

Kaleidoscope Youth Center, Inc.

Financial Statements and
Independent Auditor's Report

For the Year Ended December 31, 2005



Kaleidoscope Youth Center, Inc.

Table of Contents

December 31, 2005

Independent Auditor's Report 1

Statement of Financial Position 2

Statement of Activities 3

Statement of Cash Flows..... 4

Statement of Functional Expenses 5

Notes to the Financial Statements..... 6



CPA Solutions, LLC
1153 Neil Avenue
Columbus, Ohio 43201
Tel 614.429.0890
Fax 614.429.0894

Independent Auditor's Report

To the Board of Directors
Kaleidoscope Youth Center, Inc.

We have audited the accompanying statement of financial position of Kaleidoscope Youth Center, Inc. as of December 31, 2005, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Corporation's management. 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 that 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 Kaleidoscope Youth Center, Inc. as of December 31, 2005, 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.

CPA Solutions LLC

CPA Solutions, LLC
Columbus, Ohio
May 24, 2006

Kaleidoscope Youth Center, Inc.

Statement of Financial Position

December 31, 2005

Assets

Current Assets

Cash and Cash Equivalents	\$ 32,999
Accounts Receivable	300
Grants Receivable	5,000
Pledges Receivable, Net	11,555
Prepaid Expenses	444

Furniture and Equipment	6,127
Less: Accumulated Depreciation	<u>(2,085)</u>
Net Furniture and Equipment	<u>4,042</u>

Total Assets 54,340

Liabilities & Net Assets

Current Liabilities

Accounts Payable	<u>1,785</u>
------------------	--------------

Total Liabilities 1,785

Unrestricted Net Assets 52,555

Total Liabilities & Net Assets \$ 54,340

See accompanying notes to the financial statements

Kaleidoscope Youth Center, Inc.

Statement of Activities

For the Year Ended December 31, 2005

Revenue & Other Support	
Contributions Income	\$ 62,307
Combined Charitable Campaign	7,513
Donated Goods and Services	9,633
Grant Income	19,300
Rental Income	3,240
Interest & Dividends	247
Total Revenue & Other Support	<u>102,240</u>
Expenses	
Insurance	3,653
Computer Supplies	345
Contract Labor	6,600
Depreciation	1,280
Donated Materials and Supplies	3,956
Donated Professional Services	3,200
Fundraising Expense	840
Maintenance & Repairs	237
Payroll	24,700
Payroll Taxes	1,925
Postage & Delivery	982
Printing & Reproduction	1,272
Professional Fees	994
Programs Expense	2,044
Promotion & Marketing	3,829
Rent	14,400
Center Supplies	724
Telephone	885
Utilities	5,200
Miscellaneous	875
Total Expenses	<u>77,941</u>
Net Increase in Net Assets	24,299
Net Assets, Beginning of Year	<u>28,256</u>
Net Assets, End of Year	<u><u>\$ 52,555</u></u>

See accompanying notes to the financial statements

Kaleidoscope Youth Center, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2005

Operating Activities	
Net Income	\$ 24,298
Adjustments to reconcile net income to net cash provided by operations	
Depreciation Expense	1,280
Change in Accounts Receivable	300
Change in Grants Receivable	(5,000)
Change in Pledges Receivable	(4,251)
Change in Prepaid Expenses	(34)
Change in Accounts Payable	<u>1,785</u>
Net Cash Provided by Operating Activities	18,378
Investing Activities	
Acquisition of Fixed Assets	<u>(1,427)</u>
Net Cash Used by Investing Activities	<u>(1,427)</u>
Net Cash Increase for Year	16,951
Cash and Cash Equivalents, Beginning of Year	16,048
Cash and Cash Equivalents, End of Year	<u><u>\$ 32,999</u></u>

See accompanying notes to the financial statements

Kaleidoscope Youth Center, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2005

Expenses	Programs	Management & General	Fundraising	Total
Insurance	\$ 2,234	\$ 1,419	\$ -	\$ 3,653
Computer Supplies	322	23	-	345
Contract Labor	6,160	440	-	6,600
Depreciation	1,195	85	-	1,280
Donated Materials and Supplies	633	-	3,323	3,956
Donated Professional Services	-	1,200	2,000	3,200
Fundraising Expense	-	-	840	840
Maintenance & Repairs	221	16	-	237
Payroll	23,053	1,647	-	24,700
Payroll Taxes	1,797	128	-	1,925
Postage & Delivery	327	-	655	982
Printing & Reproduction	145	30	1,097	1,272
Professional Fees	601	43	350	994
Programs Expense	2,044	-	-	2,044
Promotion & Marketing	2,629	-	1,200	3,829
Rent	13,440	960	-	14,400
Center Supplies	676	48	-	724
Telephone	826	59	-	885
Utilities	4,853	347	-	5,200
Miscellaneous	817	58	-	875
	<u>\$ 61,971</u>	<u>\$ 6,505</u>	<u>\$ 9,465</u>	<u>\$ 77,941</u>

See accompanying notes to the financial statements

Kaleidoscope Youth Center, Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ORGANIZATIONAL AND ACCOUNTING POLICIES

Nature of Activities

Kaleidoscope Youth Center, Inc. (Kaleidoscope) was originally incorporated June 30, 1994 in the State of Ohio under the name Kaleidoscope Youth Coalition, Inc. The name was officially changed to Kaleidoscope Youth Center, Inc. in April 2005. Kaleidoscope operates a safe space for gay, lesbian, bisexual, transgendered, questioning and allied youth. The space provides a weapon, drug, and alcohol-free place to socialize and participate in the following regular activities: computer lab, field trips, social activities, support groups, creative arts, skill building, safer sex education, and anti-drug education. In addition, Kaleidoscope provides support to existing Gay/Straight Alliances (GSAs) and assists students in establishing new GSAs in their schools.

Kaleidoscope also collaborates with the Safe Schools Center along with a number of other Central Ohio GLBTQ organizations. The Safe Schools Center works to improve conditions for GLBTQ youth by: providing resources to schools (posters, publications); raising parent/guardian, student, educator and community awareness (website, speaker's bureau, media); providing skill-based training for educators (administrators and other professional and paraprofessional staff); and, serving as a technical advisory resource (to researchers, policy-makers, educators and activists - students, parents/guardians, community members)

Tax Status

In December 1994, Kaleidoscope received approval under Section 501(c)(3) of the Internal Revenue Code as a non-profit entity and, therefore, is exempt from federal income taxes on related income. As such, no provision for income taxes is included in these financial statements. Donations to Kaleidoscope are deductible by the donor as charitable contributions for federal income tax purposes.

Basis of Accounting

The financial statements of Kaleidoscope have been prepared on the accrual basis of accounting and conform to U.S. generally accepted accounting principles. Revenues are recognized in the accounting period in which they are earned and become measurable and expenses are recognized in the period incurred, if measurable.

Contributions

Under SFAS No. 116, Accounting for Contributions Received and Contributions Made, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give to Kaleidoscope that is, in substance, unconditional.

Contributed Services and Materials

Contributed services are reported in the financial statements for voluntary donations of services when those services either create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation.

Kaleidoscope receives donated services from a variety of unpaid volunteers assisting in the program and fundraising activities at Kaleidoscope's Center. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.

Donated materials are recorded at their fair value (if estimable) at the date of the gift. In the absence of donor-imposed restrictions, gifts of long-lived assets are reported as unrestricted revenue.

Kaleidoscope Youth Center, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ORGANIZATIONAL AND ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the purposes of the financial statements, cash and cash equivalents include all highly liquid investments available for current use with original maturities of three months or less.

Property and Equipment

It is Kaleidoscope's policy to capitalize property and equipment costing \$300 or over. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, Kaleidoscope reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Kaleidoscope reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment are depreciated using the straight-line method over their estimated economic useful lives ranging from 3 to 7 years.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

Under SFAS No. 117, Kaleidoscope reports information regarding its financial position and activities according to the unrestricted class of net assets. In addition, Kaleidoscope presents a statement of cash flows. In accordance with SFAS No. 116, contributions received are recorded as unrestricted.

Expense Allocation

The costs of providing various programs and other activities and services have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, certain costs have been allocated among the projects and activities based upon benefits received.

NOTE 2: DEPOSITS AND INVESTMENTS

At year-end, the carrying amount of Kaleidoscope's deposits was \$32,899 and the bank balance was \$27,792. All deposits are insured by the Federal Depository Insurance Corporation.

NOTE 3: PLEDGES RECEIVABLE

Pledges receivable consist of Combined Charitable Campaign and other receivables representing amounts pledged during the 2005 campaign year to be received by Kaleidoscope in future periods. Of the \$11,555 pledges receivable amount at December 31, 2005, \$9,847 is expected to be collected in 2006, with the remaining \$1,708 to be collected in the first quarter of 2007. As of December 31, 2005, Kaleidoscope has established an allowance for uncollectible Combined Charitable Campaign pledges in the amount of \$1,708.

NOTE 4: LEASE

Kaleidoscope leases its drop-in center space with a term expiring on December 1, 2006. Future rental payments due during 2006 total \$13,750. Rental payments made during 2005 totaled \$14,400.