



**HIP HOP 4 LIFE, INC.
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

Board of Directors
Hip Hop 4 Life, Inc.
New York, NY

We have audited the accompanying statement of financial position of Hip Hop 4 Life, Inc. as of June 30, 2014, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of 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 misstatements. 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 Hip Hop 4 Life, Inc.. as of June 30, 2014 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements referred to above taken as a whole. The schedule of functional expenditures is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

OJLowery, LLC
New York, NY
November 11, 2014

3 COLUMBUS CIRCLE, 15TH FL, NY, NY 10019

HIP HOP 4 LIFE, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2014

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 116,449
Accounts Receivable (Note 4)	246,776
Security Deposit (Note 5)	16,733
TOTAL CURRENT ASSETS	\$ 379,958

FIXED ASSETS

Computer and other equipment (Note 3d)	5,982
Less: accumulated depreciation	(3,417)
FIXED ASSETS - NET	2,565

TOTAL ASSETS	\$ 382,523
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LIABILITIES AND NET ASSETS

LIABILITIES

Payroll Tax Liability	\$ 1,520
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Net Assets:

Unrestricted:

Operating Fund	381,004
Total Unrestricted	381,004

TOTAL NET ASSETS	\$ 382,523
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The accompanying notes are integral part of these financial statements.

HIP HOP 4 LIFE, INC.
STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Total Net Assets</u>
REVENUE AND SUPPORT			
Contributions	\$ 36,144	-	\$ 36,144
Service Fees	<u>1,129,467</u>		<u>1,129,467</u>
TOTAL REVENUE AND SUPPORT	1,165,612		1,165,612
EXPENSES:			
Program Services:			
Youth Development	712,867		712,867
Empowerment Team	36,838		36,838
Community Outreach	36,533		36,533
TOTAL PROGRAM EXPENSES	<u>786,238</u>	-	<u>786,238</u>
Supporting Services:			
Management and general	194,528		194,528
Fund-raising	<u>42,103</u>		<u>42,103</u>
Total Supporting services	<u>236,631</u>	-	<u>236,631</u>
Total expenses	1,022,869		1,022,869
Change in net assets	142,743	-	142,743
Net assets - beginning of the year	238,261	-	238,261
Net assets - end of the year	<u>\$ 381,004</u>	<u>-</u>	<u>\$ 381,004</u>

The accompanying notes are integral part of these financial statements.

HIP HOP 4 LIFE, INC.
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Cash flows from operating activities:	
Change in net assets	142,743
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,272
Changes in prepayments	(16,733)
Changes in accounts receivable	(35,634)
Changes in accrued liabilities	<u>(189)</u>
Net cash provided by operating activities	92,459
Cash flows from investing activities:	
Net cash provided by investing activities	(3,588)
Cash flows from financing activities:	
Net cash provided by financing activities	-
Net change in cash and cash equivalents	88,871
Cash and cash equivalents - July 1	<u>27,578</u>
Cash and cash equivalents - June 30	<u>\$ 116,449</u>

HIP HOP 4 LIFE, INC.
STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Expenses	Program Services				Subtotal	Management and General	Fundraising	Total
	Youth Development	Empowerment Team	Community Outreach					
Salaries	\$ 185,605	\$ 21,836	\$ 10,918	\$ 218,358	\$ 114,515	\$ 16,186	\$ 349,059	
Fringe Benefits	29,367	3,455	1,727	34,550	18,119	2,561	55,230	
Payroll Fees	-	-	-	-	1,896	-	1,896	
Prof. Services	7,793	3,897	1,299	12,989	15,146	-	28,135	
Facilitator Fee	155,044	-	-	155,044	-	-	155,044	
Consultants	170,987	-	-	170,987	-	-	170,987	
Field Operations	75,014	3,876	15,351	94,242	-	-	94,242	
Gifts	-	-	-	-	483	153	636	
Events	-	-	-	-	-	19,465	19,465	
Workshops	11,525	-	-	11,525	5,992	-	17,517	
Supplies	14,768	385	-	15,153	2,250	-	17,404	
Printing	-	-	-	-	2,196	-	2,196	
Travel	10,849	-	5,731	16,581	10,939	-	27,519	
Marketing	3,700	-	-	3,700	-	3,365	7,065	
Occupancy	20,107	2,365	1,183	23,655	10,138	-	33,793	
Telephone	831	208	-	1,039	445	-	1,484	
Shipping	-	-	-	-	429	11	440	
Bank Charges	-	-	-	-	75	-	75	
Insurance	-	-	-	-	8,683	-	8,683	
Storage	1,179	295	-	1,474	632	-	2,105	
Depreciation	1,352	159	80	1,590	682	-	2,272	
Meals & Ent.	8,083	252	204	8,539	976	-	9,515	
Venue	15,862	-	-	15,862	-	-	15,862	
Internet	120	30	-	150	64	-	215	
Misc.	681	80	40	801	869	362	2,032	
	<u>\$ 712,867</u>	<u>\$ 36,838</u>	<u>\$ 36,533</u>	<u>\$ 786,238</u>	<u>\$ 194,528</u>	<u>\$ 42,103</u>	<u>\$ 1,022,869</u>	

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

HIP HOP 4 LIFE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE A – THE ORGANIZATION AND ITS SIGNICANT ACCOUNTING POLICIES

NOTE 1 - Organization and Nature of Business:

Hip Hop 4 Life, Inc. (the “Organization”) is a not-for-profit entity formed in the State of New York in 2005 that seeks to provide life skills and health awareness programs to the youth.

The organization is exempt from federal income taxes under 501(c)(3) of the U.S. Internal Revenue Code and from state and local taxes under comparable laws.

NOTE 2 - Financial Reporting:

Hip Hop 4 Life, Inc. classified its net assets, public support, revenues and expenses based on the existence or absence of donor-imposed restrictions. There are three classes of net assets: **permanently restricted, temporarily restricted and unrestricted.**

Contributions and other inflow of assets are recorded as permanently restricted net assets if they are received with donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization pursuant to those stipulations.

Contributions and other inflow of assets are recorded as temporarily restricted net assets if they are received with donor-imposed stipulations that either expire by passage of time or can be fulfilled and otherwise removed by actions of the Organization. When a donor restriction expires or pursuant restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Unrestricted Revenues, Expenses, and Other Changes in Unrestricted Net Assets as net assets released from restrictions.

Contributions and other inflow of assets are recorded as unrestricted net assets if they are received with no donor-imposed stipulations or they are not part of the permanently or temporarily restricted net assets.

Hip Hop 4 Life, Inc. has no permanently or temporarily restricted net assets as of June 30, 2014.

HIP HOP 4 LIFE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 - Summary of Significant Accounting Policies

- a) The Organization's accounting policies are in accordance with accounting principles generally accepted in the United States of America.
- b) The financial statements of the Organization are prepared based on accrual basis of accounting.
- c) Contributions and pledges of support are recognized as revenue when received or pledged.
- d) Fixed Assets and Equipment are depreciated on a straight-line basis over the estimated useful life of the asset.
- e) The Organization is a not-for-profit organization operating under the Internal Revenue Code Section 501 (c) (3). It is not subject to Federal, State or City income taxes.
- f) Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash. Cash are maintained at high quality financial institutions.
- g) The preparation of financial statements are in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- h) Program services are the major activities that result in goods and services being provided to beneficiaries, clients or members that fulfill the mission of the Organization.

Program services of the Organization include the following:

- I. **Empowerment Team** – Two-year program serves tenth and eleventh grade female students whom are provided with mentoring from Hip Hop 4 Life's staff and other successful and dynamic women.
- II. **Youth Development** – Consists of one-day or multi-week personal development, health awareness and professional development program club workshops and residences provided to elementary, middle and high school youth in schools and community based organizations.
- III. **Community Outreach** – Consists of community-based events, youth summits, and parent workshops serving communities in New York City and throughout the country.

HIP HOP 4 LIFE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – ACCOUNTS RECEIVABLE

As of June 30, 2014 accounts receivable is as follows:

• NYC Dept. of Education	\$204,025.81
• The Fund for public Schools	\$ 32,200.00
• Sports and Arts in Schools	\$ 9,300.00
• Young Scholars Charter School	\$ <u>1,250.00</u>
	\$246,775.81

The above amounts are expected to be paid in full by December 31, 2014.

NOTE 5 – SECURITY DEPOSIT

Hip Hop 4 Life, Inc moved their office location to 225 West 35th Street, NY, NY during the current year. They were required to make a security deposit in the amount of **\$16,733** to secure the new office location.