

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

USHER'S NEW LOOK, INC.

December 31, 2009

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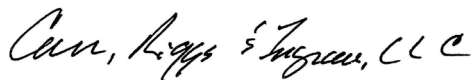
INDEPENDENT AUDITORS' REPORT

Board of Directors
Usher's New Look, Inc.

We have audited the accompanying statement of financial position of Usher's New Look, Inc. (the Organization) as of December 31, 2009 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization'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 Usher's New Look, Inc. as of December 31, 2009 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.



Atlanta, Georgia
April 25, 2011

Usher's New Look, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2009

ASSETS

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Cash and cash equivalents	\$ 46,872	\$	\$ 46,872
Contributions receivable	5,000	841,117	846,117
Prepaid expenses	5,763		5,763
Property and equipment			
Website	15,633		15,633
Computers	2,816		2,816
Office equipment	490		490
	<u>18,939</u>		<u>18,939</u>
Less accumulated depreciation	15,783		15,783
	<u>3,156</u>		<u>3,156</u>
Mobile medical clinic - held for disposal	<u>110,000</u>		<u>110,000</u>
TOTAL ASSETS	\$ <u>170,791</u>	\$ <u>841,117</u>	\$ <u>1,011,908</u>

LIABILITIES AND NET ASSETS (DEFICIT)

Accounts payable and accrued expenses	\$ 194,669	\$	\$ 194,669
Deferred revenue	100,000		100,000
Line of credit	49,162		49,162
Commitments and contingencies			
Net assets (deficit)	<u>(173,040)</u>	<u>841,117</u>	<u>668,077</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>170,791</u>	\$ <u>841,117</u>	\$ <u>1,011,908</u>

The accompanying notes are an integral part of this statement.

Usher's New Look, Inc.

STATEMENT OF ACTIVITIES

Year ended December 31, 2009

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Revenues and support			
Contributions	\$ 580,451	\$ 961,664	\$ 1,542,115
Grants - Corporation National Community Service		156,514	156,514
Grants - United Nations Foundation		125,000	125,000
Youth programs		25,000	25,000
Gulf Coast		4,000	4,000
In-kind contributions		191,584	191,584
Other	14,599		14,599
Net assets released from restrictions	<u>622,645</u>	<u>(622,645)</u>	<u> </u>
 Total revenues and support	 1,217,695	 841,117	 2,058,812
Expenses			
Program services	959,589		959,589
Management and general	353,968		353,968
Fundraising	<u>26,448</u>		<u>26,448</u>
 Total expenses	 <u>1,340,005</u>	 <u> </u>	 <u>1,340,005</u>
 CHANGE IN NET ASSETS	 (122,310)	 841,117	 718,807
Net assets (deficit) at December 31, 2008	<u>(50,730)</u>	<u> </u>	<u>(50,730)</u>
Net assets (deficit) at December 31, 2009	<u>\$ (173,040)</u>	<u>\$ 841,117</u>	<u>\$ 668,077</u>

The accompanying notes are an integral part of this statement.

Usher's New Look, Inc.

STATEMENT OF CASH FLOWS

Year ended December 31, 2009

Change in net assets		\$ 718,807
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	\$ 150	
(Increase)/decrease in assets and increase in liabilities		
Contributions receivable	(846,117)	
Other current assets	8,594	
Accounts payable and accrued expenses	18,725	
Deferred revenue	<u>100,000</u>	<u>(718,648)</u>
Net cash provided by operating activities		159
Cash flows used in investing activities		
Purchase of property and equipment		(3,306)
Cash flows provided by financing activities		
Proceeds from line of credit		<u>49,162</u>
Net increase in cash and cash equivalents		46,015
Cash and cash equivalents at December 31, 2008		<u>857</u>
Cash and cash equivalents at December 31, 2009		<u><u>\$ 46,872</u></u>

Supplemental schedule on noncash investing and financing activities and certain cash flow information:

There were no non-cash investing and financing activities during the year ended December 31, 2009.

The accompanying notes are an integral part of this statement.

Usher's New Look, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Usher's New Look, Inc. (the Organization) was incorporated in the state of Georgia as a private foundation in November 1999. The Organization's purpose is to empower youth from under-served communities by providing them with the economic and educational building blocks necessary to become corporate and community leaders. The Organization continues to expand its programs, and more importantly, to impact youth's perception of empowerment through service. The Organization strives to make its services more diverse, relevant and accessible to all young people. Support for the Organization is primarily derived from corporations, individuals and other charitable contributors.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent events have been evaluated through April 25, 2011, the date the financial statements were issued.

A summary of the significant accounting policies of the Organization applied in the preparation of the accompanying financial statements follows.

1. Reporting Entity

In evaluating how to define the Organization for financial reporting purposes, management has considered all potential operations and activities. The basic criterion for including a potential operation or activity within the reporting entity is the Organization's ability to exercise oversight responsibility. A second criterion is the scope of service, and a third is the existence of special responsibilities. Based upon the application of these criteria, the reporting entity includes all of the Organization's operations and activities.

2. Financial Statement Presentation

The Organization prepares its financial statements in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification 958 (ASC 958), *Not-for-Profit Entities*. Under ASC 958, the Organization's contributions received, including unconditional promises to give, must be recognized as revenues in the period received at their fair values. Further, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted assets and permanently restricted assets.

In addition, the Organization is required to present a statement of cash flows.

Unrestricted net assets include amounts that are not subject to donor-imposed stipulations used to account for resources available to carry out the purposes of the Organization in accordance with the limitations of its bylaws. The principal sources of unrestricted funds are private donations and grants.

Usher's New Look, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Financial Statement Presentation - continued

Temporarily restricted net assets are those resources currently available for use but expendable only for purposes specified by the donor or grantor and may, or will be, met by actions of the Organization and/or the passage of time. Such resources originate from contributions restricted for specific purposes or a specific future time frame. When a donor or grantor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Promises to give within one year are recorded at the face value of the promise. Promises to give that are more than one year from the promise date are discounted based on the Organizations borrowing rate. As of December 31, 2009, the discount rate for all promises to give was 3%, and the unamortized discount was \$38,336.

Promises to give as of December 31, 2009 are from the chairman of the Organization's board of directors and are available to support the Organization's program activities, and are receivable along the following time line.

Less than 1 year	\$224,000
2 – 5 years	<u>622,117</u>
Total promises to give	<u>\$846,117</u>

3. Property and Equipment

Property and equipment is stated at cost. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives using the straight-line method.

The estimated useful lives of the various classes of assets are as follows:

<u>Class of Asset</u>	<u>Estimated Useful Lives</u>
Website	3
Computers	3
Office equipment	3-10

The Organization's property and equipment has been pledged as collateral under the line of credit agreement.

Usher's New Look, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Property and Equipment - continued

The Organization purchased a mobile medical clinic to provide medical services to underserved communities in and around New Orleans, Louisiana in 2008. During 2009, the Organization conducted a strategic assessment of programs and determined that continued costs to operate the mobile clinic could be better utilized in core programs, and is held for disposal at December 31, 2009. As of December 31, 2009, the unit was in an unused condition and subsequently appraised for more than the carrying value; therefore, the Organization does not consider the unit to be impaired. During 2010, the Organization donated the mobile medical clinic to the Lespri Foundation. The mobile medical unit will be used to provide medical services in a province greatly affected by the January 2010 earthquake in Haiti.

4. Donated Materials and Services

Materials are reported at fair market value as of the date of the gift. Only donated services that would otherwise have to be purchased from a vendor are reflected in the financial statements. A substantial number of volunteers have donated their time to the Organization's program services. The Organization received approximately \$192,000 in goods and services related to in-kind donations.

5. Functional Expenses

The Organization allocates its expenses on a functional basis for its program and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

6. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

7. Revenue Recognition

Gifts of cash and other assets are recorded as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

8. Interest

Interest costs are charged to operations as incurred. Interest expense of approximately \$2,100 was recorded to management and general expenses during the year ended December 31, 2009.

Usher's New Look, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

9. Deferred Revenue

Deferred revenue reported as a current liability represents funds related to grants for future periods received prior to the end of the fiscal year.

10. Tax Status

The Organization is exempt from federal and state income taxes under the provisions of §501(c)(3) of the Internal Revenue Code.

In June 2008, the Organization notified the IRS of its intent to terminate its private foundation status as defined by 507(b)(1)(B), and operate as a public charity as defined by §509(a)(1), beginning January 1, 2009. The IRS has responded with an advance determination letter. The Organization is in a 60 month advance ruling period ending December 31, 2013, and may operate as a public charity over that time period.

For the year ended December 31, 2009, the Organization was required to adopt new provisions of FASB ASC 740, *Income Taxes* (ASC 740). The new provisions require the use of a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return and disclosures regarding uncertainties in income tax positions. The cumulative effect of initially adopting ASC 740 is to record an adjustment to opening net assets in the year of adoption and should be presented separately. Only tax positions that meet the more likely than not recognition threshold at the effective date may be recognized upon adoption of ASC 740. The adoption of the provisions of ASC 740 did not have an effect on opening net assets.

Management does not believe that the Organization has any material uncertain tax positions at December 31, 2009; however, the Organization's tax returns for the years ended December 31, 2008, 2007 and 2006 are still subject to examination by relevant taxing authorities.

NOTE B - TEMPORARILY RESTRICTED NET ASSETS

The Organization accounts for unconditional promises to give in accordance with FASB ASC 958; whereby, unconditional promises to give, with payments due in future periods, are recorded as restricted support. Temporarily restricted assets at December 31, 2009 represent future receivables from unconditional promises to give and are for future operations.

NOTE C - LINE OF CREDIT

The Organization has a line of credit facility with a financial institution that has a maximum borrowing amount of \$50,000. The line of credit bears an interest rate equal to the Wall Street Journal Prime Rate (3.25% at December 31, 2009), and has no stated expiration date, is secured by substantially all of the Organization's assets and is personally guaranteed by a board member.

Usher's New Look, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2009

NOTE D- COMMITMENTS AND CONTINGENCIES

The Organization leases certain office equipment under a non-cancelable lease agreement expiring in October 2012. The lease is classified as an operating lease in accordance with FASB ASC 840, *Leases*. Rent expenses of approximately \$4,400 were incurred during the year ended December 31, 2009.

The following is a schedule of the future minimum lease payments required under the non-cancelable operating lease and the assumed non-cancelable office facility lease in Note H as of December 31, 2009:

<u>Year ending December 31</u>	
2010	\$ 40,000
2011	40,000
2012	<u>33,000</u>
Total minimum payments	<u>\$113,000</u>

The Organization from time to time has cash deposits with financial institutions, which fluctuate in excess of the insured limitation of the Federal Deposit Insurance Corporation. If the financial institutions were not to honor their contractual liability, the Organization could incur losses. Management is of the opinion that there is no risk of loss due to the financial strength of these institutions.

From time to time, the Organization may have asserted and unasserted claims arising in the normal course of business. The Organization does not expect losses, if any, arising from these asserted and unasserted claims to have a material effect on the financial statements.

NOTE E - ECONOMIC DEPENDENCY

The Organization receives the majority of its revenue and support in contributions from corporations, individuals and other charitable organizations including approximately \$997,000 from the chairman of the Organization's board of directors. The future receipt of such funding, however, is indeterminate due to the uncertainty of these resources in future years. Should this support be discontinued, the Organization would have to replace this funding from other sources or discontinue certain of its programs.

NOTE F - MANAGEMENT FEES

The Organization has contracted with a third party management consulting firm to provide certain programming management, accounting and administrative services. The management firm provides office space, utilities and certain personnel costs to the Organization for a monthly fee. Total management fees for the year ended December 31, 2009 were approximately \$130,000 (Note H).

NOTE G - ORGANIZATION OPERATIONS

During the year ended December 31, 2009, the Organization's net assets increased by approximately \$719,000 and at December 31, 2009 the Organization had a surplus in net assets of approximately \$668,000. However, due to the extended time-frame of contributions receivable, unrestricted net assets decreased by approximately \$122,000 and unrestricted net assets had a deficit of approximately \$173,000.

Usher's New Look, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2009

NOTE G - ORGANIZATION OPERATIONS - CONTINUED

Management believes that the timely receipt of contributions receivable as well as continued focus on the Organization's mission and controlling costs will enable the Organization to reverse its deficits in unrestricted net assets and allow it to achieve an increase in unrestricted net assets in the future.

NOTE H - SUBSEQUENT EVENTS

On February 4th, 2010, the Organization entered into a new line of credit facility with a financial institution with a maximum borrowing amount of \$200,000. The line of credit bears an interest rate equal to the bank's prime rate plus 3%, and has no stated expiration date and is personally guaranteed by Usher Raymond IV. The Organization's receivables and fixed assets serve as collateral for this line of credit.

During 2009 and previous fiscal years the Organization contracted with a third party management consulting firm to provide certain programming management, accounting and administrative services. The management firm provided office space, utilities and certain personnel costs to the Organization for a monthly fee. Beginning in January 2010, the Organization assumed responsibility for all management activities previously provided by the third party consulting firm. As part of the assumption of these responsibilities the Organization assumed the remaining 34 months for the office space lease where the Organization conducts business. The Organization assumed approximately \$100,000 in future expenses. These commitments are included in the schedule of future commitments and contingencies in Note D.