net assets to net cash used for operation activities:		
Prior period adjustments	-	33,358
Donated office furniture and equipment	-	(16,150)
Depreciation and amortization	3,459	20,935
Accounts receivables	11,002	21,810
Accounts payable	1,294	(22,029)
	<hr/>	<hr/>
<b>Net cash provided (used) by operating activities</b>	(136,230)	(259,133)
 <b>Cash flows from investing activities</b>		
Early withdrawal penalty withheld (Note 3)	(250)	
Purchase of equipment and furniture	(2,297)	-
	<hr/>	<hr/>
<b>Net cash provided (used) in investing activities</b>	(2,547)	-
 <b>Net increase in cash and cash equivalents</b>	(138,777)	(259,133)
 <b>Cash and cash equivalents at the beginning of period</b>	1,923,495	2,182,628
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of period (Note 11)</b>	<u>\$ 1,784,718</u>	<u>\$ 1,923,495</u>

See accompanying notes to financial statements.

**YOUTH COMMUNICATION / NEW YORK CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**1. Organization**

Youth Communication / New York Center, Inc. helps poor and underserved teens develop the literacy skills and appreciation of reading they need to do well in school, succeed at college, establish careers, perform their civic duties and make their neighborhoods better places to live.

The Center is exempt from Federal and New York income taxes on related income under Section 501(c)(3) of the Internal Revenue Code and similar provisions of the State Code.

**2. Summary of significant accounting policies**

The accompanying financial statements have been prepared on the accrual basis of accounting. The significant accounting policies are as follows:

Support

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received and unconditional promises to give are measured at their fair value and are reported as an increase in net assets. The Center reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributed Services and Materials

Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance non-financial assets, or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Estimates and assumptions may also affect disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses. Accordingly, actual results could differ from management's estimates.

Cash and cash equivalents

For the purposes of the statements of cash flows, the Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair market values and all investments in debt securities are reported at their fair market values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Property and equipment

Major acquisitions of property and equipment are capitalized. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair market value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over estimated useful lives.

**3. Other deposits**

The Center invested most of reserved funds into certificate of deposits (CDs). Some financial institutions withheld \$ 150 to \$ 250 for early withdrawal penalty immediately after the Center purchased CDs, and returned the penalty upon maturity. The balance of early withdrawal penalty withheld as of June 30, 2011 was \$ 250.

**4. Net assets**

Temporarily restricted net assets of \$ 33,153 and \$ 45,000 are available for the use of the Family Education Program and for the period after June 30, 2011 respectively. Net Assets of \$ 217,725 were released from donor restrictions by satisfying the purpose and time restrictions specified by donors.

**5. In-kind contributions**

The Center received donated printing services amounting to \$ 14,000 and donated office equipment and supplies valued at \$ 1,813. They were expensed as printing and typing and as supplies and services respectively.

**6. Compensated absences**

The Center estimated employees' unused vacation pay at \$ 12,396 as of June 30, 2011, but is not reflected on financial statements.

**7. Pension plan**

The Center sponsors a salary deferral contribution plan, but does not contribute to the pension plan.

**8. Lease**

The Center's current lease on the premises is to continue until August 31, 2012 with the following rental expenses without the consideration of real estate taxes and operating charges. A one-year extension of the lease is pending.

July 1, 2011 – August 31, 2011	\$ 27,317
September 1, 2011 – August 31, 2012	<u>168,800</u>
Total	<u>\$ 196,117</u>

## **9. Fair value measurements**

The FASB issued Accounting Standards Update (ASU) No. 2010-06, *Fair Value Measurements and disclosures (Topic 820): Improving Disclosures about Fair Value Measurements*. The new Standard requires expanded disclosures about fair value measurements that are made on a recurring or nonrecurring basis in financial statements. Fair value measurements establish a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The Center received donated office equipment and supplies which were nonrecurring and valued at \$ 1,813 with Level 2 measurements, quoted prices for similar assets in active markets.

## **10. Functional allocation of expense**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services.

## **11. Concentration of credit risk**

The Center maintained its bank accounts with three banks. The account balances were insured by the Federal Deposit Insurance Corporation up to \$ 250,000 per depositor per insured bank. As of June 30, 2011, it exceeded the insured limit by \$ 834,731, but had not experienced any losses in such accounts.