

INFINITE FAMILY

FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANT'S
REVIEW REPORT

YEARS ENDED
DECEMBER 31, 2009 and 2008

INFINITE FAMILY

**FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANT'S REVIEW REPORT
YEARS ENDED DECEMBER 31, 2009 and 2008**

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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, 2009 and 2008, 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 15, 2010

Daniel M. Farrell
Certified Public Accountant

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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Certified Public Accountant
November 15, 2010

INFINITE FAMILY

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2009 and 2008

A S S E T S

	<u>2009</u>	<u>2008</u>
Cash and cash equivalents (Note 7)	\$ 42,856	\$ 78,791
Investments (Note 5)	895	1,308
Pledges receivable in less than one year	13,868	8,818
Other receivables	-	1,500
Prepaid expenses	326	326
Fixed assets, at cost, net of accumulated depreciation (Notes 2 and 6)	<u>24,954</u>	<u>34,314</u>
 Total Assets	 <u>\$ 82,899</u>	 <u>\$ 125,057</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ -	\$ -
Commitments and contingencies (Note 8)		
Net Assets:		
Unrestricted (Note 2)	82,899	54,189
Temporarily Restricted (Notes 2 and 4)	-	70,868
 Total Net Assets	 <u>82,899</u>	 <u>125,057</u>
 Total Liabilities and Net Assets	 <u>\$ 82,899</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, 2009

	<u>Un- restricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenues:			
Public support:			
Individuals	\$ 42,626	-	42,626
Churches	920	-	920
Foundations	103,006	-	103,006
Corporations	30,425	-	30,425
Donated goods and services (Note 10)	66,819	-	66,819
Net assets released from restrictions (Note 2)	70,868	(70,868)	-
Total Public Support	<u>314,664</u>	<u>(70,868)</u>	<u>243,796</u>
Revenues:			
Interest and dividend income	52	-	52
Total revenues	<u>52</u>	<u>-</u>	<u>52</u>
Total support and revenues	<u>314,716</u>	<u>(70,868)</u>	<u>243,848</u>
Expenses and losses (including donated goods and services of \$ 66,819, Note 10):			
Program services	238,506	-	238,506
General and administrative	21,604	-	21,604
Fundraising	25,483	-	25,483
Unrealized loss on investments	413	-	413
Total expenses and losses	<u>286,006</u>	<u>-</u>	<u>286,006</u>
Increase/(decrease) in net assets	28,710	(70,868)	(42,158)
Net assets at beginning of year	<u>54,189</u>	<u>70,868</u>	<u>125,057</u>
Net assets at end of year	<u>\$ 82,899</u>	<u>-</u>	<u>82,899</u>

See Independent Accountant's Review Report
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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	\$ 27,907	14,641	42,548
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>

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INFINITE FAMILY

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities:		
Cash received from donations	\$ 171,927	\$ 277,090
Cash received from the sale of special event goods and services (Note 9)	-	22,388
Interest and dividends received	52	395
Cash used for operating expenses	(200,008)	(259,131)
	<u> </u>	<u> </u>
Net Cash (Used)/Provided by Operating Activities	(28,029)	40,742
	<u> </u>	<u> </u>
Cash Flows From Investing Activities:		
Acquisition of depreciable assets	(7,906)	(24,361)
	<u> </u>	<u> </u>
Net Cash Used by Investing Activities	(7,906)	(24,361)
	<u> </u>	<u> </u>
Net (decrease)/increase in cash	(35,935)	16,381
CASH BALANCE, beginning of year	78,791	62,410
	<u> </u>	<u> </u>
CASH BALANCE, end of year	\$ 42,856	\$ 78,791
	<u> </u>	<u> </u>

See Independent Accountant's Review Report
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INFINITE FAMILY

STATEMENTS OF CASH FLOWS

**RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH (USED)/PROVIDED BY OPERATING ACTIVITIES**

YEARS ENDED DECEMBER 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Decrease in net assets	\$ (42,158)	\$ (41,961)
Adjustments to reconcile decrease in net assets to net cash (used)/ provided by operating activities:		
Depreciation	17,266	12,340
Unrealized loss/(gain) on investment	413	(228)
(Increase)/decrease in pledges receivable	(5,050)	72,360
Decrease/(increase) in other receivables	1,500	(1,500)
Decrease in prepaid expenses	-	36
Decrease in accounts payable	-	(305)
	<u> </u>	<u> </u>
Net Cash (Used)/Provided by Operating Activities	<u>\$ (28,029)</u>	<u>\$ 40,742</u>

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INFINITE FAMILY

STATEMENT OF FUNCTIONAL EXPENSES

INCLUDING DONATED GOODS AND SERVICES OF \$ 66,819 (Note 10)

YEAR ENDED DECEMBER 31, 2009

	<u>Program Services</u>	<u>General and Adminis- trative</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries	\$ 87,585	\$ -	\$ -	\$ 87,585
Payroll taxes and benefits	13,757	1,247	1,247	16,251
Professional and technical services	80,599	16,282	15,840	112,721
Grants and gifts	3,710	-	-	3,710
Technology services and supplies	17,545	-	1,837	19,382
Advertising, printing, and promotion	465	-	3,203	3,668
Non-capitalized equipment/software	2,806	56	56	2,918
Postage and delivery	1,005	-	308	1,313
Program supplies	1,147	-	-	1,147
Office supplies and expenses	1,066	2,186	1,161	4,413
Telephone and internet	2,916	225	319	3,460
Meals, travel, and entertainment	9,003	196	1,255	10,454
Insurance	-	1,305	-	1,305
Depreciation	16,902	107	257	17,266
Total expenses	<u>\$ 238,506</u>	<u>\$ 21,604</u>	<u>\$ 25,483</u>	<u>\$ 285,593</u>

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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
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INFINITE FAMILY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 and 2008

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, 2009 and 2008.

INFINITE FAMILY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 and 2008

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, 2009 and 2008 were \$ -0- and \$ 70,868, 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, 2009 and 2008 were \$ 82,899 and \$ 54,189, 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, 2009 and 2008

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, 2009 and 2008

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>2009</u>	<u>2008</u>
Program development and operating support	\$ -	\$ 60,000
Net buddy direct support for South African orphans and vulnerable children	-	10,868
	<u>\$ -</u>	<u>\$ 70,868</u>

INFINITE FAMILY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 and 2008

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, 2009, a stock investment held by IF for the entire year decreased in value by \$ 413. Accordingly, an unrealized loss for the same amount was recorded and the stock was valued at \$ 895 at year-end.

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.

6. **FIXED ASSETS**

Fixed assets – Fixed assets consist of the following:

	<u>At December 31,</u>	
	<u>2009</u>	<u>2008</u>
Office equipment	\$ 2,665	\$ 2,665
Website construction	5,500	2,500
Communication platform equipment and software	51,757	46,851
	<u>59,922</u>	<u>52,016</u>
Less accumulated depreciation	(34,968)	(17,702)
	<u>\$ 24,954</u>	<u>\$ 34,314</u>

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INFINITE FAMILY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 and 2008

7. **CONCENTRATIONS**

At December 31, 2009 and 2008, 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 \$ 52 and \$ 21 at each respective year-end.

For the year ended December 31, 2009, one donor accounted for 34% of all donations, and two other donors collectively accounted for 31% of all donations, excluding 2009 donated goods and services. 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.

8. **COMMITMENTS AND CONTINGENCIES**

IF did not enter into any significant leasing arrangements or commitments for the years ending December 31, 2009 and 2008.

9. **SPECIAL EVENTS**

There were no significant special events for the year ending December 31, 2009.

For the year ending December 31, 2008, IF held two special events: 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	-
	<u>107,763</u>	<u>4,350</u>
Total income	107,763	4,350

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INFINITE FAMILY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 and 2008

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

	<u>Gala</u>	<u>Foot-prints</u>
Fundraising expenses	7,114	-
Direct cost of food, event space, entertainment, merchandise, etc., provided to attendees	26,332	3,500
Total expenses	<u>33,446</u>	<u>3,500</u>
Net surplus	<u>\$ 74,317</u>	<u>\$ 850</u>

10. **DONATED GOODS AND SERVICES**

For each year ending December 31, 2009 and 2008, executive director services valued at \$ 50,000 were donated to IF. Other miscellaneous goods and services valued at \$ 16,819 and \$ 3,529 were also donated in 2009 and 2008, respectively.

The functional expense breakdown of the donated goods and services in the 2009 Statement of Functional Expenses is as follows:

	<u>Program Services</u>	<u>General And Administrative</u>	<u>Fund-Raising</u>	<u>Total</u>
Professional and technical services	\$ 30,000	10,000	10,000	50,000
Technology services	14,889	-	1,837	16,726
Office supplies	-	-	93	93
	<u>\$ 44,889</u>	<u>10,000</u>	<u>11,930</u>	<u>66,819</u>

INFINITE FAMILY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 and 2008

10. DONATED GOODS AND SERVICES (cont'd)

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>

11. RELATED PARTY TRANSACTIONS

A cash donation of \$ 10,000 was received by IF in each of the years 2009 and 2008 from a separate private foundation, the board of which includes the executive director of IF and an immediate family member of the executive director. 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 2009 and 2008 years, and the donation by the executive director of telephone and internet services of \$ 690 in 2008.

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 15, 2010, the date on which the financial statements were issued, and has determined that there are no subsequent events that are required to be included in these financial statements and/or footnote disclosures.