

ALASKA YOUTH AND FAMILY NETWORK

**REVIEW OF FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

ALASKA YOUTH AND FAMILY NETWORK

TABLE OF CONTENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006
(See Accountants' Review Report)

	<u>Page</u>
Financial Statements	
Accountants' review report on financial statements	1
Statement of financial position	2
Statement of activity and changes in net assets	3
Statement of cash flows	4
Notes to financial statements	6
Supplementary Information	
Report on additional information	10
Program services and general administrative expenses	11
Statement of revenue and expenditures	12

The Board of Directors
Alaska Youth and Family Network
Anchorage, Alaska

We have reviewed the accompanying statement of financial position of Alaska Youth And Family Network (a non-profit corporation) as of September 30, 2007 and 2006, and the related statements of activity and changes in net assets, and cash flows 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 Alaska Youth and Family Network.

A review consists principally of inquiries of Company 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, we do not express such an opinion.

Based on our review, we are 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.

Stevens & Reppel

January 25, 2008

ALASKA YOUTH AND FAMILY NETWORK

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2007 AND 2006
(See Accountants' Review Report)

ASSETS

	<u>2007</u>	<u>2006</u>
Current assets		
Cash	\$ 4,006	\$14,701
Grants receivable	45,650	14,500
Prepaid expenses	<u>3,862</u>	<u>9,785</u>
Total current assets	53,518	38,986
Property and equipment, net of accumulated depreciation of \$8,204 and \$5,071, respectively	<u>9,669</u>	<u>10,718</u>
Total assets	<u>\$63,187</u>	<u>\$49,704</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$12,691	\$ 8,890
Accrued payroll liabilities	5,406	4,859
Due to others	<u>1,062</u>	<u>-0-</u>
Total current liabilities	<u>19,159</u>	<u>13,749</u>
Net assets		
Unrestricted net asset	9,280	5,991
Temporarily restricted net assets	34,748	29,964
Permanently restricted net assets	<u>-0-</u>	<u>-0-</u>
Total net assets	<u>44,028</u>	<u>35,955</u>
Total liabilities and net assets	<u>\$63,187</u>	<u>\$49,704</u>

The accompanying notes are an integral part
of these financial statements.

ALASKA YOUTH AND FAMILY NETWORK

STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

(See Accountants' Review Report)

	<u>2007</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Grant support-federal	\$69,999	-0-	\$69,999
Grant Support-state	174,959	23,791	198,750
Grant Support-other	22,621	3,371	25,992
In-kind contributions	25,500	-0-	25,500
Interest income	347	-0-	347
Other	6,076	-0-	6,076
Net assets released from restrictions	<u>22,378</u>	<u>(22,378)</u>	<u>-0-</u>
Total support and revenue	<u>321,880</u>	<u>4,784</u>	<u>326,664</u>
Expenses			
Program	299,663	-0-	299,663
Administrative	<u>18,928</u>	<u>-0-</u>	<u>18,928</u>
Total expenses	<u>318,591</u>	<u>-0-</u>	<u>318,591</u>
Change in net assets	3,289	4,784	8,073
Net assets			
Beginning of period	<u>5,991</u>	<u>29,964</u>	<u>35,955</u>
End of period	<u>\$ 9,280</u>	<u>\$ 34,748</u>	<u>\$ 44,028</u>

The accompanying notes are an integral part
of these financial statements.

2006

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 69,999	\$ -0-	\$ 69,999
70,489	25,324	95,813
1,908	-0-	1,908
25,512	-0-	25,512
210	-0-	210
1,008	-0-	1,008
<u>36,828</u>	<u>(36,828)</u>	<u>-0-</u>
<u>205,954</u>	<u>(11,504)</u>	<u>194,450</u>
188,806	-0-	188,806
<u>15,160</u>	<u>-0-</u>	<u>15,160</u>
<u>203,966</u>	<u>-0-</u>	<u>203,966</u>
1,988	(11,504)	(9,516)
<u>4,003</u>	<u>41,468</u>	<u>45,471</u>
<u>\$ 5,991</u>	<u>\$ 29,964</u>	<u>\$ 35,955</u>

ALASKA YOUTH AND FAMILY NETWORK

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006
(See Accountants' Review Report)

	<u>2007</u>	<u>2006</u>
Cash provided (used)		
by operating activities		
Cash received from grants	\$269,667	\$182,435
Interest received	347	210
Cash paid to suppliers and employees	<u>(278,625)</u>	<u>(177,348)</u>
Net cash provided (used) by operating activities	<u>(8,611)</u>	<u>5,297</u>
Cash used by investing activities		
Equipment purchases	<u>(2,084)</u>	<u>(9,588)</u>
Net cash used by investing Activities	<u>(2,084)</u>	<u>(9,588)</u>
Change in cash and cash equivalents	(10,695)	(4,291)
Cash		
Beginning of period	<u>14,701</u>	<u>18,992</u>
End of period	<u>\$ 4,006</u>	<u>\$ 14,701</u>

(continued)

The accompanying notes are an integral part
of these financial statements.

ALASKA YOUTH AND FAMILY NETWORK

STATEMENT OF CASH FLOWS, CONTINUED

FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006
 (See Accountants' Review Report)

Reconciliation of change in net assets to net cash provided by operations

	<u>2007</u>	<u>2006</u>
Change in net assets	\$ 8,073	\$(9,516)
Depreciation	3,133	1,788
Changes in operating assets and liabilities		
Grants receivable	(31,150)	13,707
Prepaid expenses	5,923	2,959
Accounts payable	3,801	(6,020)
Accrued payroll liabilities	547	2,379
Due to others	<u>1,062</u>	<u>-0-</u>
Cash provided by operations	<u>\$ (8,611)</u>	<u>\$ 5,297</u>

The accompanying notes are an integral part
of these financial statements.

ALASKA YOUTH AND FAMILY NETWORK

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006
(See Accountants' Review Report)

HISTORY

Alaska Youth And Family Network (AYFN), previously known as Alaska Young Family Network prior to 2004, is a non-profit corporation whose purpose is to be a catalyst for effective changes in the planning and implementation of mental health and substance abuse services for children and youth with serious emotional disturbances and their families.

SUMMARY OF ACCOUNTING POLICIES

A summary of significant accounting policies followed by the Organization follows:

Accrual Basis

The financial statements of AYFN have been prepared on the accrual basis.

Basis of Presentation

The Organization follows Statements of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made" (SFAS No. 116) and 117, "Financial Statements for Not-For-Profit Organizations." (SFAS No. 117).

Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

(continued)

ALASKA YOUTH AND FAMILY NETWORK

NOTES TO FINANCIAL STATEMENTS, CONTINUED

FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006
(See Accountants' Review Report)

SUMMARY OF ACCOUNTING POLICIES, CONTINUED

Basis of Presentation, continued

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Grants which are restricted as to use are reflected as unrestricted revenue since these funds are received and spent during the same year, as permitted by SFAS No. 116. The grant funds have been treated as exchange services as defined by SFAS No. 116.

Temporarily restricted net assets include the equipment and buildings purchased with federal grant funds, less accumulated depreciation. Any additional temporarily restricted net assets reflect grant funds received and encumbered at year end but not yet spent. There are no permanently restricted net assets as of September 30, 2007 or 2006.

Functional Allocation of Expenses

The costs of providing program and administrative services have been summarized on a functional basis in the statement of activity. Accordingly, certain costs have been allocated among the program and administrative services benefited.

(continued)

ALASKA YOUTH AND FAMILY NETWORK

NOTES TO FINANCIAL STATEMENTS, CONTINUED

FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006
(See Accountants' Review Report)

SUMMARY OF ACCOUNTING POLICIES, CONTINUED

Equipment

Equipment is carried at cost. Depreciation is computed using the straight-line method. When equipment is retired or otherwise disposed, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income. Expenditures for renewals and improvements that significantly add to productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to income currently.

Income Taxes

The Organization as a non-profit Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Use of 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.

Contributed Services

A number of unpaid volunteers have contributed their time to the Organization. The value of this contributed time is not reflected in these financial statements as there is no objective basis available to measure the value of such services.

(Continued)

ALASKA YOUTH AND FAMILY NETWORK

NOTES TO FINANCIAL STATEMENTS, CONTINUED

FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006
(See Accountants' Review Report)

PROPERTY AND EQUIPMENT

A summary of equipment at cost and accumulated depreciation as of September 30, 2007 and 2006 follows:

	<u>2007</u>	<u>2006</u>
Office equipment	\$17,873	\$15,789
Less: accumulated depreciation	<u>(8,204)</u>	<u>(5,071)</u>
	<u>\$ 9,669</u>	<u>\$10,718</u>

Depreciation expense for the year ended September 30, 2007 and 2006 was \$3,133 and \$1,788, respectively.

TEMPORARILY RESTRICTED ASSETS

A summary of temporarily restricted net assets as of September 30, 2007 and 2006 follows:

	<u>2007</u>	<u>2006</u>
Housing property & equipment restricted for use	\$ 9,669	\$10,718
Grant funds received and encumbered at September 30	3,862	9,785
AMHTA grant funds received but not expended	10,073	9,461
Foraker grant funds received but not expended	3,371	-0-
DHSS grant funds received but not expended	<u>7,772</u>	<u>-0-</u>
	<u>\$34,747</u>	<u>\$29,964</u>

SUPPLEMENTARY INFORMATION

The Board of Directors
Alaska Youth And Family Network
Anchorage, Alaska

We have compiled the accompanying information of Alaska Youth and Family Network (a non-profit corporation), for the years ended September 30, 2007 and 2006, in accordance with Statements on Standards for Accounting and Review Services, issued by the American Institute of Certified Public Accountants.

The accompanying supplementary information is presented for analysis purposes only and was compiled from information that is the representation of the owners and management of Alaska Youth and Family Network. We have not performed an audit or review of the accompanying supplementary information and, accordingly, do not express an opinion or any other form of assurance on it.

Stevens & Ruppel

January 25, 2008

ALASKA YOUTH AND FAMILY NETWORK

ADDITIONAL INFORMATION

FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

PROGRAM SERVICES AND ADMINISTRATIVE EXPENSES

A summary of expenses incurred by the Organization for the years ended September 30, 2007 and 2006 follows:

	<u>2007</u>		
	<u>Services</u>	<u>Administrative</u>	<u>Total</u>
Salaries	\$176,044	\$ 11,438	\$187,482
Payroll taxes	17,572	1,142	18,714
Employee benefits	1,246	81	1,327
Travel	19,669	-0-	19,669
Facility rent (in-kind)	23,944	1,556	25,500
Communications	3,725	242	3,967
Postage	50	3	53
Office supplies	758	49	807
Program supplies	2,383	-0-	2,383
Advertising	203	13	216
Conference registration	3,164	206	3,370
Printing	872	57	929
Bank fees	40	3	43
Dues & subscriptions	768	50	818
Insurance	3,872	252	4,124
Professional services	42,366	3,639	46,005
Miscellaneous	45	6	51
Depreciation	<u>2,942</u>	<u>191</u>	<u>3,133</u>
Total	<u>\$299,663</u>	<u>\$ 18,928</u>	<u>\$318,591</u>

2006

<u>Services</u>	<u>Administrative</u>	<u>Total</u>
\$104,151	\$ 7,697	\$111,848
10,587	782	11,369
2,047	151	2,198
11,013	-0-	11,013
23,756	1,756	25,512
2,848	210	2,058
798	59	857
657	2449	706
1,059	78	1,137
-0-	-0-	-0-
1,546	114	1,660
3,464	256	3,720
5	-0-	5
695	51	746
2,386	176	2,562
21,876	3,639	25,515
253	19	272
1,665	123	1,788
<u>\$188,806</u>	<u>\$15,160</u>	<u>\$203,966</u>

ALASKA YOUTH AND FAMILY NETWORK

ADDITIONAL INFORMATION

FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

STATEMENT OF REVENUE AND EXPENDITURES

Department of Health and Human Services, AYFN Grant
 For the year ended September 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Percentage Variance</u>
Revenue	<u>\$69,999</u>	<u>\$69,999</u>	<u>\$ -0-</u>	0.00%
Expenditures				
Personnel costs	45,414	47,154	1,740	0.04%
Facility	-0-	-0-	-0-	0.00%
Equipment	150	122	(28)	0.19%
Supplies	955	1,126	171	0.18%
Travel	3,970	4,565	595	0.15%
Contractual	13,150	11,675	(1,475)	0.11%
Other	<u>6,360</u>	<u>5,357</u>	<u>(1,003)</u>	0.16%
Total expenditures	<u>\$69,999</u>	<u>\$69,999</u>	<u>\$ -0-</u>	

The acceptable variance for the federal grant expenditures is 25%.

ALASKA YOUTH AND FAMILY NETWORK

ADDITIONAL INFORMATION

FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

STATEMENT OF REVENUE AND EXPENDITURES

Department of Health and Human Services, AYFN Grant
 For the year ended September 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Percentage Variance</u>
Revenue	<u>\$69,999</u>	<u>\$69,999</u>	<u>\$ -0-</u>	0.00%
Expenditures				
Personnel costs	52,949	52,484	(465)	0.01%
Facility	-0-	-0-	-0-	0.00%
Equipment	180	178	(2)	0.01%
Supplies	750	618	(132)	0.18%
Travel	5,820	5,988	168	0.03%
Contractual	6,100	6,947	847	0.14%
Other	<u>4,200</u>	<u>3,784</u>	<u>(416)</u>	0.10%
Total expenditures	<u>\$69,999</u>	<u>\$69,999</u>	<u>\$ -0-</u>	

The acceptable variance for the federal grant expenditures is 25%.