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**YOUTH LEARNING CENTER**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

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**YOUTH LEARNING CENTER**  
**FINANCIAL STATEMENTS**  
**WITH SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2011 AND 2010**

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**YOUTH LEARNING CENTER**  
**DECEMBER 31, 2011 AND 2010**

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**YOUTH LEARNING CENTER**  
**DECEMBER 31, 2011 AND 2010**

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## INDEPENDENT AUDITORS' REPORT

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To the Board of Directors of the  
**YOUTH LEARNING CENTER**

We have audited the accompanying statements of financial position of the **Youth Learning Center** (the Organization) as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 the **Youth Learning Center** as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Kiefer Bonfanti & Co. LLP*

**November 21, 2012**

# YOUTH LEARNING CENTER

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## STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2011	2010
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 343,076	\$ 309,402
Contribution receivable	17,704	-
Prepaid expenses	10,278	8,672
<b>Total Current Assets</b>	<b>371,058</b>	<b>318,074</b>
<b>Property and Equipment, Net</b>	<b>2,139,958</b>	<b>2,249,202</b>
<b>Total Assets</b>	<b>\$ 2,511,016</b>	<b>\$ 2,567,276</b>

<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 12,505	\$ 14,419
<b>Total Current Liabilities</b>	<b>12,505</b>	<b>14,419</b>
<b>Net Assets</b>		
Unrestricted	2,498,511	2,552,857
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,511,016</b>	<b>\$ 2,567,276</b>

YOUTH LEARNING CENTER

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STATEMENTS OF ACTIVITIES

<b>Unrestricted Net Assets</b>	<b>Years Ended December 31,</b>	
	<b>2011</b>	<b>2010</b>
<b>Support and Revenue</b>		
Contributions	\$ 830,815	\$ 1,271,021
Interest and dividend income	1,019	139
Student fees	17,170	11,682
Miscellaneous	5,746	-
<b>Total Unrestricted Support and Revenue</b>	<b>854,750</b>	<b>1,282,842</b>
<b>Expenses</b>		
Program services	626,795	526,569
Management and general	115,468	107,959
Fundraising	166,833	111,818
<b>Total Expenses</b>	<b>909,096</b>	<b>746,346</b>
<b>Increase (Decrease) in Unrestricted Net Assets</b>	<b>(54,346)</b>	<b>536,496</b>
<b>Net Assets, Beginning of Year</b>	<b>2,552,857</b>	<b>2,016,361</b>
<b>Net Assets, End of Year</b>	<b>\$ 2,498,511</b>	<b>\$ 2,552,857</b>

## YOUTH LEARNING CENTER

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### STATEMENTS OF CASH FLOWS

	<b>Years Ended December 31,</b>	
	<b>2011</b>	<b>2010</b>
<b>Cash Flows from Operating Activities</b>		
Increase (Decrease) in net assets	\$ (54,346)	\$ 536,496
Adjustments:		
Depreciation and amortization	121,969	99,504
(Increase) decrease in operating assets		
Contribution receivable	(17,704)	197,000
Prepaid expenses	(1,606)	1,975
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	(1,914)	(3,135)
<b>Net Cash Provided by Operating Activities</b>	<b>46,399</b>	<b>831,840</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(12,725)	(690,678)
<b>Net Cash Used by Investing Activities</b>	<b>(12,725)</b>	<b>(690,678)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>33,674</b>	<b>141,162</b>
Cash and cash equivalents, beginning of year	309,402	168,240
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 343,076</b>	<b>\$ 309,402</b>

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010

***Business Description***

The **Youth Learning Center** (the Organization) is a not-for-profit organization that provides educational resources to youth of the metropolitan St. Louis area. The mission of the Organization is to provide an environment for at-risk children to learn, to have fun, and to support the community by participating in after school and summer programs. These programs focus on improving academic performance as well as developing a sense of responsibility, morality, and self-esteem.

The Organization is supported primarily through contributions and program service fees.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Method of Accounting***

The financial statements of the Organization are presented on the accrual basis of accounting.

***Financial Statement Presentation***

The Organization reports its information regarding financial position and activities according to three classes of net assets depending upon the existence or nature of any donor-imposed restrictions. The following is a description of these classes of net assets:

***Unrestricted Net Assets***

Unrestricted net assets represent amounts available for the operations and management of the Organization's primary programs and supporting services over which the governing board has discretionary control. Unrestricted net assets also include property and equipment acquired by the Organization and certain board designated reserve amounts.

***Temporarily Restricted Net Assets***

Temporarily restricted net assets represent resources currently available for use, but expendable only for the purposes specifically stated by the donor. Temporarily restricted revenue that is generated and expended in the same year is treated as unrestricted revenue.

Notes to Financial Statements (Continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Permanently Restricted Net Assets***

Permanently restricted net assets represent the principal amount of gifts or bequests accepted with the donor-stipulation that the principal be maintained intact in perpetuity and that only the income from investment thereof be expended either for general purposes or for purposes specified by the donor.

The Organization did not have temporarily or permanently restricted net assets as of December 31, 2011 and 2010.

***Cash and Cash Equivalents***

For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

***Property and Equipment***

Property and equipment are stated at cost, or fair market value if donated, less accumulated depreciation and amortization. For financial reporting purposes, depreciation is computed using the straight-line method over the estimated useful lives of the assets. Modified accelerated cost recovery methods are used in instances where the tax life approximates the estimated useful life. Depreciation and amortization are calculated over estimated useful lives of 3 to 40 years.

***Functional Expenses***

The costs of the Organization's programs and supporting services have been reported on a functional basis. This requires allocation of certain costs among the various programs and supporting services based on estimates made by management

***Income Taxes***

The **Youth Learning Center** is classified as a 501(c)(3) private foundation under the Internal Revenue Code and is exempt from federal and state income taxation.

Notes to Financial Statements (Continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Income Taxes (Continued)***

Financial accounting standards for uncertain tax positions prohibit financial statement recognition of the impact of a tax position if the position is not “more likely than not” to be sustained on audit, based on the technical merits of the position. The standards also provide guidance on measurement, de-recognition, classification, interest and penalties, accounting in interim periods, transition, and disclosure requirements for uncertain tax positions. The adoption of the new standards had no impact on the financial statements. The Companies’ federal, state, and local tax returns for tax years 2009 and later remain subject to examination by taxing authorities. As of November 21, 2012, no returns have been selected for examination.

***Estimates***

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

***Donated Materials and Services***

The Organization received donated services from a variety of unpaid volunteers assisting the Organization in providing management and programmatic services. However, no amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under financial accounting standards have not been satisfied. Contributions of materials and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

***Subsequent Events***

The Organization has evaluated subsequent events through November 21, 2012, the date which the financial statements were available to be issued, for possible additional recognition or disclosure.

## YOUTH LEARNING CENTER

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### Notes to Financial Statements (Continued)

#### 2. CONCENTRATIONS OF CREDIT AND MARKET RISK

Financial instruments that potentially subject the Organization to credit and market risk consist principally of temporary cash investments and interest-bearing investments.

The Organization places all of its temporary cash investments and interest-bearing investments with major financial institutions. As of December 31, 2011, the Organization had \$6,785 held in a brokerage account consisting of cash.

#### 3. PROPERTY AND EQUIPMENT

	<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
Building	\$ 2,352,860	\$ 2,350,595
Equipment and fixtures	314,097	303,637
Building improvements	66,199	66,199
Land	24,905	24,905
Vehicles	28,235	28,235
Property and equipment, at cost	2,786,296	2,773,571
Less accumulated depreciation and amortization	646,338	524,369
<b>Property and Equipment, Net</b>	<b>\$ 2,139,958</b>	<b>\$ 2,249,202</b>

Depreciation expense was \$121,969 and \$99,504 for the years ended December 31, 2011 and 2010, respectively.

#### 4. EMPLOYEE RETIREMENT PLAN

The Organization has adopted a 401(k) Retirement Plan that contains an employer company match. Contributions and costs under this plan are determined at 1% of each covered employee's salary and totaled \$1,117 and \$1,106 for the years ended December 31, 2011 and 2010, respectively.

Notes to Financial Statements (Continued)

**5. CONTRIBUTIONS**

Contributions and other assets are recognized at fair values and are recorded when pledged. All contributions are available for unrestricted use unless specifically restricted by the donor. The Organization reports gifts as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the 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 as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization's primary contributions come from the Ford Family Charitable Fund, a Fund of the Greater St. Louis Community Foundation ("the Fund"). During the years ended December 31, 2011 and 2010, the Fund contributed \$702,500 and \$1,260,000 to the Organization, respectively.

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**SUPPLEMENTARY INFORMATION**

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**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

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To the Board of Directors of the  
**Youth Learning Center**

We have audited the financial statements of the **Youth Learning Center** for the years ended on December 31, 2011 and 2010, and have issued our report thereon dated November 21, 2012. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Kiefer Bonfanti & Co. LLP*

November 21, 2012

**YOUTH LEARNING CENTER**

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**FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2011**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Compensation of officers	\$ 19,779	\$ 31,647	\$ 27,691	\$ 79,117
Other salaries and wages	279,456	1,963	76,667	358,086
Payroll taxes and processing fees	42,871	10,878	10,238	63,987
<b>Total Salaries and Related Expenses</b>	<b>342,106</b>	<b>44,488</b>	<b>114,596</b>	<b>501,190</b>
Fundraising Expense	-	-	52,237	52,237
Rental and maintenance equipment	32,283	13,089	-	45,372
Summer program	36,596	-	-	36,596
After school program	22,801	-	-	22,801
Occupancy	20,093	-	-	20,093
Insurance	18,890	1,000	-	19,890
Marketing	18,976	-	-	18,976
Impact21 Entrepreneurship Program	18,438	-	-	18,438
Miscellaneous	-	12,345	-	12,345
Accounting fees	-	11,092	-	11,092
Supplies	3,349	5,897	-	9,246
Training and staff development	8,247	-	-	8,247
Telephone	-	4,143	-	4,143
Program Evaluation	-	3,049	-	3,049
Bank and credit card charge	-	1,633	-	1,633
Meals and entertainment	1,342	-	-	1,342
Membership dues	-	437	-	437
<b>Total Expenses Before Depreciation</b>	<b>523,121</b>	<b>97,173</b>	<b>166,833</b>	<b>787,127</b>
Depreciation and amortization	103,674	18,295	-	121,969
<b>Total Expenses</b>	<b>\$ 626,795</b>	<b>\$ 115,468</b>	<b>\$ 166,833</b>	<b>\$ 909,096</b>

## YOUTH LEARNING CENTER

### FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2010

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation of officers	\$ 52,573	\$ 6,911	\$ 13,822	\$ 73,306
Other salaries and wages	172,315	-	92,785	265,100
Payroll taxes and processing fees	32,445	9,399	5,211	47,055
<b>Total Salaries and Related Expenses</b>	<b>257,333</b>	<b>16,310</b>	<b>111,818</b>	<b>385,461</b>
Rental and maintenance equipment	58,301	9,182	-	67,483
Accounting fees	-	44,839	-	44,839
Supplies	24,724	4,419	-	29,143
Insurance	20,957	1,000	-	21,957
Training and staff development	21,601	-	-	21,601
After school program	20,588	-	-	20,588
Occupancy	18,660	-	-	18,660
Summer program	16,913	-	-	16,913
Miscellaneous	-	11,006	-	11,006
Telephone	-	3,219	-	3,219
Scholarships	2,000	-	-	2,000
Bank and credit card charge	-	1,870	-	1,870
Membership dues	-	1,000	-	1,000
Meals and entertainment	914	-	-	914
Taxes and licenses	-	188	-	188
<b>Total Expenses Before Depreciation</b>	<b>441,991</b>	<b>93,033</b>	<b>111,818</b>	<b>646,842</b>
Depreciation and amortization	84,578	14,926	-	99,504
<b>Total Expenses</b>	<b>\$ 526,569</b>	<b>\$ 107,959</b>	<b>\$ 111,818</b>	<b>\$ 746,346</b>