

FINANCIAL STATEMENTS

NATIONAL YOUTH ADVOCACY COALITION

**FOR THE YEAR ENDED MARCH 31, 2009
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2008**

NATIONAL YOUTH ADVOCACY COALITION

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GELMAN, ROSENBERG & FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
National Youth Advocacy Coalition
Washington, D.C.

We have audited the accompanying statement of financial position of the National Youth Advocacy Coalition (NYAC) as of March 31, 2009, and the related statements of activities and change in net assets, functional expenses and cash flows for the year 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 audit. The prior year summarized comparative information has been derived from NYAC's 2008 financial statements, which were audited by other auditors and, in their report dated July 31, 2008, they expressed an unqualified opinion on those statements.

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 NYAC as of March 31, 2009, and its change in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Gelman Rosenberg & Freedman

September 23, 2009

4550 MONTGOMERY AVENUE · SUITE 650 NORTH · BETHESDA, MARYLAND 20814
(301) 951-9090 · FAX (301) 951-3570 · WWW.GRFPCA.COM

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NATIONAL YOUTH ADVOCACY COALITION
STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2009
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2008

ASSETS

	<u>2009</u>	<u>2008</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 9,583	\$ 18,318
Grants receivable	12,160	34,553
Pledges receivable	-	7,000
Due from officer and employees	4,360	4,720
Other receivables	2,101	18,018
Prepaid expenses	<u>3,079</u>	<u>14,897</u>
Total current assets	<u>31,283</u>	<u>97,506</u>
FIXED ASSETS		
Equipment	25,461	25,461
Furniture	2,934	2,934
Computer equipment	13,087	11,666
Leasehold improvements	10,946	10,946
Other	<u>9,500</u>	<u>9,500</u>
	61,928	60,507
Less: Accumulated depreciation and amortization	<u>(57,681)</u>	<u>(55,638)</u>
Net fixed assets	<u>4,247</u>	<u>4,869</u>
OTHER ASSETS		
Deposits	<u>14,056</u>	<u>11,177</u>
TOTAL ASSETS	<u>\$ 49,586</u>	<u>\$ 113,552</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Line of credit (Note 2)	\$ 23,621	\$ 24,357
Accounts payable and accrued liabilities	10,166	27,931
Accrued salaries and related benefits	<u>6,630</u>	<u>7,430</u>
Total current liabilities	<u>40,417</u>	<u>59,718</u>
NET ASSETS		
Unrestricted	(3,226)	28,163
Temporarily restricted (Note 3)	<u>12,395</u>	<u>25,671</u>
Total net assets	<u>9,169</u>	<u>53,834</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 49,586</u>	<u>\$ 113,552</u>

See accompanying notes to financial statements.

NATIONAL YOUTH ADVOCACY COALITION
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2009
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2008

	2009			2008
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE				
Contributions	\$ 48,103	\$ 18,240	\$ 66,343	\$ 26,650
U.S. Government grants (Note 5)	381,300	-	381,300	401,720
Interest	19	-	19	56
Sublease income (Note 4)	52,317	-	52,317	66,939
Other revenue	10,442	-	10,442	23,423
Net assets released from donor restrictions (Note 3)	<u>31,516</u>	<u>(31,516)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>523,697</u>	<u>(13,276)</u>	<u>510,421</u>	<u>518,788</u>
EXPENSES				
Program Services	<u>411,854</u>	<u>-</u>	<u>411,854</u>	<u>334,020</u>
Supporting Services:				
Management and General	138,348	-	138,348	153,981
Fundraising	<u>4,884</u>	<u>-</u>	<u>4,884</u>	<u>7,365</u>
Total supporting services	<u>143,232</u>	<u>-</u>	<u>143,232</u>	<u>161,346</u>
Total expenses	<u>555,086</u>	<u>-</u>	<u>555,086</u>	<u>495,366</u>
Change in net assets	(31,389)	(13,276)	(44,665)	23,422
Net assets at beginning of year	<u>28,163</u>	<u>25,671</u>	<u>53,834</u>	<u>30,412</u>
NET ASSETS AT END OF YEAR	\$ <u>(3,226)</u>	\$ <u>12,395</u>	\$ <u>9,169</u>	\$ <u>53,834</u>

See accompanying notes to financial statements.

NATIONAL YOUTH ADVOCACY COALITION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2009
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2008

	<u>2009</u>			<u>2008</u>	
	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total Expenses</u>	<u>Total Expenses</u>
	<u>Management and General</u>	<u>Fundraising</u>			
Salaries	\$ 173,782	\$ 106,923	\$ 1,916	\$ 282,621	\$ 216,539
Printing and production	19,672	5,654	266	25,592	4,211
Professional fees	6,642	5,508	-	12,150	56,835
Occupancy (Note 4)	64,111	35,087	-	99,198	98,217
Accounting/audit	-	13,897	-	13,897	-
Insurance	-	3,734	-	3,734	3,900
Depreciation and amortization	-	2,043	-	2,043	8,222
Telecommunications	5,927	8,129	-	14,056	18,713
Travel and entertainment	20,482	3,830	-	24,312	23,259
Consulting fees	2,000	500	-	2,500	-
Postage and delivery	4,823	306	1,165	6,294	8,792
Repairs and maintenance	-	4,045	-	4,045	7,579
Supplies	4,908	403	43	5,354	5,741
Subscriptions and publications	30	1,175	-	1,205	1,175
Meetings and conventions	3,700	329	-	4,029	1,685
Advertising and promotion	4,578	4,937	-	9,515	9,220
Bank fees	-	3,947	71	4,018	3,483
Equipment	3,805	3,981	-	7,786	4,359
Stipends	4,058	500	-	4,558	3,525
Software	69	519	99	687	-
Bad debt	-	25,359	-	25,359	-
Other	-	2,133	-	2,133	19,911
	<u>318,587</u>	<u>232,939</u>	<u>3,560</u>	<u>555,086</u>	<u>495,366</u>
Sub-total					
Allocation of management and general	<u>93,267</u>	<u>(94,591)</u>	<u>1,324</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 411,854</u>	<u>\$ 138,348</u>	<u>\$ 4,884</u>	<u>\$ 555,086</u>	<u>\$ 495,366</u>

NATIONAL YOUTH ADVOCACY COALITION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2009
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (44,665)	\$ 23,422
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	2,043	8,222
(Increase) decrease in:		
Grants receivable	22,393	(12,080)
Pledges receivable	7,000	(7,000)
Due from officer and employees	360	(4,489)
Other receivables	15,917	14,315
Prepaid expenses	11,818	(8,104)
Deposits	(2,879)	2,789
Increase (decrease) in:		
Accounts payable and accrued liabilities	(17,765)	(17,167)
Accrued salaries and related benefits	(800)	15,375
Deferred revenue	-	(13,640)
Grants payable	-	(8,000)
Prior period adjustment	-	25,671
Net cash provided (used) by operating activities	<u>(6,578)</u>	<u>19,314</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(1,421)</u>	<u>(10,601)</u>
Net cash used by investing activities	<u>(1,421)</u>	<u>(10,601)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on line of credit	<u>(736)</u>	<u>(18,235)</u>
Net cash used by financing activities	<u>(736)</u>	<u>(18,235)</u>
Net decrease in cash and cash equivalents	(8,735)	(9,522)
Cash and cash equivalents at beginning of year	<u>18,318</u>	<u>27,840</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 9,583</u>	<u>\$ 18,318</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	<u>\$ 1,494</u>	<u>\$ 3,115</u>

See accompanying notes to financial statements.

NATIONAL YOUTH ADVOCACY COALITION

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The National Youth Advocacy Coalition (NYAC) is a nonprofit organization, incorporated in the State of Minnesota and located in Washington, D.C. NYAC's mission is to advocate for and with young people who are lesbian, gay, bisexual, transgender, or questioning (LGBTQ) in an effort to end discrimination against these youth and to ensure their physical and emotional well-being.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations".

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with NYAC's financial statements for the year ended March 31, 2008, from which the summarized information was derived.

Cash and cash equivalents -

NYAC considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

At times during the year, NYAC maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

Grants receivable -

Grants receivable are stated at their fair value, and all grants receivable for the current year are considered current. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of \$500 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred.

Income taxes -

NYAC is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. NYAC is not a private foundation.

NATIONAL YOUTH ADVOCACY COALITION

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Uncertain tax positions -

In June 2006, the Financial Accounting Standards Board (FASB) released FASB Interpretation No. (FIN) 48, *Accounting for Uncertainty in Income Taxes*. FIN 48 interprets the guidance in FASB Statement of Financial Accounting Standards (SFAS) No. 109, *Accounting for Income Taxes*. When FIN 48 is implemented, reporting entities utilize different recognition thresholds and measurement requirements when compared to prior technical literature. On December 30, 2008, the FASB Staff issued FASB Staff Position (FSP) FIN 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*. As deferred by the guidance in FSP FIN 48-3, NYAC is not required to implement the provisions of FIN 48 until fiscal years beginning after December 15, 2008. As such, NYAC has not implemented those provisions in the 2008 financial statements.

Since the provisions of FIN 48 have not been implemented in accounting for uncertain tax positions, NYAC continues to utilize its prior policy of accounting for these positions, following the guidance in SFAS No. 5, *Accounting for Contingencies*. Disclosure is not required of a loss contingency involving an unasserted claim or assessment when there has been no manifestation by a potential claimant of an awareness of a possible claim or assessment unless it is considered probable that a claim will be asserted and there is a reasonable possibility that the outcome will be unfavorable. Using that guidance, as of March 31, 2009, NYAC has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of NYAC and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of NYAC and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

Contributions and grants -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Temporarily restricted contributions and grants received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

NATIONAL YOUTH ADVOCACY COALITION

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Contributions and grants (continued) -

NYAC receives funding under grants and contracts from the U.S. Government, international organizations and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

Grants and support receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant agreements. Grant funding received in advance of incurring the related expenses is recorded as a refundable advance.

Use of 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 amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

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

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

2. LINE OF CREDIT

NYAC has a bank line of credit which is due on demand. Amounts borrowed under this agreement bear interest at the bank's prime rate plus 1% (4.25% at March 31, 2009). As of March 31, 2009, the outstanding balance on the line of credit was \$23,621. The line is secured by cash and investments held in accounts at the same financial institution.

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at March 31, 2009:

Youth Mobilization	<u>\$ 12,395</u>
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NATIONAL YOUTH ADVOCACY COALITION

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009**

3. TEMPORARILY RESTRICTED NET ASSETS (Continued)

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Youth Coalition	\$ 21,845
General Support - Time Restrictions	6,666
Van Derr Karr Award	<u>3,005</u>
	<u>\$ 31,516</u>

4. LEASE COMMITMENTS

NYAC leases office space under a three-year agreement which commenced on January 2009. Base rent is \$5,000 per month, plus a proportionate share of expenses, increasing by a factor of 4% per year.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease.

The following is a schedule of the future minimum lease payments:

<u>Year Ended March 31,</u>	
2010	\$ 60,600
2011	63,024
2012	<u>50,619</u>
	<u>\$ 174,243</u>

Rent expense for the year ended March 31, 2009 was \$99,198.

NYAC subleases a portion of its office space under various leases expiring throughout 2009. Rental income for the year ended March 31, 2009 was \$52,317. There is no future minimum rental income as a result of the terminated leases as of March 31, 2009.

5. CONCENTRATION OF REVENUE

Approximately 75% of NYAC's revenue for the year ended March 31, 2009 was derived from grants awarded by agencies of the United States Government. NYAC has no reason to believe that relationships with these agencies will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect NYAC's ability to finance ongoing operations.