



EXPERIENCE
CORPS[®]

Financial Statements

For The Year Ended December 31, 2009



and
Report Thereon



EXPERIENCE CORPS

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RAFFA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Experience Corps

CONSULTING

ACCOUNTING

TECHNOLOGY

*Certified Public
Accountants*

We have audited the accompanying statement of financial position of Experience in Action DBA Experience Corps (Experience Corps) 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 Experience Corps' 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Experience Corps' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the 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 Experience Corps 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental statement of functional expenses on page 9 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 our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



RAFFA, P.C.

Washington, DC
May 6, 2010

EXPERIENCE CORPS

STATEMENT OF FINANCIAL POSITION

December 31, 2009

ASSETS

Cash	\$ 187,323
Grants receivable	475,008
Accounts receivable	11,021
Prepaid expenses	9,766
Equipment, net	6,562

TOTAL ASSETS \$ 689,681

LIABILITIES AND NET ASSETS

Accounts payable	\$ 165,484
Accrued expenses	51,372

TOTAL LIABILITIES 216,856

Net Assets

Unrestricted	15,745
Temporarily restricted	457,080

TOTAL NET ASSETS 472,825

TOTAL LIABILITIES AND NET ASSETS \$ 689,681

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

EXPERIENCE CORPS

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2009

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Grants	\$ 1,290,615	\$ 500,000	\$ 1,790,615
Contributions	18,687	-	18,687
Donated fixed assets	7,339	-	7,339
Interest income	120	-	120
Net assets released from restrictions:			
Satisfaction of purpose restrictions	42,920	(42,920)	-
TOTAL REVENUE AND SUPPORT	1,359,681	457,080	1,816,761
EXPENSES			
Program services			
Educating and tutoring	655,441	-	655,441
Public awareness	254,986	-	254,986
Advising and informing	34,474	-	34,474
Education and mentoring	15,013	-	15,013
Research	1,871	-	1,871
Convening	196	-	196
Total Program Services	961,981	-	961,981
Supporting Services			
General and administrative	194,467	-	194,467
Fundraising and advocacy	187,488	-	187,488
Total Supporting Services	381,955	-	381,955
TOTAL EXPENSES	1,343,936	-	1,343,936
CHANGE IN NET ASSETS	15,745	457,080	472,825
NET ASSETS, BEGINNING OF YEAR	-	-	-
NET ASSETS, END OF YEAR	\$ 15,745	\$ 457,080	\$ 472,825

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

EXPERIENCE CORPS

STATEMENT OF CASH FLOWS For the Year Ended December 31, 2009 Increase (Decrease) in Cash

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 472,825
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,105
Donated equipment	(7,339)
Changes in assets and liabilities	
Grants receivable	(475,008)
Accounts Receivable	(11,021)
Prepaid expenses	(9,766)
Accounts payable	165,484
Accrued expenses	51,372
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	188,651
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CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of equipment	(1,328)
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NET CASH USED IN INVESTING ACTIVITIES	(1,328)
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NET INCREASE IN CASH	187,323
CASH, BEGINNING OF YEAR	-
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CASH, END OF YEAR	\$ 187,323
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NONCASH OPERATING ACTIVITIES	
Donated equipment	\$ 7,339
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The accompanying notes are an integral part of these financial statements.

EXPERIENCE CORPS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

1. Organization and Summary of Significant Accounting Policies

Organization

Experience in Action DBA Experience Corps (Experience Corps) was incorporated on September 10, 2008 under the laws of the District of Columbia. Experience Corps is a not-for-profit organization formed to engage experienced adults in high-impact community service and leadership activities, and to promote the importance of the contributions that these individuals make to their communities. These activities are funded primarily from philanthropic donations and government grants.

Basis of Presentation

The financial statements are presented using the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States of America.

Equipment and Related Depreciation

Equipment consists of computers and is recorded at cost. Depreciation is provided for on a straight-line basis over the estimated useful lives of the assets, which is three years. The cost of equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation and any gain or loss is reflected in income or expense in the accompanying statement of activities. Major additions are capitalized while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred. Total depreciation expense for the year ended December 31, 2009 was \$2,105.

Net Assets

The net assets of Experience Corps are classified as follows:

- Unrestricted net assets represent funds that are available for support of Experience Corps' operations.
- Temporarily restricted net assets represent amounts that are subject to donor-imposed restrictions to be used for a particular purpose or within a specific time period.

Revenue Recognition

Grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support. Conditional promises to give are not included as support until such time as the conditions are substantially met. When a donor restriction expires (that is, when a stipulated time restriction ends or a

EXPERIENCE CORPS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions.

Grants that are on the basis of direct costs plus allowable indirect expenses are recognized as costs are incurred. Revenue recognized on these grants for which billings have not been presented or collected from the awarding agency is included in grants receivable in the accompanying statement of financial position. Amounts received in advance are recorded as refundable advances on the accompanying statement of financial position.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated proportionately among the programs and supporting services to which they relate on the basis of direct labor costs.

Estimates

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Accounting Standard

Effective January 1, 2009, Experience in Action DBA Experience Corps adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 105-10, *FASB Codification* (the Codification). The Codification is the single source of authoritative U.S. generally accepted accounting principles (GAAP). Accordingly, references to GAAP have been updated for the appropriate Codification reference.

2. Grants Receivable

Grants receivable represent unconditional promises to give due from foundations and a government agency. All amounts are due within one year and are considered fully collectible. Total grants receivable at December 31, 2009 was \$475,008.

Continued

EXPERIENCE CORPS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

3. Temporarily Restricted Net Assets

As of December 31, 2009, net assets are restricted for use in the following programs:

Purpose restrictions:	
Experience Corps Growth Plan	\$ 157,080
Time restrictions	<u>300,000</u>
Total temporarily restricted net assets	<u>\$ 457,080</u>

4. Commitments

Operating Lease

Experience Corps leases furnished office space under an agreement effective March 1, 2009 that expires on February 28, 2011, with six months prior written notice required for early termination. Occupancy expense for the year ended December 31, 2009 was \$ 41,250.

Future minimum lease payments required under this operating lease are as follows:

For the Year Ending <u>December 31,</u>	
2010	\$ 69,890
2011	<u>11,648</u>
Total	<u>\$ 81,538</u>

5. Risks and Contingencies

Major Contributor

For the year ended December 31, 2009, one contributor provided Experience Corps with \$1,059,418 or 58% of its total revenue and support. Any significant reduction in this funding may adversely impact Experience Corps' ability to carry out its program activities.

6. Retirement Plan

Effective May 1, 2009, Experience Corps provides retirement benefits for its employees through a 403(b) defined contribution plan. All full-time employees of Experience Corps who have reached the age of 18 years are eligible to participate. The plan provides for a minimum contribution of 3% by employees who have completed six months of service. In 2009,

Continued

EXPERIENCE CORPS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

6. Retirement Plan (continued)

Experience Corps provided a discretionary contribution of 9% to employees who had completed six months of service. Employer contributions for the year ended December 31, 2009 under this plan were \$28,454. Employees are fully vested after 2 years of service.

7. Income Taxes

Experience Corps is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes is required as of December 31, 2009 as Experience Corps had no taxable net unrelated business income.

Experience Corps has adopted provisions of the Financial Accounting Standards Board (FASB) guidance for the accounting for uncertainty in income taxes recognized in an organization's financial statements on January 1, 2009. Management of Experience Corps has evaluated its tax positions for the year ended December 31, 2009 and has determined that it has no material uncertain tax positions and, accordingly it has not recognized any liability for unrecognized tax. The statute of limitations for tax years 2006 through 2009 remains open in the major U.S. taxing jurisdictions in which Independent Sector is subject to taxation. Experience Corps' practice is to recognize interest and/or penalties related to income tax matters in income tax expense. There was no income tax expense or interest and penalties for the year ended December 31, 2009.

8. Subsequent Events

In preparing these financial statements, Experience Corps' management has evaluated events and transactions for potential recognition or disclosure through May 6, 2010, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

EXPERIENCE CORPS

SUPPLEMENTAL STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2009

	<u>Programs</u>	<u>General and Administrative</u>	<u>Fundraising and Advocacy</u>	<u>Total</u>
Salaries	\$ 347,814	\$ 102,097	\$ 77,559	\$ 527,469
Consulting	173,529	16,825	81,500	271,854
Grants	231,197	-	-	231,197
Employee benefits	33,937	12,825	10,164	56,926
Payroll Taxes	28,371	8,125	6,154	42,650
Rent	-	41,250	-	41,250
Travel	28,188	5,684	2,016	35,888
Conferences and meetings	24,203	6,751	228	31,182
Pension plan	20,110	5,650	2,694	28,454
Professional fees	49	27,809	277	28,135
Office supplies	13,425	5,054	83	18,562
Printing and publications	10,682	2,131	450	13,263
Telephone and internet	-	6,555	754	7,309
Insurance	-	4,340	-	4,340
Depreciation	-	2,105	-	2,105
Professional development	291	1,384	-	1,675
Postage and delivery	660	567	51	1,278
Other expenses	-	361	-	361
Bank charges	-	38	-	38
Overhead allocation	49,525	(55,084)	5,559	-
TOTAL EXPENSES	<u>\$ 961,981</u>	<u>\$ 194,467</u>	<u>\$ 187,488</u>	<u>\$ 1,343,936</u>