

NATIONAL YOUTH ADVOCACY COALITION

FINANCIAL STATEMENTS

MARCH 31, 2007 AND 2006

NATIONAL YOUTH ADVOCACY COALITION  
FINANCIAL STATEMENTS  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
National Youth Advocacy Coalition

We have audited the accompanying statements of financial position of National Youth Advocacy Coalition ("NYAC") (a nonprofit organization) as of March 31, 2007 and 2006, and the related statements of activities, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of NYAC'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, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 statement. 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 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 NYAC as of March 31, 2007 and 2006, and the results of its activities, changes in fund balance, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2007 on our consideration of NYAC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Washington, DC  
September 27, 2007

A handwritten signature in cursive script that reads "Martin &amp; Wall, P.C.".

NATIONAL YOUTH ADVOCACY COALITION  
 STATEMENTS OF FINANCIAL POSITION  
 MARCH 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Current assets		
Cash	\$27,840	\$10,357
Accounts and other receivables	32,333	57,991
Contracts & grants receivable (Notes 2 & 3)	22,473	30,439
Employee loans	231	1,495
Prepaid expenses	<u>6,793</u>	<u>6,086</u>
	<u>89,670</u>	<u>106,368</u>
Equipment, furniture, and leasehold improvements (Note 2)	49,906	49,906
Less: accumulated depreciation	<u>(47,416)</u>	<u>(45,302)</u>
	<u>2,490</u>	<u>4,604</u>
Other asset - Security Deposit	<u>13,966</u>	<u>14,800</u>
TOTAL ASSETS	<u>\$106,126</u>	<u>\$125,772</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL YOUTH ADVOCACY COALITION  
 STATEMENTS OF FINANCIAL POSITION  
 MARCH 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$33,460	\$30,517
Accrued expenses	3,693	3,203
Note payable - line of credit	24,342	24,272
Grants payable	8,000	44,044
Deferred revenue	<u>13,640</u>	<u>22,016</u>
	<u>83,135</u>	<u>124,052</u>
Long-term debt		
Loan payable	<u>18,250</u>	<u>0</u>
Total liabilities	<u>101,385</u>	<u>124,052</u>
Net Assets		
Restricted	0	0
Unrestricted	<u>4,741</u>	<u>1,720</u>
	<u>4,741</u>	<u>1,720</u>
 TOTAL LIABILITES AND NET ASSETS	 <u>\$106,126</u>	 <u>\$125,772</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL YOUTH ADVOCACY COALITION  
 STATEMENTS OF ACTIVITIES  
 FOR THE YEAR ENDED MARCH 31, 2007 AND 2006

	<u>2007</u>		
	<u>GENERAL OPERATING</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
Revenue	\$826,191	\$0	\$826,191
Expenditures	<u>823,170</u>	<u>0</u>	<u>823,170</u>
CHANGE IN NET ASSETS	<u>\$3,021</u>	<u>0</u>	<u>\$3,021</u>
		<u>2006</u>	
Revenue	\$979,742	\$0	\$979,742
Expenditures	<u>981,227</u>	<u>0</u>	<u>981,227</u>
CHANGE IN NET ASSETS	<u>(\$1,485)</u>	<u>\$0</u>	<u>(\$1,485)</u>

The accompanying notes are an integral part of these financial statements

NATIONAL YOUTH ADVOCACY COALITION  
 STATEMENTS OF CHANGE IN NET ASSETS  
 FOR THE YEAR ENDED MARCH 31, 2007 AND 2006

2007

	<u>GENERAL OPERATING</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
Net assets beginning of period	\$1,720	\$0	\$1,720
Change in net assets	<u>3,021</u>	<u>0</u>	<u>3,021</u>
NET ASSETS, END OF PERIOD	<u>\$4,741</u>	<u>\$0</u>	<u>\$4,741</u>

2006

Net assets beginning of period	\$711	\$2,494	\$3,205
Change in net assets	(1,485)	0	(1,485)
Net assets released from restrictions	<u>2,494</u>	<u>(2,494)</u>	<u>0</u>
NET ASSETS, END OF PERIOD	<u>\$1,720</u>	<u>\$0</u>	<u>\$1,720</u>

The accompanying notes are an integral part of these financial statements

NATIONAL YOUTH ADVOCACY COALITION  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEAR ENDED MARCH 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATIONAL ACTIVITIES:		
Change in net assets	\$3,021	(\$1,485)
Adjustments to reconcile change in net assets to net cash provided:		
Depreciation and amortization	2,114	7,161
Decrease in accounts receivable	25,658	2,693
Decrease in contracts and grants receivable	7,966	184,615
Decrease (Increase) in employee loans	1,264	(1,495)
(Increase) in prepaid expenses	(707)	(185)
Increase (decrease) in accounts payable	2,943	(27,502)
Increase (decrease) in accrued expenses	490	(10,025)
(Decrease) increase in grants payable	(36,044)	(127,992)
(Decrease) in deferred revenue	<u>(8,376)</u>	<u>(22,016)</u>
Net cash provided (used) by operational activities	<u>(1,671)</u>	<u>3,769</u>
CASH FLOWS FROM INVESTING ACTIVITIES-		
Refund of security deposit	<u>834</u>	<u>0</u>
CASH FLOWS FROM FINANCING ACTIVITIES-		
Proceeds from line of credit and loans	36,500	106
Payments on line of credit and loans	<u>(18,180)</u>	<u>0</u>
Net cash (used) provided by financing activities	<u>18,320</u>	<u>106</u>
Net decrease in cash	17,483	3,875
Cash, beginning of year	<u>10,357</u>	<u>6,482</u>
Cash, end of year	<u>\$27,840</u>	<u>\$10,357</u>

The accompanying notes are an integral part of these financial statements

NATIONAL YOUTH ADVOCACY COALITION  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2007 AND 2006

NOTE 1 - ORGANIZATION

The National Youth Advocacy Coalition ("NYAC") is a social justice organization that empowers its members to fight injustice against lesbian, gay, bisexual, transgender, and questioning (LGBTQ) youth; and advocates to ensure their physical and emotional well-being. It is the only national organization focused solely on improving the lives of LGBTQ youth through advocacy, education, and information. NYAC is committed to supporting local and national organizing within a multi-issue justice framework whereby LGBTQ youth of all races, ethnicities, class backgrounds, and gender identities live to their fullest potential. The Coalition was founded in 1993 and began operations in Washington, DC in 1994. Prior to receiving its own 501©(3) determination letter from the Internal Revenue Service (IRS) in January 1998, the Coalition was fiscally sponsored by the Hetrick-Martin Institute in New York City

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue and expenditures are recognized using the accrual basis of accounting. Revenue is recognized in the period when the contribution, pledge or unconditional promise to give is received.

Federal grant revenue is recognized as the costs for the related services are incurred. The grant receivable represents the amount of expense incurred but not received from the federal grant.

Gifts of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Fixed assets (equipment, furniture, and leasehold improvements) are stated at cost. The fixed assets are depreciated using the straight-line method over periods ranging from three to five years.

Substantial numbers of individuals and organizations have contributed goods and services to the Organization. The value of these donated goods and services has not been recorded because the donated goods and services do not meet the requirements for inclusion in the financial statements.

NATIONAL YOUTH ADVOCACY COALITION  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2007 AND 2006

NOTE 3 - CONTRACTS AND GRANTS RECEIVABLE

Contracts and grants receivable at March 31, 2007 and 2006 consist of the following:

	<u>2007</u>	<u>2006</u>
OMH		<u>\$30,439</u>

NATIONAL YOUTH ADVOCACY COALITION  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2007 AND 2006

NOTE 4 - USE OF ESTIMATES

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 5 - INCOME TAXES

NYAC is exempt from Federal income tax under Internal Revenue Code Section 501(c)(3). Also, NYAC has been designated a publicly supported organization under Section 170(b)(1)(A)(vi) of the same code. NYAC reports its activities by filing an Internal Revenue Service form 990.

NOTE 6 - COMMITMENTS

NYAC leases office space under an operating lease. The original lease term was 5 years beginning November 1, 1998. The lease was renewed in 2003 and 2006, and expires on December 31, 2009.



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of  
National Youth Advocacy Coalition

We have audited the financial statements of National Youth Advocacy Coalition ("NYAC") as of March 31, 2007, and have issued our report thereon dated September 27, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States

Compliance

As part of obtaining reasonable assurance about whether NYAC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Internal Control Over Financial Reporting

In planning and performing our audit, we considered NYAC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Martini & Wall, P.C.*

Washington, DC  
September 27, 2007



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON  
COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of  
National Youth Advocacy Coalition

Compliance

We have audited the compliance of National Youth Advocacy Coalition ("NYAC") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended March 31, 2007. NYAC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of NYAC's management. Our responsibility is to express an opinion on NYAC's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about NYAC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of NYAC's compliance with those requirements.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON  
COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

In our opinion, NYAC complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2007.

Internal Control Over Compliance

The management of NYAC is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered NYAC's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Martin & Kelly, P.C.*

Washington, DC  
September 27, 2007

SUPPLEMENTARY INFORMATION

NATIONAL YOUTH ADVOCACY COALITION  
SCHEDULES OF REVENUE  
FOR THE YEAR ENDED MARCH 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Foundation grants	\$91,750	\$99,494
Government grant	568,438	717,215
Individual contributions	82,812	87,103
Corporate contributions	53,331	20,915
Honorariums	6,500	0
Conference registration and sponsorship	5,830	49,078
Rental income	16,500	0
Bridges project	0	776
Interest income	169	247
Miscellaneous	<u>861</u>	<u>4,914</u>
Total revenue	<u>\$826,191</u>	<u>\$979,742</u>

NATIONAL YOUTH ADVOCACY COALITION  
 FUNCTIONAL EXPENSE SCHEDULE  
 FOR THE YEAR ENDED MARCH 31, 2007

	TOTAL	PROGRAM	FUNDRAISING	GENERAL AND ADMINISTRATIVE
Salaries	\$374,361	\$342,376	\$0	\$31,985
Fringe benefits	68,122	62,383	0	5,739
Bank and credit card charges	3,949	179	0	3,770
Conference registration fees	2,325	1,475	0	850
Dues and subscriptions	1,065	0	0	1,065
Equipment rental	8,211	0	0	8,211
Facility maintenance and repairs	6,754	0	0	6,754
Miscellaneous	10,552	(1,878)	2,065	10,365
Rent	111,105	61,159	0	49,946
Utilities	5,844	0	0	5,844
Insurance	4,859	0	0	4,859
Postage and delivery	7,529	4,280	616	2,633
Payroll processing	2,399	0	0	2,399
Printing	4,025	1,390	915	1,720
Profesional fees	106,584	64,032	1,321	41,231
Public relations	8,522	4,178	0	4,344
Supplies	12,909	575	870	11,464
Telephone	17,722	0	0	17,722
Travel and entertainment	59,914	48,296	7,406	4,212
Youth scholarship and travel	4,274	4,274	0	0
Interest expense	<u>2,145</u>	<u>0</u>	<u>0</u>	<u>2,145</u>
<b>TOTALS</b>	<b><u>\$823,170</u></b>	<b><u>\$592,719</u></b>	<b><u>\$13,193</u></b>	<b><u>\$217,258</u></b>

NATIONAL YOUTH ADVOCACY COALITION  
 FUNCTIONAL EXPENSE SCHEDULE  
 FOR THE YEAR ENDED MARCH 31, 2006

	TOTAL	PROGRAM	FUNDRAISING	GENERAL AND ADMINISTRATIVE
Salaries	\$428,258	\$351,172	\$47,108	\$29,978
Fringe benefits	80,348	62,671	8,838	8,839
Bank and credit card fees	9,675	1,645	0	8,030
Conference registration fees	2,275	2,025	0	250
Dues and subscriptions	398	20	0	378
Equipment rental	5,282	528	0	4,754
Facility maintenance and repairs	659	0	0	659
Miscellaneous	2,354	2,354	0	0
Rent	137,632	116,987	0	20,645
Utilities	6,101	2,318	0	3,783
Insurance	3,717	0	0	3,717
Postage and delivery	6,463	3,555	1,486	1,422
Payroll processing	2,054	0	0	2,054
Printing	18,677	13,447	1,121	4,109
Professional fees	147,099	90,490	6,904	49,705
Public relations	9,421	7,819	377	1,225
Supplies	12,685	9,514	0	3,171
Telephone	20,754	11,414	0	9,340
Travel and entertainment	65,358	60,783	2,614	1,961
Youth scholarship and travel	12,326	11,710	0	616
Depreciation	7,161	0	0	7,161
Interest expense	<u>2,530</u>	<u>0</u>	<u>0</u>	<u>2,530</u>
<b>TOTALS</b>	<b><u>\$981,227</u></b>	<b><u>\$748,452</u></b>	<b><u>\$68,448</u></b>	<b><u>\$164,327</u></b>