

NEVADA PARTNERSHIP FOR HOMELESS YOUTH

YEARS ENDED JUNE 30, 2007 AND 2006

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Independent Auditors' Report

Board of Trustees
Nevada Partnership for Homeless Youth
Las Vegas, Nevada

We have audited the accompanying statement of financial position of Nevada Partnership for Homeless Youth (a non-profit organization) as of June 30, 2007, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Nevada Partnership for Homeless Youth's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Nevada Partnership for Homeless Youth as of June 30, 2006, were audited by other auditors whose report dated September 22, 2006, expressed an unqualified opinion on those statements.

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 Foundation's internal control over financial reporting. Accordingly, we express no such opinion. 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 that our audits provide a reasonable basis for our opinion.

In our opinion, the June 30, 2007 financial statements referred to above present fairly, in all material respects, the financial position of Nevada Partnership for Homeless Youth as of June 30, 2007, and 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.

Layton Layton & Tobler LLP

October 5, 2007

Members of:

Private Companies Practice Section of the American Institute of Certified Public Accountants
Nevada Society of Certified Public Accountants

NEVADA PARTNERSHIP FOR HOMELESS YOUTH

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2007 AND 2006

ASSETS

| | 2007 | 2006 |
|---|---------------------|-------------------|
| Current assets: | | |
| Cash | \$ 134,202 | \$ 39,578 |
| Investments | 116,561 | 102,059 |
| Grants receivable | 121,975 | 48,580 |
| Prepaid expenses | 10,800 | 22,988 |
| Total current assets | 383,538 | 213,205 |
| Other assets: | | |
| Property and equipment, net of depreciation | 940,658 | 30,488 |
| Deposits | 8,458 | 8,698 |
| Other | 5,170 | |
| Total other assets | 954,286 | 39,186 |
| Total assets | \$ 1,337,824 | \$ 252,391 |

LIABILITIES AND NET ASSETS

| | | |
|---|---------------------|-------------------|
| Current liabilities: | | |
| Accounts payable | \$ 59,531 | \$ 29,391 |
| Accrued payroll liabilities | 13,112 | 12,678 |
| Total current liabilities | 72,643 | 42,069 |
| Net assets: | | |
| Unrestricted | 72,168 | 181,411 |
| Temporarily restricted | 276,525 | 28,911 |
| Permanently restricted | 916,488 | |
| Total net assets | 1,265,181 | 210,322 |
| Total liabilities and net assets | \$ 1,337,824 | \$ 252,391 |

The accompanying notes are an integral
part of these financial statements

NEVADA PARTNERSHIP FOR HOMELESS YOUTH

STATEMENTS OF ACTIVITIES

YEARS ENDED 2007 AND 2006

| | 2007 | 2006 |
|--|---------------------|-------------------|
| Changes in unrestricted net assets: | | |
| Revenue: | | |
| Contributions | \$ 550,345 | \$ 302,729 |
| Grants | 338,066 | 553,522 |
| Special events, net of direct benefit expenses of \$88,893 and \$57,836 | 198,019 | 116,712 |
| In-kind | 11,074 | 21,400 |
| Other | 14,502 | 2,022 |
| Total unrestricted revenues | 1,112,006 | 996,385 |
| Net assets released from restrictions: | | |
| Satisfaction of restrictions | 711 | 17,768 |
| Expenses: | | |
| Program expenses | 866,978 | 826,707 |
| Management and general expenses | 305,560 | 110,455 |
| Fundraising | 49,422 | 86,112 |
| Total expenses | 1,221,960 | 1,023,274 |
| Increase in unrestricted net assets | (109,243) | (9,121) |
| Changes in temporarily restricted net assets: | | |
| Contributions | 248,325 | 15,000 |
| Net assets released from restrictions | (711) | (17,768) |
| Increase (decrease) in temporarily restricted net assets | 247,614 | (2,768) |
| Changes in permanently restricted net assets: | | |
| Contributions | 916,488 | |
| Increase (decrease) in permanently restricted net assets | 916,488 | |
| Increase in net assets | 1,054,859 | (11,889) |
| Net assets, beginning of year | 210,322 | 222,211 |
| Net assets, end of year | \$ 1,265,181 | \$ 210,322 |

The accompanying notes are an integral
part of these financial statements

NEVADA PARTNERSHIP FOR HOMELESS YOUTH

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2007

| | Program Services | | | | | Supporting Activities | |
|-------------------------|------------------|------------|-------------|------------|------------|-----------------------|--------------|
| | Mentor Match | Safe Place | Drop Center | Other | G&A | Fundraising | Total |
| Salaries | \$ 49,027 | \$ 48,249 | \$ 34,296 | \$ 133,284 | \$ 99,514 | \$ 40,546 | \$ 404,916 |
| Payroll taxes | 3,734 | 3,674 | 2,612 | 10,150 | 7,578 | 3,088 | 30,836 |
| Employee benefits | | | | | 1,303 | | 1,303 |
| Accounting | 1,016 | 1,016 | 1,065 | 1,806 | 6,461 | | 11,364 |
| Depreciation | | | | 14,768 | 10,575 | | 25,343 |
| Direct services | 8,740 | 430 | 13,073 | 85,050 | | | 107,293 |
| Dues and subscriptions | 259 | 225 | 484 | 1,613 | 2,829 | | 5,410 |
| Food stamps | 782 | 16 | 9,811 | 30,191 | | | 40,800 |
| Insurance | 5,478 | 3,275 | 8,232 | 15,520 | 8,399 | | 40,904 |
| Meetings and seminars | 2,003 | | 2,992 | 7,854 | 20,555 | | 33,404 |
| Miscellaneous | | | 53 | 382 | 1,896 | | 2,331 |
| Occupancy | 525 | 25 | 6,797 | 205 | 34,540 | | 42,092 |
| Office | 2,000 | 548 | 6,562 | 8,638 | 7,081 | | 24,829 |
| Outside services | 2,658 | 4,058 | 11,880 | 186,388 | 64,988 | | 269,972 |
| Printing and postage | 95 | | 2,374 | 1,377 | 1,937 | 1,950 | 7,733 |
| Professional fees | | | 283 | 200 | 18,733 | | 19,216 |
| Program expenses | | | 28,162 | 525 | | | 28,687 |
| Repairs and maintenance | 1,232 | 658 | 5,604 | 10,280 | 7,131 | | 24,905 |
| Shelter services | 11,429 | 4,100 | 15,948 | 25,583 | | | 57,060 |
| Telephone | 2,751 | 1,963 | 7,604 | 4,676 | 6,101 | 3,838 | 26,933 |
| Transportation | 99 | 10 | 347 | 4,140 | | | 4,596 |
| Travel | 583 | 1,876 | 1,271 | 2,364 | 5,939 | | 12,033 |
| Total expenses | \$ 92,411 | \$ 70,123 | \$ 159,450 | \$ 544,994 | \$ 305,560 | \$ 49,422 | \$ 1,221,960 |

Total program services

\$ 866,978

The accompanying notes are an integral part of these financial statements

NEVADA PARTNERSHIP FOR HOMELESS YOUTH

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2006

| | Program Services | | | Supporting Activities | | | Total |
|-------------------------------|---------------------|-------------------|-------------------|-----------------------|------------------|-----------|---------------------|
| | Former Foster Youth | Safe Place | HMIS | G&A | Fundraising | | |
| Salaries | \$ 67,027 | \$ 113,232 | \$ 47,268 | \$ 51,255 | \$ 46,319 | \$ | \$ 325,101 |
| Payroll taxes | 5,837 | 9,861 | 4,117 | 4,464 | 4,034 | | 28,313 |
| Employee benefits | 4,982 | 8,416 | 3,513 | 3,810 | 3,443 | | 24,164 |
| Accounting | | | | 13,250 | | | 13,250 |
| Advertising | 5,775 | 9,757 | 4,073 | 4,416 | 3,991 | | 28,012 |
| Contract labor | 2,514 | 4,247 | 1,773 | 1,922 | 1,738 | | 12,194 |
| Depreciation | 3,304 | 5,582 | 2,330 | 2,527 | 2,284 | | 16,027 |
| Direct services | 91,301 | | | | | | 91,301 |
| Dues and subscriptions | 786 | 1,328 | 554 | 601 | 543 | | 3,812 |
| Food stamps | 36,508 | | | | | | 36,508 |
| Gift and telephone cards | 3,526 | | | | | | 3,526 |
| Insurance | 2,754 | 4,652 | 1,942 | 2,106 | 1,903 | | 13,357 |
| Meetings and seminars | 6,741 | 11,388 | 4,754 | 5,155 | 4,657 | | 32,695 |
| Miscellaneous | 1,556 | 2,629 | 1,098 | 1,190 | 1,076 | | 7,549 |
| Occupancy | 8,894 | 15,026 | 6,272 | 6,801 | 6,147 | | 43,140 |
| Office | 3,997 | 6,752 | 2,818 | 3,056 | 2,762 | | 19,385 |
| Outside services | | | 182,637 | | | | 182,637 |
| Printing and postage | 2,861 | 4,833 | 2,017 | 2,188 | 1,977 | | 13,876 |
| Professional fees | 1,422 | 711 | 648 | 1,659 | | | 4,440 |
| Program expenses | 2,381 | 22,506 | | | | | 24,887 |
| Repairs and maintenance | 444 | 750 | 313 | 339 | 306 | | 2,152 |
| Shelter services | 43,956 | | | | | | 43,956 |
| Telephone | 3,567 | 6,026 | 2,515 | 2,727 | 2,465 | | 17,300 |
| Transportation | 1,221 | 16,896 | | 259 | | | 18,376 |
| Travel | 3,570 | 6,031 | 2,518 | 2,730 | 2,467 | | 17,316 |
| Total expenses | \$ 304,924 | \$ 250,623 | \$ 271,160 | \$ 110,455 | \$ 86,112 | \$ | \$ 1,023,274 |
| Total program services | | | | | | | \$ 826,707 |

The accompanying notes are an integral part of these financial statements

NEVADA PARTNERSHIP FOR HOMELESS YOUTH

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2007 AND 2006

| | 2007 | 2006 |
|--|-------------|-------------|
| Cash flows from operating activities: | | |
| Contributions | \$ 676,695 | \$ 317,729 |
| Grants | 386,647 | 557,075 |
| Special events, net of direct benefit expenses of \$88,893 and \$57,836 | 198,019 | 116,712 |
| Other | | 1,866 |
| Direct assistance provided | (846,674) | (826,207) |
| Cash paid to suppliers and employees | (301,038) | (205,206) |
| Net cash provided by operating activities | 113,649 | (38,031) |
| Cash flows from investing activities: | | |
| Payments for property and equipment | (19,025) | (8,730) |
| Purchase of investments | | (101,903) |
| Net cash used by investing activities | (19,025) | (110,633) |
| Net increase in cash | 94,624 | (148,664) |
| Cash, beginning of year | 39,578 | 188,242 |
| Cash, end of year | \$ 134,202 | \$ 39,578 |
| Schedule of noncash investing transactions: | | |
| Donated property and equipment | \$ 916,488 | \$ 6,500 |

The accompanying notes are an integral
part of these financial statements

NEVADA PARTNERSHIP FOR HOMELESS YOUTH

STATEMENTS OF CASH FLOWS, CONTINUED

YEARS ENDED JUNE 30, 2007 AND 2006

| | 2007 | 2006 |
|---|-----------------------------|---------------------------|
| Increase in net assets | \$ 1,054,859 | \$ (11,889) |
| Adjustments to reconcile excess support and revenue over expenses: | | |
| Depreciation | 25,343 | 16,027 |
| Noncash donations - food and value card | (8,034) | |
| Noncash donations - property and equipment | (916,488) | (6,500) |
| Donated services | (3,040) | (14,900) |
| Noncash donated expenses | 8,034 | 14,900 |
| Donated services expenditures | 3,040 | |
| Net realized gain on investments | (14,502) | (156) |
| (Increase) decrease in: | | |
| Grants receivable | (73,395) | 3,553 |
| Prepaid expenses | 12,188 | (11,499) |
| Deposits | 240 | (2,400) |
| Other | (5,170) | |
| Increase (decrease) in: | | |
| Accounts payable | 30,140 | 21,391 |
| Accrued expenses | 434 | 3,573 |
| Refundable advance | <u> </u> | <u>(50,131)</u> |
| Total adjustments | <u>(941,210)</u> | <u>(26,142)</u> |
| Net cash provided by operating activities | <u>\$ 113,649</u> | <u>\$ (38,031)</u> |

The accompanying notes are an integral
part of these financial statements

NEVADA PARTNERSHIP FOR HOMELESS YOUTH

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007 and 2006

1. Nature of activities and significant accounting policies:

Organization:

Nevada Partnership for Homeless Youth was organized as a nonprofit Nevada Corporation in December 2000. The Organization provides special services including food and shelter, and acts as an advocate for homeless youth in Nevada within the meaning of sections 170 and 501(c)(3) of the Internal Revenue Code. The Organization's support comes primarily from government grants and corporate donations. Nevada Partnership for Homeless Youth receives donations primarily from donors in the Southern Nevada region and provides services to those residing in the Southern Nevada region.

The Mentor Match program assists foster youth in the transition from the foster care system by providing assistance and support.

The Safe Place program is designed to provide immediate help for young people under the age of 18 who are experiencing a crisis situation. The child is given a snack, moved to a secure location and a Nevada Partnership for Homeless Youth shelter provider is called to transport the child to safety.

The Safe Place Drop-in Center is the only full service drop-in center in Nevada. It offers onsite counseling, a small library, a shower, food pantry, clothing closet, respite room, classroom and personal business station for youth.

The Housing program is designed for youth who are experiencing problems at home, but do not have extensive needs requiring institutionalization. Unaccompanied minors between the ages of 16 and 18 are eligible to live in one of the Organization's condominium units if they are attending school and/or working full-time. Youth are assigned a case manager and given funding for food, clothing and school expenses. Upon completion of high school, youth are given full-time employment opportunities and gently helped to make the transition to adulthood in self-sufficient, self-sustaining ways.

The Street Outreach program finds street youth and places them in leased apartments or helps pay for emergency overnight shelter. Supplies are distributed to the street teens and tickets back to their home city are provided.

NEVADA PARTNERSHIP FOR HOMELESS YOUTH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 2007 and 2006

1. Nature of activities and significant accounting policies, continued:

Organization, continued:

Nevada Partnership for Homeless Youth is governed by a board of trustees. The Board is comprised of thirty-two board members and six executive committee members who are primarily community leaders and members in various local businesses in Nevada.

Basis of accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Contributions:

Contributions are recognized when the donor makes a promise to give to Nevada Partnership for Homeless Youth that is, in substance, unconditional. Contributions that are not intended to be used in the current period are reported as increases in temporarily or permanently restricted net assets. When the contribution becomes available, temporarily restricted net assets are reclassified to unrestricted net assets. The Organization receives its support from grants as well as contributions from the general public and other organizations.

Noncash contributions:

Certain contributed services, property and equipment and supplies are recorded as support and expensed at estimated fair market value when determinable, otherwise at values indicated by the donor. During the year, the Organization received contributions of property and equipment with an estimated fair market value of \$916,488 and \$6,500 in 2007 and 2006, respectively. Services were donated with a fair market value of \$3,040 and \$14,900 in 2007 and 2006, respectively. Food and value cards were donated with a fair market value of \$8,034 in 2007. These items donated were expensed or capitalized as received depending on the nature of the item donated and the Organization's capitalization policy. These donations are included in these financial statements. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization. These services do not meet the criteria for recognition as contributed services.

NEVADA PARTNERSHIP FOR HOMELESS YOUTH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 2007 and 2006

1. Nature of activities and significant accounting policies, continued:

Estimates:

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 the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and cash equivalents:

For purposes of the statements of financial position and statements of cash flows, the Organization considers all highly liquid instruments purchased with the maturity of three months or less to be cash equivalents. The cash consists of demand accounts.

Grants receivable:

Grants receivable are stated at their present value of \$121,975. The amount of funds will be received as spent by the Organization within the guidelines of the grant contract. As of June 30, 2007, the entire amount is considered collectible.

NEVADA PARTNERSHIP FOR HOMELESS YOUTH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 2007 and 2006

1. Nature of activities and significant accounting policies, continued:

Property and equipment:

Nevada Partnership for Homeless Youth's policy is to capitalize purchases or donations of furniture and equipment that are valued greater than \$500. The basis of valuation is cost for purchased items and fair value for contributed items. The policy for depreciation is to provide depreciation by use of the straight line method for financial reporting purposes. The cost, accumulated depreciation, and depreciable lives by asset classification are as follows:

| <u>2007</u> | <u>Accumulated Cost</u> | <u>Accumulated Depreciation</u> | <u>Lives</u> |
|-------------------------|-----------------------------|-------------------------------------|--------------|
| Property | \$ 922,047 | \$ 14,768 | 30 Years |
| Machinery and equipment | 69,324 | 53,144 | 5 Years |
| Vehicles | <u>25,287</u> | <u>8,088</u> | 5 Years |
| Total | <u>\$1,016,658</u> | <u>\$ 76,000</u> | |
| | | | |
| <u>2006</u> | | | |
| Machinery and equipment | \$ 64,646 | \$ 46,016 | 5 Years |
| Vehicles | <u>16,500</u> | <u>4,642</u> | 5 Years |
| Total | <u>\$ 81,146</u> | <u>\$ 50,658</u> | |

Income tax:

Nevada Partnership for Homeless Youth has received an exemption letter from the Internal Revenue Service. The letter grants exemption from federal income taxes under current Internal Revenue Code 501(c)(3) and recognizes the Organization as a publicly supported organization as described in Internal Revenue Code section 170(b)(1)(A)(vi).

NEVADA PARTNERSHIP FOR HOMELESS YOUTH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 2007 and 2006

2. Temporarily restricted net assets:

The temporarily restricted net assets are comprised of cash donations and grants receivable of \$276,525 for 2007 and \$28,911 for 2006. These funds are intended for use in specific purposes and therefore are classified as temporarily restricted. As the time restriction expires or the purpose restriction is accomplished these assets will be reclassified to unrestricted net assets.

Temporarily restricted net assets consist of donations that are restricted for the following use:

| | 2007 | 2006 |
|---|------------|-----------|
| Capital campaign to build new center | \$ 154,550 | \$ 8,200 |
| Grants receivable | 121,975 | |
| Purchase of new van | | 20,000 |
| Strategic planning | | 711 |
| Total temporarily restricted net assets | \$ 276,525 | \$ 28,911 |

The restriction for \$20,000 for the purchase of a new van in 2006 was changed by the donor during 2007 for the Capital Campaign. The \$711 for strategic planning in 2006 was reclassified to unrestricted during 2007.

3. Permanently restricted net assets:

The permanently restricted net assets are comprised of six condo units that were donated with an estimated fair market value of \$916,488. These condos are intended for use as affordable housing units to be held indefinitely. If sold the funds must be used for purchasing additional affordable housing units.

Permanently restricted net assets consist of donations from the following:

| | 2007 |
|---|------------|
| State of Nevada for 3 condos | \$ 466,309 |
| City of Henderson for 3 condos | 450,179 |
| Total permanently restricted net assets | \$ 916,488 |

NEVADA PARTNERSHIP FOR HOMELESS YOUTH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 2007 and 2006

4. Investments:

Nevada Partnership for Homeless Youth has investments in a pooled account. The pooled accounts consist of master investment accounts. Realized and unrealized gains and losses from securities in the master investment accounts are allocated monthly to the individual funds based on the relationship of the market value of each fund to the total market value of the master investment accounts, as adjusted for additions to or deductions from those accounts. The master investment accounts consist of certificates of deposit, stocks both publicly traded and privately held, mutual funds, fixed income securities, equities, annuities, and partnerships. The fair value of the account at June 30, 2007 and 2006 was \$116,561 and \$102,059 respectively, which included investment returns of \$15,049 and \$162 for 2007 and 2006 and investment fees of \$547 and \$6 for 2007 and 2006.

5. Operating leases:

Nevada Partnership for Homeless Youth leases office space on a month-to-month basis. As a result, there are no future minimum payments required under these operating leases. Payments are \$2,230 a month. Total rent paid for each of the years ended June 30, 2007 and 2006 was \$31,930 and \$22,000.

6. Related party transactions:

The Organization uses the services of a board member for public relations and media services. The amounts paid totaled \$28,371 and \$53,035 for the years ending June 30, 2007 and 2006, respectively.

7. Concentration of credit risk:

The Organization maintains cash balances at a financial institution located in Las Vegas, Nevada. The accounts are insured by the Federal Deposit Insurance Corporation up to \$100,000. As of June 30, 2007 the funds in excess of the insured limit were \$68,307.