

***HORIZONS FOR YOUTH
FINANCIAL STATEMENTS
JUNE 30, 2011***

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	3
Financial Statements:	
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements.....	8-12



ARTHUR S. GUNN, LTD.
PUBLIC ACCOUNTING AND CONSULTING

910 Skokie Boulevard, Suite 115
Northbrook, IL 60062
Phone: 847-498-1597
Fax: 847-498-1683
www.gunn CPA.com

INDEPENDENT AUDITOR'S REPORT

October 6, 2011

Board of Directors
Horizons for Youth

I have audited the accompanying statement of financial position of Horizons for Youth (a nonprofit organization, the "Organization") as of June 30, 2011, 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 the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Horizons for Youth as of June 30, 2011, 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.

A handwritten signature in cursive script that reads "Arthur S. Gunn, Ltd." The signature is written in dark ink and is positioned above the printed name.

Arthur S. Gunn, Ltd.

HORIZONS FOR YOUTH
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011

ASSETS		
Cash	\$	465,774
Pledge receivable		100,330
Prepaid expense		1,898
Property and equipment, net of \$14,224 of accumulated depreciation		2,120
		<hr/>
Total Assets	\$	<u><u>570,122</u></u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expense	\$	4,965
Accrued payroll and payroll liabilities		19,568
		<hr/>
Total Liabilities		<u>24,533</u>
 NET ASSETS		
Unrestricted net assets		525,055
Temporarily restricted net assets		20,534
Permanently restricted net assets		-
		<hr/>
Total Net Assets		<u>545,589</u>
		<hr/>
Total Liabilities and Net Assets	\$	<u><u>570,122</u></u>

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

HORIZONS FOR YOUTH

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

YEAR ENDED JUNE 30, 2011

SUPPORT AND REVENUE:	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support:			
Corporations	\$ 132,701	\$ 40,098	\$ 172,799
Foundations	126,625	52,550	179,175
Individuals	252,706	233,336	486,042
In-kind donations	126,305		126,305
Fundraising	234,221	-	234,221
Net assets released from restrictions	375,059	(375,059)	-
Total support	<u>1,247,617</u>	<u>\$ (49,075)</u>	<u>\$ 1,198,542</u>
Revenue:			
Interest income	686	-	686
Total revenue	<u>686</u>	<u>-</u>	<u>686</u>
Total support and revenue	<u>\$ 1,248,303</u>	<u>\$ (49,075)</u>	<u>\$ 1,199,228</u>
EXPENSES:			
Program services	\$ 855,465	\$ 303	\$ 855,768
Management and general	67,624	-	67,624
Fundraising and development	261,444	-	261,444
Total expenses	<u>\$ 1,184,533</u>	<u>\$ 303</u>	<u>\$ 1,184,836</u>
Change in net assets	<u>\$ 63,770</u>	<u>\$ (49,378)</u>	<u>\$ 14,392</u>
Net assets - July 1, 2010	<u>461,285</u>	<u>69,912</u>	<u>531,197</u>
Net assets - June 30, 2011	<u>\$ 525,055</u>	<u>\$ 20,534</u>	<u>\$ 545,589</u>

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

HORIZONS FOR YOUTH

STATEMENT OF FUNCTIONAL EXPENSE

YEAR ENDED JUNE 30, 2011

	Organization Total	Program Services	Management and General	Fundraising
Admission Fees	\$ 10,663	\$ 9,562	\$ 35	\$ 1,066
Awards	12,811	11,381	750	680
Bad debt	3,000	-	3,000	-
Bank Fees	256	-	25	231
Background Checks	1,566	1,566	-	-
Books and Subscriptions	556	556	-	-
Child enrichment	7,350	7,350	-	-
Conferences and workshops	924	584	340	-
Credit Card Fees	7,960	-	-	7,960
Depreciation expense	601	-	601	-
Etapestry	6,741	-	-	6,741
Food and Refreshments	64,392	26,774	130	37,488
General Supplies	22,156	8,422	2,830	10,904
Gunsberg expenditures	303	303	-	-
Health & Group Insurance	36,384	20,121	3,026	13,237
High School Scholarships	60,271	60,271	-	-
Insurance - General Liability and D&O	8,093	-	8,093	-
Memberships	1,695	50	-	1,645
Miscellaneous expense	9,707	5,353	1,883	2,471
Outside Services	6,640	4,682	-	1,958
Payroll taxes and benefits	35,454	23,033	2,311	10,110
Photography	350	350	-	-
Postage and Delivery	7,648	2,220	113	5,315
Printing and Reproduction	8,869	4,085	-	4,784
Professional Fees	34,328	15,898	5,775	12,655
Race and Training Fees	321	-	-	321
Rent	27,900	27,900	-	-
Salaries, wages, vacation expense	386,596	216,573	37,261	132,762
Site Rental	10,850	2,000	-	8,850
Summer Teachers & Assistants	28,910	28,910	-	-
Transportation	15,685	13,328	98	2,259
Tuition	354,651	354,651	-	-
Tutoring	5,276	5,276	-	-
Utilities	5,909	4,556	1,353	-
Web Hosting	20	13	-	7
Total Expenses	<u>\$ 1,184,836</u>	<u>\$ 855,768</u>	<u>\$ 67,624</u>	<u>\$ 261,444</u>

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

HORIZONS FOR YOUTH
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2011

INCREASE <DECREASE> IN CASH:

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$	14,392
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		601
Change in pledge receivable		(35,830)
Change in prepaid expense		6,269
Change in accounts payable and accrued expense		4,341
		(10,227)
Net Cash Provided by Operating Activities		(10,227)

CASH FLOWS FROM INVESTING ACTIVITIES:

-

CASH FLOWS FROM FINANCING ACTIVITIES:

-

NET INCREASE (DECREASE) IN CASH

\$ (10,227)

CASH - BEGINNING OF THE YEAR

476,002

CASH - END OF THE YEAR

\$ 465,775

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

HORIZONS FOR YOUTH
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NATURE OF ORGANIZATION

Horizons for Youth is an Illinois not-for-profit corporation formed to provide educational and personal support for children from financially disadvantaged families throughout the Chicago area. Among the programs offered by Horizons for Youth are a financial scholarship program, a child enrichment program, a summer program, and a mentoring program.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation

Financial statement presentation follows current accounting standards. Under those standards, the Organization is required to report information regarding its financial position according to three classes of net assets: unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represents resources restricted by donors as to purpose or by passage of time; and permanently restricted net assets, which represents resources whose use by the organization is limited by donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. Temporarily restricted net assets amounted to \$20,534 at June 30, 2011, and the Organization had no permanently restricted net assets at June 30, 2011.

Restricted and Unrestricted Revenue

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. Temporarily restricted contributions whose restrictions are met in the same reporting period are included in unrestricted support. Temporarily restricted contributions from prior periods whose restrictions are met are reclassified to unrestricted net assets and reported in the statement of activities as temporarily restricted net assets released from restrictions. Horizons for Youth has not received any contributions with donor imposed restrictions that would result in permanently restricted net assets.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Unconditional promises to give recorded as receivables were \$100,330 at June 30, 2011. All of the pledges are expected to be collected during the fiscal year ending June 30, 2012. Accordingly, no allowance for doubtful accounts has been established.

HORIZONS FOR YOUTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

\$126,305 of in kind contributions were included in the financial statements as income and related off-setting expense during the year ended June 30, 2011. These amounts consist of tuition reductions and pro bono or reduced professional services rendered to Horizons for Youth.

A substantial number of unpaid volunteers have made significant contributions of their time to develop Horizons for Youth Programs. Their contributions include the organization of child enrichment activities and parent program events, solicitation of financial support, monitoring the performance of children in the program, service as “Big Siblings” to the children, and planning various special events.

Horizons for Youth tracked volunteer hours for organization outings, events, and services rendered by the Board of Directors. 9,950 of total volunteer hours were tracked for the year. These services have not otherwise been included in the financial statements, as they do not meet the criteria established by current accounting standards for recording donated services. An estimated value to the organization for these donated services is \$217,507, which is based on an hourly rate of \$21.86 as established by the Independent Sector, a not-for profit organization which supports other not-for-profit organizations.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Financial Statement 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 and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences

Compensated absences consist of accumulated unused vacation days. The total compensated absences, including related payroll tax accruals at June 30, 2011, amounted to \$6,210.

Statement of Functional Expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the statement of functional expenses. Directly identifiable expenses are charged to programs; scholarships; general and administrative expense; and fund raising. Expenses related to more than one function are charged on pro-rata basis as estimated by management. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

HORIZONS FOR YOUTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It qualifies for charitable contribution deductions under Section 170(b)(1)(iii) and has been classified as an organization that is not a private foundation under Section 509(a)(1). All required payroll tax filings through June 30, 2010 have been filed by the Organization. The Organization has filed its US Form 990 and Illinois AG 990 IL through June 30, 2010.

Long Lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the assets' carrying amount over the fair value of the asset. Fair value is based on market quotes, if available, or is based on valuation techniques. There were no impairment losses recognized during the year ended June 30, 2011.

Uncertain Tax Positions

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization is not involved in any venture which, in its opinion, is subject to tax on unrelated business income. Accordingly, the Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization's federal Exempt Organization Returns for the years ending June 30, 2008, 2009 and 2010 are subject to examination by the IRS, generally for three years after they were filed. The tax return for the year ended June 30, 2011 is due without extension by November 15, 2011.

DATE OF MANAGEMENT REVIEW

The Organization has reviewed subsequent events through and including October 6, 2011 which is the first date the financial statements were available for distribution.

EMPLOYEE RETIREMENT PLAN

The organization offers employees the opportunity to participate in a deferred compensation plan pursuant to Internal Revenue Code Section 401(b). The plan is funded 100% by employee deferrals. The organization does not make any employer contributions to the plan.

HORIZONS FOR YOUTH

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

PROPERTY AND EQUIPMENT

Purchased property and equipment are recorded at cost. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recognized. Depreciation is calculated using the straight-line method, over periods of 5 to 15 years. Depreciation for the year ended June 30, 2010 amounted to \$601.

Property and equipment at June 30, 2011 consist of the following:

Office equipment, furniture and fixtures	\$ 13,974
Leasehold improvements	<u>2,370</u>
Net property and equipment at cost	\$ 16,344
Less: accumulated depreciation	<u>(14,224)</u>
Net property and equipment	<u><u>\$ 2,120</u></u>

FACILITY LEASE

The organization leases one facility located in Chicago, Illinois which serves as the Organization's center for child enrichment, volunteer activities and its administrative office. The facility is leased from Old St. Patrick's Parish. Commencing January 1, 2010 the Organization entered into a new lease for the period of January 1, 2010 through and including December 31, 2014. The lease has one option to renew for a period of five additional years at the conclusion of the lease. The renewal term calls for an annual rent of \$25,200. Rents paid to the landlord, Old Saint Patrick's Parish, for rent and parking amounted to \$27,900 during the year ended June 30, 2011. The scheduled facility lease payments for the duration of the lease subsequent to the year ending June 30, 2011 are as follows:

Year ended June 30:

2012	\$ 25,200
2013	25,200
2014	25,200
2015	<u>12,600</u>
Total	<u><u>\$ 88,200</u></u>

HORIZONS FOR YOUTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

FAIR VALUE OF FINANCIAL INSTRUMENTS

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, accounts receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

CONCENTRATION OF RISK

Of the organization's revenue during the year ended June 30, 2011, 22% of the Organization's total support and revenue was derived from its special events, specifically its Cloud Nine fundraiser.

The Organization maintained account balances in two depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in each institution. The Organization had \$320,270 on deposit in one institution at June 30, 2011. This amount exceeded the FDIC insurance limit by \$70,270, and that amount was deemed at risk.