YOUTH LEARNING CENTER

FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

YOUTH LEARNING CENTER

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

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YOUTH LEARNING CENTER

DECEMBER 31, 2010 AND 2009

Table of Contents — Page

YOUTH LEARNING CENTER

DECEMBER 31, 2010 AND 2009

Table of Contents

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INDEPENDENT AUDITORS' REPORT

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, 2010 and 2009, 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, 2010 and 2009, 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

January 12, 2012

STATEMENTS OF FINANCIAL POSITION

Assets

	December 31, 2010	December 31, 2009
Current Assets		
Cash and cash equivalents	**$ 309,402**	$ 168,240
Contribution receivable	**-**	197,000
Prepaid expenses	**8,672**	10,647
Total Current Assets	**318,074**	375,887
Property and Equipment, Net	**2,249,202**	1,658,028
Total Assets	**$ 2,567,276**	$ 2,033,915

Liabilities and Net Assets

	December 31, 2010	December 31, 2009
Current Liabilities		
Accounts payable and accrued expenses	**$ 14,419**	$ 17,554
Total Liabilities	**14,419**	17,554
Net Assets		
Unrestricted	**2,552,857**	2,016,361
Total Liabilities and Net Assets	**$ 2,567,276**	$ 2,033,915

STATEMENTS OF ACTIVITIES

	Years Ended December 31,	
Unrestricted Net Assets	**2010**	2009
Support and Revenue		
Contributions	**$ 1,271,021**	$ 556,411
Interest and dividend income	**139**	239
Student fees	**11,682**	9,928
Loss on disposition of equipment	**-**	(6,247)
Total Unrestricted Support and Revenue	**1,282,842**	560,331
Expenses		
Program services	**526,569**	538,521
Management and general	**107,959**	179,053
Fundraising	**111,818**	18,197
Total Expenses	**746,346**	735,771
Increase (Decrease) in Unrestricted Net Assets	**536,496**	(175,440)
Net Assets, Beginning of Year	**2,016,361**	2,191,801
Net Assets, End of Year	**$ 2,552,857**	$ 2,016,361

STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
Cash Flows from Operating Activities	**2010**	2009
Increase (Decrease) in net assets	**$ 536,496**	$ (175,440)
Adjustments:		
Depreciation and amortization	**99,504**	79,728
Loss on disposition of equipment	**-**	6,247
(Increase) decrease in operating assets		
Contribution receivable	**197,000**	(197,000)
Prepaid expenses	**1,975**	11,104
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	**(3,135)**	11,812
Net Cash Provided (Used) by Operating Activities	**831,840**	(263,549)
Cash Flows from Investing Activities		
Purchase of property and equipment	**(690,678)**	(28,244)
Proceeds from sale of investments	**-**	140,733
Purchase of investments	**-**	(130)
Net Cash Provided (Used) by Investing Activities	**(690,678)**	112,359
Net Increase (Decrease) in Cash and Cash Equivalents	**141,162**	(151,190)
Cash and cash equivalents, beginning of year	**168,240**	319,430
Cash and Cash Equivalents, End of Year	**$ 309,402**	$ 168,240

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

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 program service fees and contributions.

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, 2010 and 2009.

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 2008 and later remain subject to examination by taxing authorities. As of January 12, 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.

Reclassification

Certain amounts in the prior-year financial statements have been reclassified to conform to the presentation in the current-year financial statements.

Subsequent Events

The Organization has evaluated subsequent events through January 12, 2012, the date which the financial statements were available to be issued, for possible additional recognition or disclosure.

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, 2010, the Organization had no temporary cash investments or interest-bearing investments.

3. PROPERTY AND EQUIPMENT

	December 31,	
	2010	2009
Building	**$ 2,350,595**	$ 1,778,638
Equipment and fixtures	**303,637**	190,726
Building improvements	**66,199**	66,199
Land	**24,905**	24,905
Vehicles	**28,235**	22,425
Property and equipment, at cost	**2,773,571**	2,082,893
Less accumulated depreciation and amortization	**524,369**	424,865
Property and Equipment, Net	**$ 2,249,202**	$ 1,658,028

Depreciation expense was $99,504 and $79,728 for the years ended December 31, 2010 and 2009, 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 $1106 and $965 for the years ended December 31, 2010 and 2009, 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 donations come from the Ford Family Charitable Fund, a Fund of the Greater St. Louis Community Foundation (“the Fund”). During the years ended December 31, 2010 and 2009, the Fund contributed to the Organization $1,260,000 and $497,000, respectively.

SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

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 December 31, 2010 and 2009, and have issued our report thereon dated January 12, 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

January 12, 2012

FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2010

	Program Services	Management and General	Fundraising	Total
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**
Total Salaries and Related Expenses	257,333	16,310	111,818	**385,461**
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**
Total Expenses Before Depreciation	441,991	93,033	111,818	**646,842**
Depreciation and amortization	84,578	14,926	-	**99,504**
Total Expenses	$ 526,569	$ 107,959	$ 111,818	**$ 746,346**

FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2009

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	Program Services	Management and General	Fundraising	Total
Compensation of officers	$ 51,277	$ 6,741	$ 13,482	**$ 71,500**
Other salaries and wages	224,104	120,670	-	**344,774**
Payroll taxes and processing fees	29,353	8,503	4,715	**42,571**
Total Salaries and Related Expenses	304,734	135,914	18,197	**458,845**
Training and staff development	34,856	-	-	**34,856**
Summer program	33,532	-	-	**33,532**
Rental and maintenance equipment	18,904	9,293	-	**28,197**
After school program	21,015	-	-	**21,015**
Insurance	18,231	1,000	-	**19,231**
Supplies	16,798	2,390	-	**19,188**
Occupancy	10,924	-	-	**10,924**
Scholarships	9,000	-	-	**9,000**
Accounting fees	-	6,000	-	**6,000**
Miscellaneous	-	5,333	-	**5,333**
Telephone	-	3,743	-	**3,743**
Meals and entertainment	2,758	-	-	**2,758**
Taxes and licenses	-	1,599	-	**1,599**
Bank and credit card charge	-	1,255	-	**1,255**
Membership dues	-	567	-	**567**
Total Expenses Before Depreciation	470,752	167,094	18,197	**656,043**
Depreciation and amortization	67,769	11,959	-	**79,728**
Total Expenses	$ 538,521	$ 179,053	$ 18,197	**$ 735,771**