

**Dress for Success Cincinnati
and
Fourth Street Basement Boutique**

**Consolidated Financial Statements with Supplementary Information
December 31, 2008, and
Report of Independent Certified Public Accountants**

**DRESS FOR SUCCESS CINCINNATI
AND
FOURTH STREET BASEMENT BOUTIQUE
December 31, 2008**

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Report of Independent Certified Public Accountants

The Board of Directors
Dress for Success Cincinnati and Fourth Street Basement Boutique
Cincinnati, Ohio

We have reviewed the accompanying consolidated statement of financial position of Dress for Success Cincinnati and Fourth Street Basement Boutique (non-profit organizations) as of December 31, 2008 and the related consolidated statements of activities and cash flows for the year 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 consolidated financial statements is the representation of the management of Dress for Success Cincinnati and Fourth Street Basement Boutique.

A review consists principally of inquiries of organization 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 consolidated financial statements in order for them to be in conformity with generally accepted accounting principles.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The accompanying Consolidating Statement of Financial Position, Consolidating Statement of Activities and Consolidating Schedule of Functional Expenses are presented for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made to thereto.

Barnes, Dennig & Co., Ltd.

June 10, 2009

DRESS FOR SUCCESS CINCINNATI AND FOURTH STREET BASEMENT BOUTIQUE

**Consolidated Statement of Financial Position
December 31, 2008**

Assets	
Cash and cash equivalents	\$ 499,160
Prepaid expenses	4,567
Inventory	103,612
Lease deposit	5,261
Property and equipment, net	<u>20,980</u>
Total assets	<u>\$ 633,580</u>
Liabilities and Net Assets	
Liabilities	
Accounts payable and accrued expenses	\$ 4,820
Unrestricted net assets	<u>628,760</u>
Total liabilities and net assets	<u>\$ 633,580</u>

See accompanying notes and accountant's report

DRESS FOR SUCCESS CINCINNATI AND FOURTH STREET BASEMENT BOUTIQUE

**Consolidated Statement of Activities
Year Ended December 31, 2008**

Unrestricted support and revenue	
Grants and contributions	\$ 242,929
Sales	198,891
Special events	211,893
In-kind services and donations	227,229
Miscellaneous	31,322
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Total unrestricted support and revenue	912,264
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Expenses	
Salaries and benefits	270,354
Clothing donated	206,205
Rent	54,804
Special events	47,075
Legal and professional	20,822
Utilities	25,375
Payroll taxes	24,926
Advertising	8,808
Supplies	15,890
Consulting	70,786
Printing	11,064
Miscellaneous	8,588
Repairs and maintenance	10,412
Memberships and dues	9,039
Telephone	5,977
Postage	5,990
Travel	2,592
Insurance	4,180
Bank charges	3,292
Depreciation	4,908
Meeting	1,222
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Total expenses	812,309
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Change in unrestricted net assets	99,955
Unrestricted net assets, beginning of year	528,805
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Unrestricted net assets, end of year	\$ 628,760
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See accompanying notes and accountant's report

DRESS FOR SUCCESS CINCINNATI AND FOURTH STREET BASEMENT BOUTIQUE

**Consolidated Statement of Cash Flows
Year Ended December 31, 2008**

Cash flows from operating activities	
Change in net assets	\$ 99,955
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	4,908
Change in donated clothing	(13,132)
Changes in:	
Accounts payable and accrued expenses	<u>(4,695)</u>
Net cash provided by operating activities	<u>87,036</u>
Cash flows from investing activities	
Purchase of property and equipment	<u>(8,735)</u>
Net increase in cash and cash equivalents	78,301
Cash and cash equivalents, beginning of year	<u>420,859</u>
Cash and cash equivalents, end of year	<u>\$ 499,160</u>

See accompanying notes and accountant's report

DRESS FOR SUCCESS CINCINNATI AND FOURTH STREET BASEMENT BOUTIQUE

Notes to Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Dress for Success Cincinnati (DFSCincy) and Fourth Street Basement Boutiques (4SBB) (collectively the Organization) are both not-for-profit organizations exempt from Federal taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and are not considered private foundations. DFSCincy is an organization committed to providing high quality, interview-appropriate clothing and image counseling services for women seeking a way into the workforce. 4SBB is a thrift store located in downtown Cincinnati that sells donated clothing, the net proceeds of which are a contribution to DFSCincy.

Fourth Street Basement Boutique was incorporated as a not-for-profit organization under the laws of Ohio revised code and commenced operations in 2002. 4SBB Boutique was organized for the specific purpose of raising funds to provide financial support for DFSCincy.

Principles of Consolidation

The consolidated financial statements include the accounts of Dress for Success Cincinnati and Fourth Street Basement Boutique, an affiliate controlled by Dress for Success Cincinnati. All significant inter-organizational balances and transactions have been eliminated.

Financial Statement Presentation

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. SFAS No. 117 requires, among other things, the net assets to be 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 and may be utilized at the discretion of the Board of Directors to support the Organization's mission.

Temporarily and permanently restricted net assets – Temporarily restricted net assets are those assets subject to donor-imposed stipulations that will be met either by satisfying the stipulated purpose or the passage of time. Permanently restricted net assets are those assets subject to donor-imposed stipulations that the principal be maintained intact in perpetuity and that only the income be expended. There were no temporarily or permanently restricted net assets at December 31, 2008.

Recognition of Donations

The Organization records gifts of cash and other assets at their fair market value as of the date of contribution. Such donations are recorded as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, the organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

DRESS FOR SUCCESS CINCINNATI AND FOURTH STREET BASEMENT BOUTIQUE

Notes to Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recognition of Donations (continued)

The Organization records donated services as revenues in the period received only if the services received create or enhance non-financial assets or required specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services and equipment are not recorded if no objective basis is available to measure the value received.

Various organizations and individuals contribute services and materials. Those services and materials for which a fair market value could be determined were recorded as support.

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2008, cash equivalents consisted primarily of checking accounts and money market accounts. The Organization maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

There have been recent changes to federal insured bank account limits (FDIC coverage) and money market account balance guarantees. The Troubled Assets Relief Program (TARP) became law on October 3, 2008. With the new law, the FDIC limits for interest-bearing deposits increased to \$250,000 in insured account coverage at each FDIC-insured bank. The coverage has also been expanded to provide unlimited insurance for a period of time on money in qualifying transaction accounts. On any account that meets the FDIC definition of "noninterest bearing transaction accounts", including most checking accounts; the FDIC will provide unlimited insurance. These changes to bank deposit coverage are set to expire on December 31, 2009. On September 19, 2008, the U.S. Treasury also guaranteed the existing deposits in all participating money market funds with no limit. That guarantee program has been extended until September 18, 2009.

Inventory

Inventory donated to DFSCincy, which consists primarily of women's clothes used in its programs, is recorded at fair market value. Other items of clothing that are donated to DFSCincy which cannot be used in its programs are not recorded, but are transferred and recorded by 4SBB for sale in its thrift shop.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of receipt. Depreciation is computed on a straight-line basis over an estimated useful life of the respective assets. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

DRESS FOR SUCCESS CINCINNATI AND FOURTH STREET BASEMENT BOUTIQUE

Notes to Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expenses

Total expenses, including costs of goods donated, by function, for the year ended December 31, 2008 were as follows:

Program	\$ 595,686
Management and general	95,114
Fundraising	<u>121,509</u>
	<u>\$ 812,309</u>

Expenses are allocated by the Organization based on management estimates for each expense category.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities revenues and expenses and the disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Actual results could differ from those estimates.

New Accounting Standards

The Organization has elected to defer the adoption of Financial Accounting Standards Board (FASB) No. 48, *Accounting for Uncertainty of Income Taxes – an interpretation of FASB Statement No. 109* (FIN 48) consistent with FASB Staff Position FIN 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Entities*. To the extent any uncertain tax positions exist, the Organization applies FAS, 5, *Accounting for Contingencies*, in evaluating uncertain tax positions.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment, net as of December 31, 2008 consisted of the following:

Furniture and fixtures	\$ 17,354
Computer hardware and software	9,982
Leasehold improvements	<u>5,416</u>
	32,752
Accumulated depreciation	<u>(21,449)</u>
	<u>\$ 20,980</u>

DRESS FOR SUCCESS CINCINNATI AND FOURTH STREET BASEMENT BOUTIQUE

**Notes to Consolidated Financial Statements
(Continued)**

NOTE 3 LEASE OBLIGATION

The Organization entered into a five-year rental agreement to lease office space, utilities included. Rental payments under the lease agreement started on December 1, 2005, with an additional month's rent paid as a security deposit. Total rent expense under the lease for 2008 was \$54,804.

Future annual minimum lease payments at December 31, 2008 were:

2009	\$	54,804
2010		<u>50,237</u>
Total	\$	<u>105,041</u>

DRESS FOR SUCCESS CINCINNATI AND FOURTH STREET BASEMENT BOUTIQUE

Consolidating Statement of Financial Position
December 31, 2008

	<u>Dress for Success</u>	<u>Fourth Street Basement Boutique</u>	<u>Eliminations</u>	<u>Consolidated</u>
Assets				
Cash and cash equivalents	\$ 366,503	\$ 132,657	\$ -	\$ 499,160
Prepaid expenses	4,567	1,580	(1,580)	4,567
Inventory	45,775	57,837	-	103,612
Lease deposit	5,261	-	-	5,261
Property and equipment, net	13,988	6,992	-	20,980
Total assets	<u>\$ 436,094</u>	<u>\$ 199,066</u>	<u>\$ (1,580)</u>	<u>\$ 633,580</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 2,728	\$ 2,092	\$ -	\$ 4,820
Deferred income	1,580	-	(1,580)	-
Total liabilities	4,308	2,092	(1,580)	4,820
Unrestricted net assets	<u>431,786</u>	<u>196,974</u>	<u>-</u>	<u>628,760</u>
Total liabilities and net assets	<u>\$ 436,094</u>	<u>\$ 199,066</u>	<u>\$ (1,580)</u>	<u>\$ 633,580</u>

DRESS FOR SUCCESS CINCINNATI AND FOURTH STREET BASEMENT BOUTIQUE

Consolidating Statement of Activities Year Ended December 31, 2008

	Dress for Success	Fourth Street Basement Boutique	Eliminations	Consolidated
Unrestricted support and revenue				
Grants and contributions	\$ 263,935	\$ 994	\$ (22,000)	\$ 242,929
Sales	-	198,891	-	198,891
Special events	211,893	-	-	211,893
In-kind services and donations	227,229	-	-	227,229
Miscellaneous	31,128	194	-	31,322
Total unrestricted support and revenue	734,185	200,079	(22,000)	912,264
Expenses				
Salaries and benefits	196,360	73,994	-	270,354
Clothing donated	209,371	(3,166)	-	206,205
Rent	35,844	18,960	-	54,804
Special events	47,075	-	-	47,075
Legal and professional	17,510	3,312	-	20,822
Utilities	16,715	8,660	-	25,375
Payroll taxes	17,856	7,070	-	24,926
Advertising	-	8,808	-	8,808
Supplies	11,662	4,228	-	15,890
Consulting	70,450	336	-	70,786
Printing	10,928	136	-	11,064
Miscellaneous	7,110	1,478	-	8,588
Repairs and maintenance	7,274	3,138	-	10,412
Memberships and dues	9,039	-	-	9,039
Telephone	3,993	1,984	-	5,977
Postage	5,345	645	-	5,990
Travel	2,592	-	-	2,592
Insurance	2,090	2,090	-	4,180
Bank charges	-	3,292	-	3,292
Depreciation	3,540	1,368	-	4,908
Meeting	-	1,222	-	1,222
Contribution to Dress for Success	674,754	137,555	-	812,309
	-	22,000	(22,000)	-
Total expenses	674,754	159,555	(22,000)	812,309
Change in net assets	59,431	40,524	-	99,955
Unrestricted net assets, beginning of year	372,355	156,450	-	528,805
Unrestricted net assets, end of year	\$ 431,786	\$ 196,974	\$ -	\$ 628,760

DRESS FOR SUCCESS CINCINNATI AND FOURTH STREET BASEMENT BOUTIQUE

**Consolidating Schedule of Functional Expenses
Year Ended December 31, 2008**

	Dress for Success				Fourth Street Basement Boutique				Consolidated			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries and benefits	\$ 128,635	\$ 33,970	\$ 33,755	\$ 196,360	\$ 48,473	\$ 12,801	\$ 12,720	\$ 73,994	\$ 177,108	\$ 46,771	\$ 46,475	\$ 270,354
Clothing provided to clients	209,371	-	-	209,371	(3,166)	-	-	(3,166)	206,205	-	-	206,205
Rent	32,260	1,792	1,792	35,844	17,064	948,000	948	18,960	49,324	2,740	2,740	54,804
Special events	-	-	47,075	47,075	-	-	-	-	-	-	47,075	47,075
Legal and professional	11,382	1,751	4,377	17,510	2,153	331	828	3,312	13,535	2,082	5,205	20,822
Utilities	15,044	836	835	16,715	7,794	433	433	8,660	22,838	1,269	1,268	25,375
Payroll taxes	11,697	3,089	3,070	17,856	4,632	1,223	1,215	7,070	16,329	4,312	4,285	24,926
Advertising	-	-	-	-	5,285	1,762	1,761	8,808	5,285	1,762	1,761	8,808
Supplies	8,163	2,916	583	11,662	2,960	1,057	211	4,228	11,123	3,973	794	15,890
Consulting	49,315	21,135	-	70,450	235	101	-	336	49,550	21,236	-	70,786
Printing	9,835	-	1,093	10,928	122	-	14	136	9,957	-	1,107	11,064
Miscellaneous	5,688	1,067	355	7,110	1,182	222	74	1,478	6,870	1,289	429	8,588
Repairs and maintenance	1,091	5,092	1,091	7,274	471	2,197	470	3,138	1,562	7,289	1,561	10,412
Memberships and dues	904	-	8,135	9,039	-	-	-	-	904	-	8,135	9,039
Telephone	3,993	-	-	3,993	1,984	-	-	1,984	5,977	-	-	5,977
Postage	4,276	802	267	5,345	516	97	32	645	4,792	899	299	5,990
Travel	2,074	389	129	2,592	-	-	-	-	2,074	389	129	2,592
Insurance	2,090	-	-	2,090	2,090	-	-	2,090	4,180	-	-	4,180
Bank charges	-	-	-	-	3,292	-	-	3,292	3,292	-	-	3,292
Depreciation	2,832	531	177	3,540	1,094	205	69	1,368	3,926	736	246	4,908
Meeting	-	-	-	-	855	367	-	1,222	855	367	-	1,222
Total expenses	\$ 498,650	\$ 73,370	\$ 102,734	\$ 674,754	\$ 97,036	\$ 21,744	\$ 18,775	\$ 137,555	\$ 595,686	\$ 95,114	\$ 121,509	\$ 812,309