

YOUTHBIZ, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2007

JASPERS + HALL, PC
CERTIFIED PUBLIC ACCOUNTANTS

9175 E Kenyon Avenue
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(303) 796-0099

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INDEPENDENT AUDITORS' REPORT

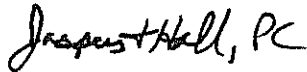
To the Board of Directors of
YouthBiz, Inc.
Denver, Colorado

We have audited the accompanying statement of financial position of YouthBiz, Inc. (a Colorado not-for-profit organization) as of December 31, 2007 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of YouthBiz, Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

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 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 YouthBiz, Inc. as of December 31, 2007 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.

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 YouthBiz, Inc. financial statements for the year ended December 31, 2006, from which the summarized information was derived.


June 19, 2008

YOUTHBIZ, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2007
(With Comparative Totals for December 31, 2006)

ASSETS:	<u>2007</u>	<u>2006</u>
Current Assets:		
Cash and Cash Equivalents	\$ 612,948	\$ 628,801
Investments	17,410	27,074
Accounts Receivable	8,155	2,220
Pledges Receivable	93,547	33,711
Grants Receivable	211,595	278,784
Prepaid Expenses and Other	3,092	20,951
Total Current Assets	<u>946,747</u>	<u>991,541</u>
 Property and Equipment (Net)	 <u>442,503</u>	 <u>456,715</u>
 Total Assets	 <u>\$ 1,389,250</u>	 <u>\$ 1,448,256</u>
 LIABILITIES AND NET ASSETS:		
Current Liabilities:		
Accounts Payable	\$ 9,074	\$ 7,956
Line of Credit	145,000	199,000
Accrued Expenses	14,173	21,371
Interest Payable	898	613
Current Portion of Note Payable	3,750	3,750
Total Current Liabilities	<u>172,895</u>	<u>232,690</u>
 Long-Term Debt:		
Note Payable	<u>22,500</u>	<u>26,250</u>
Total Long-term Debt	<u>22,500</u>	<u>26,250</u>
 Total Liabilities	 <u>195,395</u>	 <u>258,940</u>
 Net Assets		
Temporarily Restricted :		
Capital Campaign	815,932	804,223
Other	24,031	-
Unrestricted:		
Designated - Capital Campaign	406,290	406,290
Unrestricted Undesignated	<u>(52,398)</u>	<u>(21,197)</u>
Total Net Assets	<u>1,193,855</u>	<u>1,189,316</u>
 Total Liabilities and Net Assets	 <u>\$ 1,389,250</u>	 <u>\$ 1,448,256</u>

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

YOUTHBIZ, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007
(With Comparative Totals for the Year Ended December 31, 2006)

	Unrestricted	Temporarily Restricted	Total	
			2007	2006
REVENUE, SUPPORT AND OTHER INCOME:				
Program Revenue	\$ 61,366	\$ -	\$ 61,366	\$ 63,074
Government Grants/Contracts	81,378	10,850	92,228	858,482
Contributions:				
Foundations	283,735	101,000	384,735	245,200
United Ways	101,366	-	101,366	98,407
Corporate	60,950	37,000	97,950	21,884
Individual	32,457	-	32,457	14,603
Special Events	32,817	-	32,817	35,465
Investment Income	15,314	(9,489)	5,825	8,591
In-kind	45,582	-	45,582	47,756
Net Assets Released from Restrictions	103,621	(103,621)	-	-
Total Revenue, Support and Other Income	<u>818,586</u>	<u>35,740</u>	<u>854,326</u>	<u>1,393,462</u>
EXPENSES:				
Program	762,511	-	762,511	1,391,399
Management and General	56,643	-	56,643	101,994
Development	30,633	-	30,633	29,118
Total Expenses	<u>849,787</u>	<u>-</u>	<u>849,787</u>	<u>1,522,511</u>
Change in Net Assets	(31,201)	35,740	4,539	(129,049)
Net Assets - Beginning of Year	<u>385,093</u>	<u>804,223</u>	<u>1,189,316</u>	<u>1,318,365</u>
Net Assets - End of Year	<u>\$ 353,892</u>	<u>\$ 839,963</u>	<u>\$1,193,855</u>	<u>\$ 1,189,316</u>

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

YOUTHBIZ, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2007

(With Comparative Totals for the Year Ended December 31, 2006)

	Youth Employment Academy	Tier 1 & 2 Program Services	YouthLink Program Services	Other Program Services	Total Program Services	General and Administrative	Development	Total Support Services	2007 Total	2006 Total
Salaries - Staff	\$ 40,479	\$ 194,553	\$ 48,524	\$ 64,828	\$ 348,384	\$ 26,526	\$ 10,805	\$ 37,331	\$ 385,715	\$ 742,227
Incentives	-	95,068	945	4,130	100,143	-	-	-	100,143	70,526
Benefits and taxes - Staff	10,604	40,243	7,317	11,481	69,645	5,192	2,615	7,807	77,452	145,565
Occupancy	1,492	35,913	11,885	9,823	59,113	2,436	1,306	3,742	62,855	65,695
Salaries - Youth	-	25,947	2,854	15,738	44,539	-	-	-	44,539	33,618
Supplies	242	10,406	508	18,386	29,542	2,483	2,363	4,846	34,388	53,687
Contract services	481	1,123	300	14,476	16,380	3,089	2,045	5,134	21,514	264,371
Advertising	-	-	18,657	-	18,657	-	-	-	18,657	13,525
Interest	-	15	84	4,115	4,214	12,428	-	12,428	16,642	16,140
Telephone	53	5,407	1,188	1,255	7,903	1,986	426	2,412	10,315	18,241
Printing and publications	-	1,401	-	1,401	1,401	526	5,165	5,691	7,092	17,645
Insurance	-	1,846	263	1,566	3,675	2,998	123	3,121	6,796	6,472
Equipment rental and maintenance	772	2,560	398	1,229	4,959	1,559	25	1,584	6,543	6,720
Legal and audit	6,500	-	-	-	6,500	-	-	-	6,500	3,000
Benefits and taxes - Youth	-	3,581	393	2,209	6,183	-	-	-	6,183	4,184
Postage and shipping	773	291	504	8	1,576	109	3,032	3,141	4,717	3,682
Equipment purchases	-	-	-	4,605	4,605	-	-	-	4,605	9,168
Training and meetings	-	1,306	168	601	2,075	1,702	638	2,340	4,415	2,983
Miscellaneous	1	108	796	52	957	2,547	37	2,584	3,541	8,693
Travel	-	872	200	511	1,583	331	817	1,148	2,731	6,936
Indirect cost allocation	-	-	-	5,949	5,949	(5,949)	-	(5,949)	-	-
Total expenses before depreciation and capitalized assets	61,397	420,640	94,984	160,962	737,983	57,963	29,397	87,360	825,343	1,493,078
Capitalized assets Depreciation	-	-	536	-	24,528	(4,605)	-	(4,605)	(4,605)	(9,168)
Total expenses	\$ 61,397	\$ 444,632	\$ 95,520	\$ 160,962	\$ 762,511	\$ 56,643	\$ 30,633	\$ 87,276	\$ 849,787	\$ 1,522,511

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

YOUTHBIZ, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007
(With Comparative Totals for the Year Ended December 31, 2006)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	\$ 4,539	\$ (129,049)
Adjustments to Reconcile Net Assets to to Net Cash Used for Operations:		
Depreciation	29,049	38,601
Forgiveness of Debt	(3,750)	(30,000)
Noncash Contributions	(45,582)	(47,756)
Noncash Expenses	35,350	32,148
Decrease in Accounts Receivable	(5,935)	4,442
Decrease(Increase) in Grants Receivable	67,189	(79,964)
Increase Pledges Receivable	(59,836)	(9,781)
Decrease in Prepaid Expenses	17,859	5,514
Increase (Decrease) in Accounts Payable	1,118	(6)
Decrease in Accrued Expenses	(7,198)	6,428
Increase in Interest Payable	285	72
Net Cash Provided by Operating Activities	33,088	(209,351)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(4,605)	(9,168)
Change in Investments	9,664	(3,951)
Net Cash Provided by Investing Activities	5,059	(13,119)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Line of Credit	-	495,000
Payments on Line of Credit	(54,000)	(373,000)
Net Cash Provided by Financing Activities	(54,000)	122,000
Net Increase in Cash	(15,853)	(100,470)
Cash and Cash Equivalents - Beginning of Year	628,801	729,271
Cash and Cash Equivalents - End of Year	\$ 612,948	\$ 628,801

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

YOUTHBIZ, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 1 **NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

YouthBiz, Inc., (the Organization) was formed September 30, 1992, as a non-profit organization and incorporated in the state of Colorado. The mission of the Youthbiz, Inc. is business and leadership training for inner-city teens. The Organization's support comes from individual and corporate donor contributions, various grants, and program service revenue.

Basis of Accounting

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

Support and Expenses

Contributions received are measured at their fair values and are reported as an increase in net 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 activity as net assets released from restrictions. Donor-restricted contributions restrictions met in the same reporting period are reported as unrestricted support.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior year's experience and management's analysis of specific promises made.

Donated Services

A substantial number of volunteers have donated significant amounts of their time in connection with the Organization's activities. Contributed services that do not require specialized skills and would not be purchased if not donated are not recorded in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

YOUTHBIZ, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

NOTE 1 NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking accounts and money markets with maturities of less than 90 days.

Investments

Investments are recorded at their fair value in the statement of financial position.

Property and Equipment

Property and equipment acquisitions are recorded at cost or estimated fair value at date of donation. Depreciation is provided over the estimated useful lives of the assets and computed on the straight-line method as follows:

Computers and Equipment	7 years
Leasehold Improvements	3 years
Donated Equipment and Furniture	3 years

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The organization does engage in unrelated business activities; however, these activities have resulted in net losses. Therefore, the Organization has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

Functional Allocation of Expenses

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and support services benefited.

NOTE 2 CASH AND CASH EQUIVALENTS

At December 31, 2007 cash and cash equivalents were as follows:

Petty Cash	\$ 350
Checking	24,647
Certificate of Deposit	79,955
Money Market	<u>507,996</u>
Total	<u>\$ 612,948</u>

YOUTHBIZ, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

NOTE 2 **CASH AND CASH EQUIVALENTS (Continued)**

At December 31, 2007, the Organization had cash deposits in bank accounts of \$136,332. These deposits are insured by the FDIC up to \$100,000. The Organization also had deposits of \$507,996 insured by SIPC. Management believes the risk associated with these deposits is minimized as they are maintained at nationally recognized financial institutions.

NOTE 3 **PROPERTY AND EQUIPMENT**

As of December 31, 2007, property and equipment consists of the following:

Computers and Equipment	\$ 108,425
Land	406,290
Leasehold Improvement	<u>76,513</u>
Total Property and Equipment	591,228
Less Accumulated Depreciation	<u>(148,725)</u>
Net Property and Equipment	<u>\$ 442,503</u>

Depreciation expense for 2007 was \$29,049.

NOTE 4 **GRANT RECEIVABLE**

YouthBiz, Inc. has been awarded a grant from the U.S. Department of Housing and Urban Development for construction needs. Grant receivable is comprised of the following amount at December 31, 2007:

Other	\$ 12,775
Department of Housing and Urban Development	<u>198,820</u>
Total	\$ 211,595

NOTE 5 **LINES OF CREDIT**

At December 31, 2007, YouthBiz, Inc. has a \$90,000 unsecured line of credit and a \$150,000 line of credit secured by a \$75,000 Certificate of Deposit. At December 31, 2007, \$145,000 of these lines of credit has been drawn and are outstanding, with an interest rate of 1% plus prime.

NOTE 7 **NOTE PAYABLE**

Following is a summary of notes payable at December 31, 2007:

City & County of Denver – A seven-year loan at 0% with deferred payments until 2014 secured by first deed of trust with loan forgiveness clause commencing on 11/2006.	\$ 26,250
Less Current portion of long-term debt	<u>(3,750)</u>
Total Long-term Debt	<u>\$ 22,500</u>

YOUTHBIZ, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

NOTE 8 **PLEDGES RECEIVABLE**

Pledges receivable at December 31, 2007 consists of the Following:

Gross Pledges Receivable	\$ 105,166
Allowance for Uncollectible Amounts	<u>(11,619)</u>
Net Pledges Receivable	<u>\$ 93,547</u>

NOTE 9 **COMMITMENTS**

Rental Lease

In August 2007, YouthBiz, signed a two-year rental operating leases for their administrative office and program activities at 3535 Larimer Street in Denver, Colorado. This lease commences in September 2007 and ends in August 2009 with an additional option year if desired. Rental expense for the year ended December 31, 2007 was \$51,530.

Future minimum payments are as follows:

2008	\$46,814
2009	<u>31,827</u>
	<u>\$78,641</u>