

SOUTH ASIAN YOUTH ACTION, INC.
INDEPENDENT AUDITORS' REPORT
ON
FINANCIAL STATEMENTS
AS OF JUNE 30, 2012
AND
FOR THE YEAR THEN ENDED
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

SOUTH ASIAN YOUTH ACTION, INC.

- CONTENTS -

| | <u>Page</u> |
|---|-------------|
| Independent Auditors' Report | 1 |
| Statement of Financial Position as of June 30, 2012 (with comparative totals for June 30, 2011) | 2 |
| Statement of Activities for the year ended June 30, 2012 (with comparative totals for June 30, 2011) | 3 |
| Statement of Functional Expenses for the year ended June 30, 2012 (with comparative totals for June 30, 2011) | 4 |
| Statement of Cash Flows for the year ended June 30, 2012 (with comparative totals for June 30, 2011) | 5 |
| Notes to Financial Statements | 6-12 |

SOUTH ASIAN YOUTH ACTION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

| | <u>2012</u> | <u>2011</u> |
|---|--------------------------|--------------------------|
| <u>ASSETS</u> | | |
| Current Assets | | |
| Cash | \$ 610,505 | \$ 367,833 |
| Investments - Note 2 | - | 19,530 |
| Accounts receivable | 712 | 1,075 |
| Pledges, grants and contributions receivable - Notes 2 and 3 | 93,139 | 62,668 |
| Due from governmental agencies - Note 4 | 79,702 | 303,278 |
| Contract fees receivable | 47,651 | 27,764 |
| Prepaid expenses | <u>39,835</u> | <u>28,260</u> |
| Total Current Assets | 871,544 | 810,408 |
| Non-Current Assets | | |
| Pledges receivable - Notes 2 and 3 | 9,760 | 33,508 |
| Fixed assets, at cost, net of accumulated depreciation and amortization of \$21,179 and \$9,200 in 2012 and 2011 respectively - Notes 2 and 5 | 35,145 | 15,901 |
| Security deposit | <u>1,600</u> | <u>1,600</u> |
| Total Assets | <u>\$ 918,049</u> | <u>\$ 861,417</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current Liabilities | | |
| Accounts and accrued expenses payable | \$ 51,925 | \$ 57,561 |
| Deferred event revenue | 31,770 | 10,650 |
| Advance from governmental agency - Note 4 | <u>20,666</u> | <u>28,312</u> |
| Total Liabilities | <u>104,361</u> | <u>96,523</u> |
| Commitment - Note 9 Contingencies - Note 10 | | |
| Net Assets | | |
| Unrestricted | 650,302 | 609,386 |
| Temporarily restricted - Note 8 | <u>163,386</u> | <u>155,508</u> |
| Total Net Assets | <u>813,688</u> | <u>764,894</u> |
| Total Liabilities and Net Assets | <u>\$ 918,049</u> | <u>\$ 861,417</u> |

See accompanying notes to financial statements.

SOUTH ASIAN YOUTH ACTION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total All Funds</u> | |
|---|-------------------------|-----------------------------------|-------------------------|-------------------------|
| | | | <u>2012</u> | <u>2011</u> |
| <u>SUPPORT AND REVENUE</u> | | | | |
| Grants and contributions from - Note 2: | | | | |
| Foundations | \$ 27,042 | \$ 145,125 | \$ 172,167 | \$ 209,205 |
| Corporations | 54,810 | 40,000 | 94,810 | 115,400 |
| Individuals | 25,727 | 1,253 | 26,980 | 167,865 |
| Federations | 10,742 | 25,000 | 35,742 | 3,699 |
| Government contracts | 484,860 | | 484,860 | 635,170 |
| Other contract services | 80,000 | | 80,000 | 87,055 |
| Program fees | | | - | 832 |
| Special event income, net of direct expenses of \$134,306 and \$2,400 in 2012 and 2011, respectively - Note 6 | 479,707 | | 479,707 | 30,338 |
| In-kind contributions - Notes 2 and 6 | 23,733 | | 23,733 | 39,169 |
| Interest income | 330 | | 330 | 595 |
| Net realized loss on investment transactions (| 445) | | (445) | - |
| Net unrealized loss on investments (| 1,082) | | (1,082) | 1,082 |
| Other income | <u>426</u> | | <u>426</u> | <u>-</u> |
| Total Support and Revenue | 1,185,850 | 211,378 | 1,397,228 | 1,290,410 |
| Net Assets released from restrictions - Note 7: | | | | |
| Satisfaction of program restrictions | 151,500 | (151,500) | - | - |
| Satisfaction of purpose restrictions | 51,000 | (51,000) | - | - |
| Satisfaction of time restrictions | <u>1,000</u> | <u>(1,000)</u> | <u>-</u> | <u>-</u> |
| | <u>203,500</u> | <u>(203,500)</u> | <u>-</u> | <u>-</u> |
| Total Support and Revenue | <u>1,389,350</u> | <u>7,878</u> | <u>1,397,228</u> | <u>1,290,410</u> |
| <u>EXPENSES</u> | | | | |
| Program services | 1,142,754 | | 1,142,754 | 1,144,885 |
| Administrative and general | 113,108 | | 113,108 | 135,785 |
| Fund raising | <u>92,572</u> | | <u>92,572</u> | <u>108,992</u> |
| Total Expenses | <u>1,348,434</u> | | <u>1,348,434</u> | <u>1,389,662</u> |
| Changes in Net Assets | 40,916 | 7,878 | 48,794 | (99,252) |
| Net Assets at beginning of year | <u>609,386</u> | <u>155,508</u> | <u>764,894</u> | <u>864,146</u> |
| Net Assets at end of year | <u>\$ 650,302</u> | <u>\$ 163,386</u> | <u>\$ 813,688</u> | <u>\$ 764,894</u> |

See accompanying notes to financial statements.

SOUTH ASIAN YOUR ACTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

| | Program Services | Supporting Services | | Total Program and Supporting Services | |
|--|---------------------|----------------------------------|-------------------|--|---------------------|
| | | Administrative and General | Fund Raising | 2012 | 2011 |
| Salaries | \$ 773,114 | \$ 55,570 | \$ 22,273 | \$ 850,957 | \$ 883,455 |
| Payroll taxes and employee benefits | 113,406 | 8,151 | 3,267 | 124,824 | 152,139 |
| Total Payroll and related expenses | 886,520 | 63,721 | 25,540 | 975,781 | 1,035,594 |
| Professional and consulting fees (including donated services of \$23,733 in 2012 and \$39,169 in 2011) | 104,608 | 24,285 | 40,945 | 169,838 | 159,523 |
| Stipends | 9,850 | | | 9,850 | 10,207 |
| Supplies | 24,712 | 5,166 | 415 | 30,293 | 43,842 |
| Telephone and telecommunications | 5,615 | 1,167 | 566 | 7,348 | 6,286 |
| Postage and mailing | 297 | 878 | 84 | 1,259 | 976 |
| Occupancy | 35,075 | 2,546 | 2,579 | 40,200 | 38,400 |
| Equipment rental, repairs and maintenance | 7,742 | 2,403 | 1,104 | 11,249 | 3,935 |
| Travel | 29,072 | 498 | 1,745 | 31,315 | 19,647 |
| Meetings and community relations | | 400 | 1,260 | 1,660 | 1,628 |
| Staff and board development | 1,284 | 1,700 | 1,233 | 4,217 | 4,627 |
| Printing and copying | 244 | 602 | 53 | 899 | 245 |
| Dues, fees and subscriptions | 1,159 | 390 | 651 | 2,200 | 1,081 |
| Advertising and recruitment expenses | 205 | 864 | 3,308 | 4,377 | 2,816 |
| Insurance | 8,759 | 844 | 950 | 10,553 | 10,158 |
| Event expenses | | | 8,502 | 8,502 | 10,004 |
| Program expenses | 16,024 | | | 16,024 | 29,799 |
| Bank and credit card charges | 1,344 | 5,494 | 33 | 6,871 | 3,295 |
| Investment fees | | 150 | | 150 | 150 |
| Miscellaneous | 62 | 802 | 3,005 | 3,869 | 2,426 |
| Total Expenses before depreciation and amortizaion | 1,132,572 | 111,910 | 91,973 | 1,336,455 | 1,384,639 |
| Depreciation and amortization | 10,182 | 1,198 | 599 | 11,979 | 5,023 |
| Total Expenses 2012 | \$ 1,142,754 | \$ 113,108 | \$ 92,572 | \$ 1,348,434 | |
| Total Expenses 2011 | \$ 1,144,885 | \$ 135,785 | \$ 108,992 | | \$ 1,389,662 |

See accompanying notes to financial statements.

SOUTH ASIAN YOUTH ACTION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

| | <u>2012</u> | <u>2011</u> |
|---|-------------------|-------------------|
| <u>Cash Flows from Operating Activities</u> | | |
| Changes in Net Assets | \$ 48,794 | (\$ 99,252) |
| Adjustments to reconcile changes in Net Assets to net cash provided by/(used in) operating activities: | | |
| Depreciation and amortization | 11,979 | 5,023 |
| Net realized loss on investment transactions | 445 | - |
| Net unrealized loss/(gains) on investments | 1,082 | (1,082) |
| Changes in assets and liabilities: | | |
| Decrease in accounts receivable | 363 | 283 |
| Increase in pledges, grants and contributions receivable | (6,723) | (60,991) |
| Decrease/(increase) in due from governmental agencies | 223,576 | (236,405) |
| (Increase)/decrease in contract fees receivable | (19,887) | 18,381 |
| Increase in prepaid expenses | (11,575) | (20,138) |
| Decrease in accounts and accrued expenses payable | (5,636) | (12,592) |
| Increase in deferred event revenue | 21,120 | 10,650 |
| (Decrease)/increase in advance from governmental agencies | (7,646) | 2,350 |
| Net Cash Provided by/(Used in) Operating Activities | <u>255,892</u> | <u>(393,773)</u> |
| <u>Cash Flows from Investing Activities</u> | | |
| Donated securities | (14,156) | (25,488) |
| Proceeds from sale of donated securities | 32,159 | 7,040 |
| Acquisition of fixed assets | (31,223) | (11,800) |
| Net Cash Used in Investing Activities | <u>(13,220)</u> | <u>(30,248)</u> |
| Net Increase/(Decrease) in Cash | 242,672 | (424,021) |
| Cash balance at beginning of year | <u>367,833</u> | <u>791,854</u> |
| Cash balance at end of year | <u>\$ 610,505</u> | <u>\$ 367,833</u> |
| <u>Supplemental disclosures of cash flow information:</u> | | |
| Gifts of securities | <u>\$ 14,156</u> | <u>\$ 25,488</u> |
| Donated computer equipment | <u>\$ 18,880</u> | |

See accompanying notes to financial statements.

**SOUTH ASIAN YOUTH ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 ORGANIZATION

South Asian Youth Action, Inc. ("SAYA") is a not-for-profit organization dedicated to creating social change and opportunities for South Asian youth to realize their fullest potential. Founded in 1996, SAYA is the only organization of its kind in New York City providing non-sectarian comprehensive youth development services to the South Asian community.

SAYA's holistic youth development model, based on industry best practices, addresses the core academic, social and emotional needs of youth. The model consists of programs such as academic support and college access, leadership development and empowerment, sports and wellness activities, artistic expression, mentoring and individual counseling.

SAYA is exempt from Federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code and similar provisions of the State Code.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a) The accompanying financial statements of SAYA have been prepared on the accrual basis of accounting.
- b) Major acquisition of fixed assets are capitalized and depreciation is provided for on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the term of the related lease.
- c) Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

All contributions are considered to be available for unrestricted use unless specifically restricted by donor. Contributions received and unconditional promises to give are measured at their fair value and are reported as an increase in net assets. SAYA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(Continue)

SOUTH ASIAN YOUTH ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

- d) Cash consists of cash held in an interest-bearing checking account. At year end and throughout the year, SAYA's cash balances were deposited in a high quality financial institution. Management believes SAYA is not exposed to any significant credit risk on cash.
- e) Investments in equity securities with readily determinable fair values are measured at fair value in the statement of financial position. The basis of determining the fair value of investments is the readily determinable sales price of the investments based on prices or quotations from over-the-counter markets.

Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities. Realized and unrealized gains and losses allocated to the unrestricted, temporarily and permanently restricted net assets are recognized as incurred. They are recorded in the Statement of Activities as income or loss in accordance with donors restrictions.

- f) The classification of an organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets, permanently restricted, temporarily restricted and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

The classes of net assets are defined as follows:

Permanently Restricted - Net assets resulting from contributions and other inflows of assets whose use by SAYA is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of SAYA.

Temporarily Restricted - Net assets resulting from contributions and other inflows of assets whose use by SAYA is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of SAYA pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.

Unrestricted - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

- g) Program revenue is recognized as income when earned.
- h) Donated services are reflected in the statement of activities at their fair value. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

(Continue)

SOUTH ASIAN YOUTH ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

- i) 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 June 30, 2012 and the reported amounts of revenues and expenses during the year then ended. Actual results could differ from these estimates.
- j) These financial statements include certain prior year summarized information presented for comparative purposes and is not intended to be a complete financial statement presentation. Accordingly, such information should be read in conjunction with SAYA's financial statements for the year ended June 30, 2011 from which the summarized information was derived.
- k) SAYA adopted *Financial Accounting Standards Board* ("FASB") guidance on uncertain income tax positions in its financial statements. SAYA recognizes the effect of tax positions only when they are more likely than not of being sustained. Management is not aware of any violation of its tax status as an organization exempt from income taxes.

NOTE 3 PROMISES TO GIVE

Unconditional promises to give as of June 30, 2012 are as follows:

| | |
|--------------------------------------|-------------------|
| Receivable in less than one year | \$ 93,139 |
| Receivable in one to five years | <u>10,000</u> |
| Total unconditional promises to give | 103,139 |
| Less net present value discount | <u>240</u> |
| Net unconditional promises to give | <u>\$ 102,899</u> |

Long-term promises to give are recognized at fair value, using present value techniques and a discount rate of 1.62%.

**SOUTH ASIAN YOUTH ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 4 ADVANCE AND DUE FROM GOVERNMENTAL AGENCIES

Under the terms of certain government contracts, any fund unexpended is reported as advance from governmental agencies and any excess of expenditures over funds received is reported as due from governmental agencies. The balances as of June 30, 2012 are as follows:

| | Due from Governmental <u>Agency</u> | Advance from Governmental <u>Agency</u> |
|--|---|---|
| New York City Department of Youth and Community Development | \$ 63,817 | \$ 20,666 |
| New York State Department of Education | <u>15,885</u> | <u> </u> |
| Total | <u>\$ 79,702</u> | <u>\$ 20,666</u> |

NOTE 5 FIXED ASSETS

As of June 30, 2012, the costs of fixed assets and related accumulated depreciation and amortization are as follows:

| | | |
|--|--|-------------------|
| Furniture and equipment | | \$ 9,074 |
| Computer and software | | 30,650 |
| Website | | 11,800 |
| Leasehold improvement | | <u>4,800</u> |
| | | 56,324 |
| Less - accumulated depreciation and amortization | | (<u>21,179</u>) |
| Net | | <u>\$ 35,145</u> |

NOTE 6 NON-CASH CONTRIBUTIONS

In-kind contributions received during the year consist of donated services from Americorp VISTA members of \$23,733.

SAYA also received donated auction items of \$46,420 for their special event. This amount was recorded in direct event expenses.

**SOUTH ASIAN YOUTH ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 7 NET ASSETS RELEASED FROM RESTRICTIONS

The amounts released from restrictions during the year ended June 30, 2012 are as follows:

| | |
|---|-------------------|
| Satisfaction of program restrictions: | |
| Programmatic Support | \$ 10,000 |
| Academic Enrichment and Leadership | 11,000 |
| Community Building and Environmental Action | 7,000 |
| Girls Empowerment | 25,000 |
| Young Men's Empowerment | <u>98,500</u> |
| | <u>151,500</u> |
| Satisfaction of purpose restrictions: | |
| Capacity Building | 25,000 |
| Finance Manual and Orientation Training | 15,000 |
| Institute for Public Service | 7,000 |
| Partnership Agreement for Founding Partners | 2,000 |
| South Asian Community Center Project | <u>2,000</u> |
| | <u>51,000</u> |
| Satisfaction of time restrictions: | |
| General Support designated for 2012 | <u>1,000</u> |
| Total | <u>\$ 203,500</u> |

NOTE 8 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2012 are available for the following:

| | |
|---|-------------------|
| General Support designated for future periods | \$ 65,886 |
| Young Men's Empowerment | <u>97,500</u> |
| Total | <u>\$ 163,386</u> |

NOTE 9 COMMITMENT

SAYA leases its premises under an operating lease expiring on June 30, 2013. Future minimum rental payments under this lease, exclusive of certain rent escalations, is \$41,400.

SOUTH ASIAN YOUTH ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 10 CONTINGENCIES

SAYA receives State and City contracts and contracts with other organizations for its programs. These contracts may be subject to financial and compliance audits by the funding agencies. The amount of expenditures, if any, that may be disallowed by the funding agencies cannot be determined at this time, hence no provision for such disallowance has been reflected in the financial statements.

NOTE 11 FAIR VALUE OF FINANCIAL INSTRUMENTS

SAYA follows FASB guidance on *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. As defined in FASB *Accounting Standards Codification* (“ASC”) 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

SAYA utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. SAYA’s assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of fair value of assets and liabilities and their placement within the fair value hierarchy levels.

FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, maximizes the use of observable inputs, and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

The three levels of fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.
- Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets or quoted market prices for identical assets and liabilities in inactive markets.
- Level 3: Unobservable inputs reflecting management’s own assumptions about the inputs used in pricing the asset or liability.

(Continue)

SOUTH ASIAN YOUTH ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 11 FAIR VALUE OF FINANCIAL INSTRUMENTS - (Continued)

The following methods and assumptions were used by SAYA in estimating its fair value disclosures for financial instruments:

- Cash, short-term unconditional promises to give, amounts due from governmental agencies and advance from government agency: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.
- Long-term unconditional promises to give: The fair value of promises to give that are due in more than one year is estimated by discounting expected future cash flows using a discount rate of 1.62%.

The estimated fair values of SAYA's financial instruments are as follows:

| | <u>Carrying Amount</u> | <u>Fair Value</u> |
|----------------------------------|----------------------------|-------------------|
| Financial assets: | | |
| Cash | \$ 610,505 | \$ 610,505 |
| Unconditional promises to give | 102,899 | 102,899 |
| Due from governmental agencies | 79,702 | 79,702 |
| Financial liability: | | |
| Advance from governmental agency | 20,666 | 20,666 |

NOTE 12 FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing SAYA's services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

NOTE 13 SUBSEQUENT EVENTS

SAYA evaluated subsequent events through October 10, 2012, which is the date the financial statements were available to be issued. No subsequent events were identified that required adjustment to or disclosure within the financial statements.