

INFINITE FAMILY

FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANT'S
REVIEW REPORT

YEARS ENDED
DECEMBER 31, 2010 and 2009

INFINITE FAMILY

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT
YEARS ENDED DECEMBER 31, 2010 and 2009**

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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, 2010 and 2009, 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
December 27, 2011

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 (a nonprofit organization) as of December 31, 2010 and 2009, and the related statements of activities, cash flows, and functional expenses for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Infinite Family's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

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 accounting principles generally accepted in the United States of America.


Certified Public Accountant
December 27, 2011

INFINITE FAMILY

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2010 and 2009

A S S E T S

	<u>2010</u>	<u>2009</u>
Cash and cash equivalents (Note 7)	\$ 1,295	\$ 42,856
Investments (Note 5)	856	895
Pledges receivable in less than one year	5,788	13,868
Other receivables	929	-
Prepaid expenses	218	326
Fixed assets, at cost, net of accumulated depreciation (Notes 2 and 6)	<u>10,469</u>	<u>24,954</u>
 Total Assets	 <u>\$ 19,555</u>	 <u>\$ 82,899</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 533	\$ -
Commitments and contingencies (Note 8)		
Net Assets:		
Unrestricted (Note 2)	13,422	82,899
Temporarily Restricted (Notes 2 and 4)	5,600	-
 Total Net Assets	 <u>19,022</u>	 <u>82,899</u>
 Total Liabilities and Net Assets	 <u>\$ 19,555</u>	 <u>\$ 82,899</u>

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

INFINITE FAMILY

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2010

	<u>Un- restricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenues:			
Public support:			
Individuals	\$ 107,102	-	107,102
Churches	2,200	-	2,200
Foundations	35,050	15,000	50,050
Corporations	6,391	-	6,391
Donated goods and services (Note 10)	68,590	-	68,590
Net assets released from restrictions (Note 2)	9,400	(9,400)	-
Total Public Support	<u>228,733</u>	<u>5,600</u>	<u>234,333</u>
Revenues:			
Interest and dividend income	35	-	35
Fundraising earned income (Note 9)	10,091	-	10,091
Total revenues	<u>10,126</u>	<u>-</u>	<u>10,126</u>
Total support and revenues	<u>238,859</u>	<u>5,600</u>	<u>244,459</u>
Expenses and losses (including donated goods and services of \$ 68,590, Note 10):			
Program services	247,544	-	247,544
General and administrative	22,640	-	22,640
Fundraising	38,108	-	38,108
Unrealized loss on investments	44	-	44
Total expenses and losses	<u>308,336</u>	<u>-</u>	<u>308,336</u>
(Decrease)/increase in net assets	(69,477)	5,600	(63,877)
Net assets at beginning of year	<u>82,899</u>	<u>-</u>	<u>82,899</u>
Net assets at end of year	<u>\$ 13,422</u>	<u>5,600</u>	<u>19,022</u>

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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>

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INFINITE FAMILY

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities:		
Cash received from donations	\$ 173,823	\$ 171,927
Cash received from fundraising earned income (Note 9)	10,091	-
Interest and dividends received	35	52
Cash used for operating expenses	(225,510)	(200,008)
	<u> </u>	<u> </u>
Net Cash Used by Operating Activities	(41,561)	(28,029)
	<u> </u>	<u> </u>
Cash Flows From Investing Activities:		
Acquisition of depreciable assets	-	(7,906)
	<u> </u>	<u> </u>
Net Cash Used by Investing Activities	-	(7,906)
	<u> </u>	<u> </u>
Net (decrease) in cash	(41,561)	(35,935)
CASH BALANCE, beginning of year	42,856	78,791
	<u> </u>	<u> </u>
CASH BALANCE, end of year	\$ 1,295	\$ 42,856
	<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 BY OPERATING ACTIVITIES

YEARS ENDED DECEMBER 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Decrease in net assets	\$ (63,877)	\$ (42,158)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Depreciation	14,486	17,266
Unrealized loss on investment	44	413
Decrease/(increase) in pledges receivable	8,080	(5,050)
(Increase)/decrease in other receivables	(929)	1,500
Decrease in prepaid expenses	102	-
Increase in accounts payable	533	-
	<u> </u>	<u> </u>
Net Cash Used by Operating Activities	<u>\$ (41,561)</u>	<u>\$ (28,029)</u>

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INFINITE FAMILY

STATEMENT OF FUNCTIONAL EXPENSES

INCLUDING DONATED GOODS AND SERVICES OF \$ 68,590 (Note 10)

YEAR ENDED DECEMBER 31, 2010

	<u>Program Services</u>	<u>General and Adminis- trative</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries	\$ 83,200	\$ -	\$ -	\$ 83,200
Payroll taxes and benefits	20,061	1,219	1,219	22,499
Professional and technical services	94,915	16,431	27,954	139,300
Grants and gifts	4,823	-	-	4,823
Technology services and supplies	14,289	-	250	14,539
Advertising, printing, and promotion	12	31	1,801	1,844
Non-capitalized equipment/software	1,243	-	-	1,243
Postage and delivery	438	67	481	986
Program supplies	1,016	-	-	1,016
Office supplies and expenses	1,482	2,525	523	4,530
Telephone and internet	2,526	218	57	2,801
Meals, travel, and entertainment	9,472	658	5,446	15,576
Insurance	35	1,414	-	1,449
Depreciation	14,032	77	377	14,486
Total expenses	<u>\$ 247,544</u>	<u>\$ 22,640</u>	<u>\$ 38,108</u>	<u>\$ 308,292</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

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2010 and 2009

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, 2010 and 2009.

INFINITE FAMILY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2010 and 2009

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, 2010 and 2009 were \$ 5,600 and \$ -0- , 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, 2010 and 2009 were \$ 13,422 and \$ 82,899, 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, 2010 and 2009

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, 2010 and 2009

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.

On April 28, 2011, the Internal Revenue Service issued a final determination letter indicating that IF had in fact terminated its private foundation status over the 60 month termination period and would be recognized as a public charity described in section 509(a)(2) of the Internal Revenue Code, effective as of January 1, 2006.

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>2010</u>	<u>2009</u>
Technology Innovation Grant	\$ 5,600	\$ -

INFINITE FAMILY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2010 and 2009

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, 2010, a stock investment held by IF for the entire year decreased in value by \$ 44. Accordingly, an unrealized loss for the same amount was recorded and the stock was valued at \$ 856 at year-end.

For the year ended December 31, 2009, the stock investment decreased in value by \$ 413. Accordingly, an unrealized gain for the same amount was recorded and the stock was valued at \$ 895 at year-end.

6. **FIXED ASSETS**

Fixed assets – Fixed assets consist of the following:

	<u>At December 31,</u>	
	<u>2010</u>	<u>2009</u>
Office equipment	\$ 2,665	\$ 2,665
Website construction	5,500	5,500
Communication platform equipment and software	51,757	51,757
	<u>59,922</u>	<u>59,922</u>
Less accumulated depreciation	(49,453)	(34,968)
	<u>\$ 10,469</u>	<u>\$ 24,954</u>

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INFINITE FAMILY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2010 and 2009

7. **CONCENTRATIONS**

At December 31, 2010 and 2009, IF had three bank accounts, the combined balances of which were less than the FDIC insured limit. IF also maintained a money market fund at Charles Schwab & Co. that had a balance of \$ 72 and \$ 52 at each respective year-end.

For the year ended December 31, 2010, one donor accounted for 16% of all donations, and one other donor accounted for 12% of all donations, excluding 2010 donated goods and services. 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.

8. **COMMITMENTS AND CONTINGENCIES**

IF did not enter into any significant leasing arrangements or commitments for the years ending December 31, 2010 and 2009.

9. **SPECIAL EVENTS**

There were no significant special events for the years ending December 31, 2010 and 2009. However, IF had earned income from several small fundraising events of \$ 10,091 in 2010.

INFINITE FAMILY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2010 and 2009

10. **DONATED GOODS AND SERVICES**

For the years ending December 31, 2010 and 2009, executive director services valued at \$ 52,500 and \$ 50,000, respectively, were donated to IF. Other miscellaneous goods and services valued at \$ 16,090 and \$ 16,819 were also donated in 2010 and 2009, respectively.

The functional expense breakdown of the donated goods and services in the 2010 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	\$ 31,500	10,500	10,500	52,500
Technology services	13,976	-	250	14,226
Meals, travel, and entertainment	-	-	1,864	1,864
	<u>\$ 45,476</u>	<u>10,500</u>	<u>12,614</u>	<u>68,590</u>

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 Adminis- trative</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, 2010 and 2009

11. RELATED PARTY TRANSACTIONS

A cash donation of \$ 20,000 and \$ 10,000 was received by IF in 2010 and 2009, respectively, 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 \$ 52,500 and \$ 50,000 in 2010 and 2009 respectively.

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 27, 2011, the date on which the financial statements were issued, and has determined that the following event must be disclosed.

On August 17, 2011, IF entered into a cash-flow loan agreement with the executive director and her spouse. The purpose of the loan is to facilitate short-term cash flow planning in advance of cash inflows anticipated from contributions.

Terms of the loan permit a maximum of \$ 75,000 of principal borrowings, of which \$ 65,000 have been drawn down. Repayment is on a demand basis, but the note cannot be called by the lenders for 18 months. The interest rate is 3%, and prepayments can be made at any time by IF without penalty.