

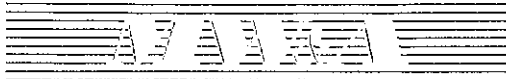
Interfaith Youth Core

Financial Statements

Year Ended July 31, 2008

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INDEPENDENT AUDITORS' REPORT

January 20, 2009

Board of Directors
Interfaith Youth Core
Chicago, Illinois

We have audited the accompanying statement of financial position of the Interfaith Youth Core (IFYC), as of July 31, 2008, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of IFYC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 the Interfaith Youth Core as of July 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Mann. Weitz & Associates L.L.C.

INTERFAITH YOUTH CORE

STATEMENT OF FINANCIAL POSITION

JULY 31, 2008

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 69,108
Investments - Note 2	2,467,278
Grants and contributions receivable - Note 4	401,470
Accounts receivable	72,501
Prepaid expenses	12,321

Total Current Assets 3,022,678

PROPERTY AND EQUIPMENT - Note 3

33,588

Total Assets

\$ 3,056,266

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 25,299
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NET ASSETS

Unrestricted	2,612,601
Temporarily restricted - Note 5	418,366

Total Net Assets

3,030,967

Total Liabilities and Net Assets

\$ 3,056,266

The accompanying notes are an integral part of this statement.

INTERFAITH YOUTH CORE

STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 2008

	Unrestricted	Temporarily Restricted	Total
<u>REVENUES, GAINS AND OTHER SUPPORT</u>			
Grants and contributions - Note 7			
Individual	\$ 72,438	\$ -	\$ 72,438
Religious/civic/NGO	1,294		1,294
Corporate/business grants	450		450
Foundation/trust grants	567,960	196,111	764,071
Board contributions	36,515		36,515
NGO contract revenue	85,945		85,945
Program service fees	22,027		22,027
Publications	11,877		11,877
Seminars and workshops	171,222		171,222
Interest and dividends	113,847		113,847
Net loss on investments	(249,059)		(249,059)
Donated services - Note 9	18,335		18,335
Other revenue	3,216		3,216
	856,067	196,111	1,052,178
Total Revenues and Gains			
Net assets released from restrictions - Note 6	549,635	(549,635)	
Total Revenues, Gains and Other Support	1,405,702	(353,524)	1,052,178
<u>EXPENSES</u>			
Program services			
Search Institute (Chicago)	47,701		47,701
Search Institute (National)	28,891		28,891
Public affairs and documentary	741,865		741,865
Outreach education and training	397,563		397,563
Strategic planning, implementation and evaluation (SPIE)	52,509		52,509
Leadership	329,728		329,728
Total Program Services	1,598,257		1,598,257
Supporting services			
Management and general	414,933		414,933
Fundraising	172,441		172,441
Total Supporting Services	587,374		587,374
Total Expenses	2,185,631		2,185,631
<u>CHANGE IN NET ASSETS</u>	(779,929)	(353,524)	(1,133,453)
<u>NET ASSETS</u>			
Beginning of year	3,392,530	771,890	4,164,420
End of year	\$ 2,612,601	\$ 418,366	\$ 3,030,967

The accompanying notes are an integral part of this statement.

INTERFAITH YOUTH CORE

STATEMENT OF CASH FLOWS
YEAR ENDED JULY 31, 2008

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Change in net assets	\$ (1,133,453)
Adjustments to reconcile change in net assets to net cash used for operating activities	
Net loss on investments	249,059
Depreciation	17,902
Contribution of stock	(18,515)
Net (increase) decrease in assets	
Grants and contributions receivable	87,405
Accounts receivable	(67,042)
Prepaid expenses	(12,321)
Net decrease in liabilities	
Accounts payable and accrued expenses	<u>(14,471)</u>
Net Cash Used for Operating Activities	(891,436)
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Purchase of property and equipment	(13,429)
Purchase of investments	(484,186)
Proceeds from sale of investments	<u>797,836</u>
Net Cash Provided by Investing Activities	<u>300,221</u>
 <u>NET DECREASE IN CASH AND CASH EQUIVALENTS</u>	 (591,215)
 <u>CASH AND CASH EQUIVALENTS</u>	
Beginning of year	<u>660,323</u>
End of year	<u>\$ 69,108</u>

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITY

During the year ending July 31, 2008, IFYC received \$18,515 of contributed stock.

The accompanying notes are an integral part of this statement.

INTERFAITH YOUTH CORE

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES AND ORGANIZATION

The Interfaith Youth Core (IFYC) is an Illinois nonprofit corporation. IFYC was established in 2002 to build mutual respect and pluralism among young people from different traditions by empowering them to work together to serve others. Funding is derived primarily from contributions and grants from foundations and seminars and workshops. IFYC is located in Chicago, Illinois.

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared using the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

BASIS OF PRESENTATION

Information regarding the financial position and activities of IFYC are reported in three classes of net assets (as applicable): unrestricted, temporarily restricted and permanently restricted, which are based on the existence or absence of externally (donor) imposed restrictions on contributions. Accordingly, net assets of IFYC and changes therein are classified and reported as follows:

- Unrestricted net assets - Unrestricted net assets are not subject to donor-imposed stipulations. They include all activities of IFYC, except for those amounts that are temporarily or permanently restricted by external donors.
- Temporarily restricted net assets - Temporarily restricted net assets are subject to donor-imposed stipulations that can be removed through the passage of time (time restrictions) or actions of IFYC (purpose restrictions).
- Permanently restricted net assets - Permanently restricted net assets are subject to the restrictions imposed by donors who require that the principal of these classes of net assets be invested in perpetuity and only the investment income be expended. IFYC currently does not have any permanently restricted amounts.

IFYC reports its expenses by function (i.e., by program).

CASH EQUIVALENTS

IFYC considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, excluding those amounts contained in the investment account.

INVESTMENTS

Investments are recorded at fair value. All gains and losses are included in the statement of activities.

INTERFAITH YOUTH CORE

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- Continued

PROPERTY AND EQUIPMENT

Property and equipment is recorded at historical cost. IFYC capitalizes fixed asset additions over \$1,000. Depreciation is computed by use of the straight-line method for substantially all property and equipment. The estimated useful lives used in computing depreciation are as follows:

<u>Description</u>	<u>Years</u>
Computer equipment	3
Furniture and equipment	5

CONTRIBUTIONS

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class. Contributions of cash and other assets are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. However, if a restriction is fulfilled in the same time period in which the contribution is received, IFYC reports the support as unrestricted.

Contributions are recognized when the donor makes a promise to give to IFYC that is, in substance, unconditional. Promises to give payable over more than one year are recorded at present value.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Expenses which are easily and directly associated with a particular program or supporting service are allocated directly to that functional category. Certain costs have been allocated among the program and supporting services benefited based on an estimate of time devoted to the functional areas.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with U.S. 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 the reported amounts of revenues, gains and expenses during the reporting period. Actual results could differ from those estimates.

INTERFAITH YOUTH CORE

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- Continued

INCOME TAXES

IFYC is a nonprofit corporation which has been granted a tax-exempt status as a public charity under Section 501(c)(3) of the Internal Revenue Code for all business income related to the organization's tax-exempt purpose. IFYC had no unrelated business income during the year ended July 31, 2008.

2. INVESTMENTS

At July 31, 2008, investments consist of the following:

Equity securities	\$ 1,384,641
Fixed income securities	951,319
Money market funds	<u>131,318</u>
Total Investments	<u>\$ 2,467,278</u>

3. PROPERTY AND EQUIPMENT

A summary of fixed assets and accumulated depreciation at July 31, 2008 is as follows:

Computer equipment	\$ 57,682
Furniture and equipment	<u>12,941</u>
	70,623
Less: Accumulated depreciation	<u>37,035</u>
Net Property and Equipment	<u>\$ 33,588</u>

Depreciation expense was \$17,902 for the year ended July 31, 2008.

4. GRANTS AND CONTRIBUTIONS RECEIVABLE

Included in grants and contributions receivable is a grant for \$150,000, discounted to its present value of \$142,500. All grants and contributions are due within one year. IFYC used a rate of 5% in fiscal year 2007 to calculate the present value of the grant receivable.

INTERFAITH YOUTH CORE

NOTES TO FINANCIAL STATEMENTS

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at July 31, 2008:

Leadership	\$ 150,000
Outreach Education and Training	75,671
Public Affairs	<u>192,695</u>
Total Temporarily Restricted Net Assets	<u>\$ 418,366</u>

6. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the year ended July 31, 2008 by incurring expenses satisfying the following purpose specified by donors:

Leadership	\$ 50,000
Outreach Education and Training	300,061
Public Affairs	<u>199,574</u>
Total Net Assets Released from Restrictions	<u>\$ 549,635</u>

7. CONCENTRATION OF GRANTS

Approximately 40% of the total contribution revenue was contributed by two organizations during the year ended July 31, 2008.

8. LEASE COMMITMENT

In September 2008, IFYC moved and entered into an operating lease for office space. The lease term begins September 1, 2008 and expires November 30, 2012 with a three year option term which begins December 1, 2012 and expires November 30, 2015.

The minimum future rental payments under this operating lease are as follows:

<u>Year Ended July 31,</u>	<u>Amount</u>
2009	\$ 122,400
2010	136,000
2011	208,080
2012	214,322
2013	<u>72,141</u>
Total	<u>\$ 752,943</u>

INTERFAITH YOUTH CORE

NOTES TO FINANCIAL STATEMENTS

8. LEASE COMMITMENT - Continued

Rental expense was \$76,529 for the year ended July 31, 2008.

9. DONATED SERVICES AND FACILITIES

The value of contributed legal services included in the financial statements as contribution revenue and allocated to management and general for the year ended July 31, 2008, is \$18,335.

In addition, a significant amount of donated services is contributed to IFYC to support its programs by participating on the Board of Directors and numerous other committees. The value of these services has not been included in the financial statements.

SUPPLEMENTAL INFORMATION



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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

January 20, 2009

Board of Directors
Interfaith Youth Core
Chicago, Illinois

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole of the Interfaith Youth Core for the year ended July 31, 2008, which is presented in the preceding section of this report. The supplemental information relating to the year ended July 31, 2008 presented hereinafter (page 13) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended July 31, 2008, taken as a whole.

Mann. Weitz & Associates L.L.C.

INTERFAITH YOUTH CORE
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2008

	Program Services					Supporting Services			Total Expenses		
	Search Institute (Chicago)	Search Institute (National)	Public Affairs and Documentary	Outreach Education and Training	Strategic Planning, Implementation and Evaluation (SPIE)	Leadership	Total Program Services	Management and General		Fundraising	Total Supporting Services
Salaries and related expenses	\$ 23,189	\$ 18,374	\$ 367,820	\$ 231,110	\$ 24,537	\$ 97,061	\$ 762,091	\$ 212,560	\$ 119,462	\$ 332,022	\$ 1,094,113
Employee benefits	2,160	1,120	23,965	21,529	3,171	8,984	60,929	24,510	9,602	34,112	95,041
Payroll taxes and processing fees	2,381	1,911	37,790	23,887	2,469	10,975	78,513	21,947	12,515	34,262	112,775
Professional fees			131,331	812		22,880	155,023	45,757	143	45,900	200,923
Accounting fees	1,659	320	13,271	7,239	2,087	32,419	56,995	29,633	3,399	29,633	29,633
Supplies and computer software			26,207			210	26,417	26,561		8,196	65,191
Website costs	438	340	7,077	5,899	781	3,322	17,857	4,758	2,878	7,636	52,978
Telephone and telecommunications	84	44	3,509	2,403	2,077	699	8,616	681	2,325	3,006	25,493
Postage, shipping and delivery	530	1,536	44,649	17,621	314	12,410	77,060	3,414	5,684	9,098	11,622
Printing and copying			1,329	1,413	311	165	3,218	1,197	222	1,419	86,158
Books, subscriptions, reference	2,157	1,118	22,929	20,372	1,278	8,949	56,803	13,919	9,587	23,506	4,657
Occupancy expenses	3,649	3,893	52,632	50,034	13,555	79,067	202,830	1,006	3,329	4,335	80,309
Travel and meetings expense								17,902		17,902	207,165
Depreciation								1,719	1,185	2,904	17,902
Insurance	267	138	2,835	2,519	158	1,057	6,974	1,719	1,185	2,904	9,878
Dues			943	95	460		1,498	419	60	479	1,977
Staff development			3,055	4,457	1,200	1,550	10,262	1,234	1,153	2,387	12,649
Special events			340			205	545	510	250	760	1,305
Bank charges	187	97	2,135	1,765	111	741	5,036	1,321	831	2,152	7,188
Other expenses	1,000		248	108		16	372	1,013	16	1,029	1,401
Scholarships and stipends	10,000			6,300		49,918	50,918	75		75	50,993
Mint-Grants							16,300				16,300
Total Functional Expenses	\$ 47,701	\$ 28,891	\$ 741,865	\$ 397,563	\$ 52,509	\$ 329,728	\$ 1,598,257	\$ 414,933	\$ 172,441	\$ 587,374	\$ 2,185,631

See independent auditors' report on supplemental information.