

INFINITE FAMILY

FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANT'S
REVIEW REPORT

YEARS ENDED
DECEMBER 31, 2008 and 2007

INFINITE FAMILY

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT
YEARS ENDED DECEMBER 31, 2008 and 2007**

C O N T E N T S

Independent Accountant's Review Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3 - 4
Statements of Cash Flows	5 - 6
Statements of Functional Expenses	7 - 8
Notes to Financial Statements	9 - 16

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Infinite Family
P.O. Box 618
Yonkers, New York 10705

I have reviewed the accompanying statements of financial position of Infinite Family as of December 31, 2008 and 2007, and the related statements of activities, cash flows, and functional expenses for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Infinite Family.

A review consists principally of inquiries of Infinite Family personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Certified Public Accountant
November 11, 2009

Daniel M. Farrell
Certified Public Accountant

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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November 11, 2009

INFINITE FAMILY

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2008 and 2007

A S S E T S

	<u>2008</u>	<u>2007</u>
Cash and cash equivalents (Note 7)	\$ 78,791	\$ 62,410
Investments (Note 5)	1,308	1,080
Pledges receivable in less than one year	8,818	81,178
Other receivables	1,500	-
Prepaid expenses	326	362
Fixed assets, at cost, net of accumulated depreciation (Notes 2 and 6)	<u>34,314</u>	<u>22,293</u>
 Total Assets	 <u>\$ 125,057</u>	 <u>\$ 167,323</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ -	\$ 305
Commitments and contingencies (Note 8)		
Net Assets:		
Unrestricted (Note 2)	54,189	36,070
Temporarily Restricted (Notes 2 and 4)	70,868	130,948
 Total Net Assets	 <u>125,057</u>	 <u>167,018</u>
 Total Liabilities and Net Assets	 <u>\$ 125,057</u>	 <u>\$ 167,323</u>

See Independent Accountant's Review Report
and Notes to Financial Statements

INFINITE FAMILY

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2008

	<u>Un- restricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support, revenues, and gains:			
Public support:			
Individuals:			
Net Buddy	\$ -	14,641	14,641
Other	27,907	-	27,907
Churches	3,885	-	3,885
Foundations	62,340	-	62,340
Corporations	6,232	-	6,232
Special events (Note 9)	89,725	-	89,725
Donated goods and services (Note 10)	53,529	-	53,529
Net assets released from restrictions (Note 2)	74,721	(74,721)	-
Total Public Support	<u>318,339</u>	<u>(60,080)</u>	<u>258,259</u>
Revenues and gains:			
Special events (Note 9)	22,388	-	22,388
Interest and dividend income	395	-	395
Unrealized gain on investments (Note 5)	228	-	228
Total revenues and gains	<u>23,011</u>	<u>-</u>	<u>23,011</u>
Total support, revenues, and gains	<u>341,350</u>	<u>(60,080)</u>	<u>281,270</u>
Expenses (including donated goods and services of \$ 53,529, Note 10):			
Program services	232,866	-	232,866
General and administrative	31,938	-	31,938
Fundraising	28,595	-	28,595
Costs of direct benefits for attendees at special events (Note 9)	29,832	-	29,832
Total expenses	<u>323,231</u>	<u>-</u>	<u>323,231</u>
Increase/(decrease)in net assets	18,119	(60,080)	(41,961)
Net assets at beginning of year	<u>36,070</u>	<u>130,948</u>	<u>167,018</u>
Net assets at end of year	<u>\$ 54,189</u>	<u>70,868</u>	<u>125,057</u>

See Independent Accountant's Review Report
and Notes to Financial Statements

INFINITE FAMILY

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2007

	<u>Un- restricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support, revenues, and gains:			
Public support:			
Individuals:			
Net Buddy	\$ -	12,210	12,210
Other	54,998	-	54,998
Churches	5,500	-	5,500
Foundations	34,170	120,000	154,170
Corporations	1,125	5,000	6,125
Donated goods and services (Note 10)	51,777	-	51,777
Net assets released from restrictions (Note 2)	70,981	(70,981)	-
Total Public Support	<u>218,551</u>	<u>66,229</u>	<u>284,780</u>
Revenues and gains:			
Interest income	1,422	-	1,422
Realized gain on investments (Note 5)	43	-	43
Total revenues and gains	<u>1,465</u>	<u>-</u>	<u>1,465</u>
Total support, revenues, and gains	<u>220,016</u>	<u>66,229</u>	<u>286,245</u>
Expenses (including donated goods and services of \$ 51,777, Note 10):			
Program services	171,170	-	171,170
General and administrative	30,146	-	30,146
Fundraising	19,706	-	19,706
Total expenses	<u>221,022</u>	<u>-</u>	<u>221,022</u>
(Decrease)/increase in net assets	(1,006)	66,229	65,223
Net assets at beginning of year	<u>37,076</u>	<u>64,719</u>	<u>101,795</u>
Net assets at end of year	<u>\$ 36,070</u>	<u>130,948</u>	<u>167,018</u>

See Independent Accountant's Review Report
and Notes to Financial Statements

INFINITE FAMILY

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash Flows From Operating Activities:		
Cash received from donations	\$ 277,090	\$ 151,100
Cash received from the sale of special event goods and services (Note 9)	22,388	-
Interest and dividends received	395	1,422
Cash used for operating expenses	(259,131)	(167,834)
	<u> </u>	<u> </u>
Net Cash Provided/(Used) by Operating Activities	40,742	(15,312)
	<u> </u>	<u> </u>
Cash Flows From Investing Activities:		
Sale of investments (Note 5)	-	2,072
Acquisition of depreciable assets	(24,361)	(23,660)
	<u> </u>	<u> </u>
Net Cash Used by Investing Activities	(24,361)	(21,588)
	<u> </u>	<u> </u>
Net increase/(decrease) in cash	16,381	(36,900)
CASH BALANCE, beginning of year	62,410	99,310
	<u> </u>	<u> </u>
CASH BALANCE, end of year	\$ 78,791	\$ 62,410
	<u> </u>	<u> </u>

See Independent Accountant's Review Report
and Notes to Financial Statements

INFINITE FAMILY

STATEMENTS OF CASH FLOWS

RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES
YEARS ENDED DECEMBER 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
(Decrease)/increase in net assets	\$ (41,961)	\$ 65,223
Adjustments to reconcile (decrease)/ increase in net assets to net cash provided/(used) by operating activities:		
Depreciation	12,340	4,664
Non-cash donation of marketable security	-	(1,080)
Realized gain on investments	-	(43)
Unrealized gain on investment	(228)	-
Decrease/(increase) in pledges receivable	72,360	(80,823)
Increase in other receivables	(1,500)	-
Decrease in prepaid expenses	36	-
Decrease in accounts payable	(305)	(3,253)
	<u> </u>	<u> </u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ 40,742</u>	<u>\$ (15,312)</u>

See Independent Accountant's Review Report
and Notes to Financial Statements

INFINITE FAMILY

STATEMENT OF FUNCTIONAL EXPENSES

INCLUDING DONATED GOODS AND SERVICES OF \$ 53,529 (Note 10)

YEAR ENDED DECEMBER 31, 2008

	<u>Program Services</u>	<u>General and Adminis- trative</u>	<u>Fund- raising</u>	<u>Direct Benefits to Special Event Attendees</u>	<u>Total</u>
Salaries	\$ 83,960	\$ -	\$ -	\$ -	\$ 83,960
Payroll taxes and benefits	8,582	1,209	1,209	-	11,000
Professional and technical services	79,165	24,836	16,667	-	120,668
Grants and gifts	5,464	-	-	-	5,464
Technology services and supplies	2,333	-	-	-	2,333
Advertising, printing, and promotion	1,550	-	3,753	-	5,303
Equipment rental	-	-	810	1,102	1,912
Non-capitalized equipment/software	7,480	330	-	-	7,810
Postage and delivery	656	60	874	-	1,590
Program supplies	3,691	-	-	-	3,691
Office supplies and expenses	272	3,830	3,754	-	7,856
Telephone and internet	4,618	225	341	-	5,184
Meals, travel, and entertainment	22,969	-	1,080	17,824	41,873
Insurance	-	1,341	-	-	1,341
Cost of gala goods sold/raffled	-	-	-	6,587	6,587
Gala supplies	-	-	-	4,319	4,319
Depreciation	12,126	107	107	-	12,340
Total expenses	<u>\$ 232,866</u>	<u>\$ 31,938</u>	<u>\$ 28,595</u>	<u>\$ 29,832</u>	<u>\$ 323,231</u>

See Independent Accountant's Review Report
and Notes to Financial Statements

INFINITE FAMILY

STATEMENT OF FUNCTIONAL EXPENSES

INCLUDING DONATED GOODS AND SERVICES OF \$ 51,777 (Note 10)

YEAR ENDED DECEMBER 31, 2007

	<u>Program Services</u>	<u>General and Adminis- trative</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries	\$ 67,875	\$ -	\$ -	\$ 67,875
Payroll taxes	2,471	-	-	2,471
Professional and technical services	60,057	26,941	17,517	104,515
Training supplies and expenses	2,500	-	-	2,500
Grants and gifts	6,556	-	-	6,556
Outreach, printing, and promotion	2,368	-	703	3,071
Non-capitalized equipment/software	4,010	769	-	4,779
Postage and delivery	652	121	28	801
Program supplies	1,166	-	-	1,166
Office supplies and expenses	1,263	593	644	2,500
Telephone and internet	2,824	189	189	3,202
Meals, travel, and entertainment	15,180	-	292	15,472
Insurance	-	1,450	-	1,450
Depreciation	4,248	83	333	4,664
Total expenses	<u>\$ 171,170</u>	<u>\$ 30,146</u>	<u>\$ 19,706</u>	<u>\$ 221,022</u>

See Independent Accountant's Review Report
and Notes to Financial Statements

INFINITE FAMILY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 and 2007

1. **THE ORGANIZATION**

Infinite Family ("IF") was incorporated as a not-for-profit corporation in New York State on December 29, 1998. IF's charitable mission is to work with local organizations in Africa to connect adult mentors worldwide with orphans and vulnerable children using video conferencing, email, a secure internet site, and interactive tools and resources, to help the children learn to make good decisions, stay healthy, and develop academic and life skills. The adult volunteers essentially act as part-time mentors to African children who do not have enough adult guidance in their lives primarily as a result of the ravages of HIV/AIDS and poverty. Technology-based communication tools provide the platform for this interaction.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The accompanying financial statements have been prepared under the accrual method of accounting.

Financial Statement Presentation

In accordance with Statements of Financial Accounting Standards No. 117, Financial Statements for Not-for-Profit Organizations, IF reports information regarding its public support, revenue, financial position, expenses, and activities under three classes of net assets based on the existence or absence of donor-imposed restrictions, defined as follows:

Permanently Restricted - net assets resulting from contributions and other inflows of assets the use of which by IF is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of IF. IF had no permanently restricted assets as of December 31, 2008 and 2007.

INFINITE FAMILY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 and 2007

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

Financial Statement Presentation (cont'd)

Temporarily Restricted - net assets resulting from contributions and other inflows of assets the use of which by IF is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of IF pursuant to those stipulations. When such time restrictions end or when a purpose restriction is satisfied, the temporarily restricted assets are released and then reclassified to, and reported in the financial statements as, unrestricted net assets.

IF's policy is to treat all temporarily restricted donations as increases in temporarily restricted net assets even if the restrictions on those donations are satisfied during the year of receipt of the donation and the donation is subsequently released and reclassified to unrestricted net assets in that same year.

Temporarily restricted assets as of December 31, 2008 and 2007 were \$ 70,868 and \$ 130,948, respectively.

Unrestricted - the portion of net assets that is neither permanently nor temporarily restricted by donors. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Unrestricted net assets as of December 31, 2008 and 2007 were \$ 54,189 and \$ 36,070, respectively.

Use of 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 the disclosure of contingent assets and liabilities, at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

See Independent Accountant's Review Report

INFINITE FAMILY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 and 2007

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

Grants, Contributions, and Revenues

Grants and contributions for support of current activities are recorded as unrestricted support in the current year. Grants and contributions received for future activities are recorded as temporarily restricted assets. Unconditional pledges are recorded as receivables in the year made.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Restricted contributions are recorded as temporarily restricted or permanently restricted net assets.

Revenues from current activities are earned and recorded as services are rendered or goods are sold. Revenues received in advance for future services are deferred until earned.

Expenses

All costs for current activities are expensed as the costs are incurred. Disbursements for future activities are deferred as prepaid expenses.

Fixed Assets

Fixed assets consist of office and communication platform equipment, website construction, and communication platform software. Office and communication platform equipment, as well as website construction costs, are depreciated over a five year period using the straight-line method; communication platform software is depreciated over three years, also using the straight-line method. Asset expenditures equal to or in excess of \$ 750 are capitalized.

INFINITE FAMILY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 and 2007

3. **PRIVATE FOUNDATION STATUS**

IF has been granted federal 501(c)(3) exemption from federal income taxes by the Internal Revenue Service pursuant to a final determination letter dated May 5, 2000. The Internal Revenue Service classified IF as a private foundation.

On July 27, 2006, the Internal Revenue Service issued an advance ruling letter approving IF's application to terminate its private foundation status over a 60 month period under section 507(b)(1)(B) of the Internal Revenue Code. The 60 month period begins on January 1, 2006 and ends on December 31, 2010. If IF meets the requirements for public charity status under section 509(a) of Internal Revenue Code at the end of the 60 month period, IF's private foundation status will terminate and it will be classified as a public charity.

Pursuant to the Internal Revenue Service advance ruling letter of July 27, 2006, IF may solicit and accept donations in the capacity of a public charity during the 60 month termination period. The letter states that grantors and donors may rely on this advance determination of public charity status by the Internal Revenue Service for the purpose of the solicitation and acceptance of donations until at least 90 days after the end of the 60 month termination period.

4. **TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are/were available for the following purposes or periods:

<u>Restricted Purpose or Period</u>	<u>At December 31,</u>	
	<u>2008</u>	<u>2007</u>
Program development and operating support	\$ 60,000	\$ 120,000
Net buddy direct support for South African orphans and vulnerable children	10,868	5,948
Computer purchases	-	5,000
	<u>\$ 70,868</u>	<u>\$ 130,948</u>

See Independent Accountant's Review Report

INFINITE FAMILY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 and 2007

5. **INVESTMENTS**

Investments are recorded at fair value at the end of each year, based on quoted market prices.

For the year ended December 31, 2008, a stock investment held by IF for the entire year increased in value by \$ 228. Accordingly, an unrealized gain for the same amount was recorded and the stock was valued at \$ 1,308 at year-end.

For the year ended December 31, 2007, IF received the donation of stock, valued at \$ 1,080, which also approximated the fair value at year-end. During the year, investments with a fair value of \$ 2,029 at December 31, 2006 were sold for \$ 2,072, resulting in a realized gain of \$ 43.

6. **FIXED ASSETS**

Fixed assets – Fixed assets consist of the following:

	<u>At December 31,</u>	
	<u>2008</u>	<u>2007</u>
Office equipment	\$ 2,665	\$ 2,665
Website construction	2,500	2,500
Communication platform equipment and software	46,851	22,491
	<u>52,016</u>	<u>27,656</u>
Less accumulated depreciation	(17,702)	(5,363)
	<u>\$ 34,314</u>	<u>\$ 22,293</u>

7. **CONCENTRATIONS**

At December 31, 2008 and 2007, IF had three bank accounts, the balance of each of which was less than the FDIC insured limit. IF also maintained a money market fund at Charles Schwab & Co. that had a balance of \$ 21 and \$ 16,166 at each respective year-end.

INFINITE FAMILY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 and 2007

7. **CONCENTRATIONS (cont'd)**

For the year ended December 31, 2008, two donors accounted for approximately 15% and 12%, respectively, of all donations, excluding 2008 donated goods and services. For the year ended December 31, 2007, one donor accounted for approximately 51% of all donations, and another for 13% of all donations, excluding 2007 donated goods and services.

8. **COMMITMENTS AND CONTINGENCIES**

IF did not enter into any significant leasing arrangements or commitments for the years ending December 31, 2008 and 2007.

9. **SPECIAL EVENTS**

IF held two special events in 2008: a gala and an *African Footprints* event. The ticket price for each included both a donation component and an admission charge. The admission charge was based on the estimated fair market value of attending a similar event.

The income and expenses for the events were as follows:

	<u>Gala</u>	<u>Foot- prints</u>
Event-related donations	\$ 88,025	\$ 1,700
Event admissions charges	8,400	2,650
Marketplace and raffle income	11,338	-
	<hr/>	<hr/>
Total income	107,763	4,350
	<hr/>	<hr/>
Fundraising expenses	7,114	-
Direct cost of food, event space, entertainment, merchandise, etc., provided to attendees	26,332	3,500
	<hr/>	<hr/>
Total expenses	33,446	3,500
	<hr/>	<hr/>
Net surplus	\$ 74,317	\$ 850
	<hr/> <hr/>	<hr/> <hr/>

See Independent Accountant's Review Report

INFINITE FAMILY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 and 2007

9. **SPECIAL EVENTS (cont'd)**

There were no significant special events for the year ending December 31, 2007.

10. **DONATED GOODS AND SERVICES**

For each year ending December 31, 2008 and 2007, executive director services valued at \$ 50,000 were donated to IF. Other miscellaneous goods and services valued at \$ 3,529 and \$ 1,777 were also donated in 2008 and 2007, respectively.

The functional expense breakdown of the donated goods and services in the 2008 Statement of Functional Expenses is as follows:

	<u>Program Services</u>	<u>General And Adminis- trative</u>	<u>Fund- Raising</u>	<u>Total</u>
Professional and technical services	\$ 16,666	16,667	16,667	50,000
Non-capitalized equipment	1,560	-	-	1,560
Technology services	1,279	-	-	1,279
Telephone and internet	345	103	242	690
	<u>\$ 19,850</u>	<u>16,770</u>	<u>16,909</u>	<u>53,529</u>

The functional expense breakdown of the donated goods and services in the 2007 Statement of Functional Expenses is as follows:

	<u>Program Services</u>	<u>General And Adminis- trative</u>	<u>Fund- Raising</u>	<u>Total</u>
Professional and technical services	\$ 16,667	16,667	16,666	50,000
Outreach and promotion	170	-	-	170
Non-capitalized equipment	1,040	-	-	1,040
Telephone and internet	189	189	189	567
	<u>\$ 18,066</u>	<u>16,856</u>	<u>16,855</u>	<u>51,777</u>

INFINITE FAMILY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 and 2007

11. **RELATED PARTY TRANSACTIONS**

In 2008 and 2007, cash donations of \$ 10,000 and \$ 30,000, respectively, were received by IF from a private foundation that was related to IF through common board control up through November 2007, at which point the IF board was restructured to eliminate the common control. The purpose of the private foundation donor is to promote the development of youth, and the instruction and training of youth.

Other related party transactions consist of the donation by the executive director of her services as executive director, valued at \$ 50,000 in each of the 2008 and 2007 years, and the donation by the executive director of telephone and internet services of \$ 690 and \$ 567 in 2008 and 2007, respectively.