

THE HOPE PROGRAM
(A Not-for-Profit Corporation)

Financial Statements

June 30, 2010
(With Comparative Totals for June 30, 2009)

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The HOPE Program
One Smith Street
Brooklyn, New York 11201

We have audited the accompanying statement of financial position of The HOPE Program, a Not-for-Profit Corporation ("Corporation"), as of June 30, 2010, and the related statements of activities, functional expenses by natural classification and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Corporation's June 30, 2009 financial statements and in our report dated September 21, 2009, we expressed an unqualified opinion on those financial statements.

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 The HOPE Program as of June 30, 2010, 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.

Marks Paneth & Shron LLP

September 20, 2010

THE HOPE PROGRAM
(A Not-for-Profit Organization)

Statement of Financial Position

June 30, 2010
(With Comparative Totals for June 30, 2009)

	2010	2009
ASSETS		
Cash and cash equivalents - Note 1		
General operating cash	\$ 2,544,245	\$ 2,122,208
Designated reserve fund - Note 8	500,000	500,000
Total Cash and Cash Equivalents	3,044,245	2,622,208
Investments - Notes 1 and 4	372,804	482,938
Contributions receivable - Note 7	37,237	74,267
Property, equipment and leasehold improvements, net - Notes 1 and 2	191,748	260,251
Prepaid expenses and other assets - Note 12	55,920	68,443
Total Assets	\$ 3,701,954	\$ 3,508,107
LIABILITIES		
Accounts and accrued expenses payable	\$ 53,923	\$ 20,694
Accrued rent - Note 1	43,674	70,315
Total Liabilities	97,597	91,009
NET ASSETS		
Unrestricted:		
General operating	2,791,617	2,604,882
Designated reserve fund - Note 8	500,000	500,000
Total Unrestricted	3,291,617	3,104,882
Restricted:		
Temporarily restricted - Note 5	92,509	91,985
Permanently restricted - Note 6	220,231	220,231
Total Restricted	312,740	312,216
Total Net Assets	3,604,357	3,417,098
Total Liabilities and Net Assets	\$ 3,701,954	\$ 3,508,107

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

THE HOPE PROGRAM
(A Not-for-Profit Organization)

Statement of Activities

Year Ended June 30, 2010
(With Comparative Totals for June 30, 2009)

	<u>2010</u>			<u>2009</u>	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
REVENUES, INVESTMENT INCOME AND OTHER SUPPORT					
Foundation & corporate contributions - Notes 5 and 11	\$ 843,370	\$ 883,194	\$ -	\$ 1,726,564	\$ 1,975,379
Individual contributions - Notes 11 & 13	467,060	-	-	467,060	387,272
Government grants - Note 11	-	113,872	-	113,872	247,579
Other not-for-profit organizations - Notes 11 & 13	38,219	-	-	38,219	37,500
Investment income (loss) - Note 4	44,460	-	-	44,460	(59,816)
Net assets released from restrictions:					
Satisfaction of program restrictions	996,542	(996,542)	-	-	-
 Total Revenues, Investment Income (Loss) and Other Support	<u>2,389,651</u>	<u>524</u>	<u>-</u>	<u>2,390,175</u>	<u>2,587,914</u>
EXPENSES					
Program services - Notes 10 & 11	1,785,269	-	-	1,785,269	1,867,216
Management and general	218,977	-	-	218,977	200,567
Fundraising	198,670	-	-	198,670	210,279
 Total Expenses	<u>2,202,916</u>	<u>-</u>	<u>-</u>	<u>2,202,916</u>	<u>2,278,062</u>
 Change in Net Assets	186,735	524	-	187,259	309,852
 Net Assets at Beginning of Year	<u>3,104,882</u>	<u>91,985</u>	<u>220,231</u>	<u>3,417,098</u>	<u>3,107,246</u>
 Net Assets at End of Year - Notes 5 and 6	<u>\$ 3,291,617</u>	<u>\$ 92,509</u>	<u>\$ 220,231</u>	<u>\$ 3,604,357</u>	<u>\$ 3,417,098</u>

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

THE HOPE PROGRAM
(A Not-for-Profit Organization)

Statement of Functional Expenses by Natural Classification
Year Ended June 30, 2010
(With Comparative Totals for June 30, 2009)

	<u>Supporting Services</u>			<u>Total</u> <u>June 30, 2010</u>	<u>Total</u> <u>June 30, 2009</u>
	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and</u> <u>General</u>	<u>Fundraising</u>		
Salaries	\$ 1,028,436	\$ 139,700	\$ 137,223	\$ 1,305,359	\$ 1,343,145
Payroll taxes & related benefits	153,931	17,066	17,827	188,824	206,057
Professional fees	28,005	33,802	6,001	67,808	23,000
Rent - Notes 1 & 3	175,837	8,146	9,614	193,597	187,448
Insurance	26,030	2,456	2,455	30,941	31,304
Student travel & meals	83,758	-	-	83,758	97,935
Maintenance & security	22,084	2,011	2,172	26,267	26,237
Printing & postage	5,578	285	3,932	9,795	36,856
Utilities	21,467	953	1,139	23,559	23,921
Telephone	11,792	1,123	1,162	14,077	13,417
Food expense - Notes 11 & 13	43,857	189	7,071	51,117	67,742
Program expenses - Notes 11 & 13	70,373	206	272	70,851	73,234
Office expenses - Note 11	27,990	8,715	4,835	41,540	56,697
Miscellaneous	2,121	949	802	3,872	3,036
Depreciation & amortization	84,010	3,376	4,165	91,551	88,033
Total Expenses	\$ 1,785,269	\$ 218,977	\$ 198,670	\$ 2,202,916	\$ 2,278,062

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

THE HOPE PROGRAM
(A Not-for-Profit Organization)

Statement of Cash Flows

Year Ended June 30, 2010
(With Comparative Totals for June 30, 2009)

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 187,259	\$ 309,852
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	91,551	88,033
Net realized and unrealized (gain) loss on investments	(24,830)	91,751
Contributions received as marketable equity securities	(110,411)	(7,277)
Increase (decrease) in cash flows due to changes in operating assets and liabilities:		
Contributions receivable	37,030	(64,511)
Prepaid expenses and other assets	(949)	(484)
Accounts and accrued expenses payable	33,229	(31,165)
Accrued rent	<u>(26,641)</u>	<u>(21,163)</u>
Net Cash Provided by Operating Activities	<u>186,238</u>	<u>365,036</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, equipment and leasehold improvements	(9,576)	(26,371)
Investments - net	<u>245,375</u>	<u>(16,307)</u>
Net Cash Provided (Used) by Investing Activities	<u>235,799</u>	<u>(42,678)</u>
Net Increase in Cash and Cash Equivalents	422,037	322,358
Cash and Cash Equivalents at Beginning of Year	<u>2,622,208</u>	<u>2,299,850</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,044,245</u>	<u>\$ 2,622,208</u>

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

**THE HOPE PROGRAM
(A Not-for-Profit Corporation)**

Notes to Financial Statements

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The HOPE Program, a Not-for-Profit Corporation ("Corporation"), was organized in November 1984 and incorporated pursuant to the laws of the State of New York on March 6, 1985. The purposes of the Corporation are (1) to empower individuals living in poverty to achieve self sufficiency and (2) to inform practices and policy by sharing its research and solutions. The Corporation provides direct services primarily to individuals who live in the five boroughs of New York City.

Principles of Accounting and Basis of Presentation

The Corporation prepares its financial statements using the accrual basis of accounting. The Corporation adheres to accounting principles generally accepted in the United States of America, which include some specialized requirements set forth in publications of the Financial Accounting Standards Board.

Net Assets

The Corporation maintains its accounts in accordance with the following net asset groups:

Unrestricted Net Assets:

General Operating – represents unrestricted resources available for support of the Corporation's operations over which the Board of Directors has discretionary control.

Designated Reserve Fund – represents funds that have been designated by the Board. These funds are to be used at the sole discretion of the Board for the benefit of the Corporation in emergency situations.

Contributions are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Temporarily Restricted Net Assets:

The Corporation reports gifts of cash and other assets which have been received with donor stipulations that limit the use of the donated assets as temporarily restricted net assets. When a donor restriction expires, that is when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

THE HOPE PROGRAM
(A Not-for-Profit Corporation)

Notes to Financial Statements

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued)

Permanently Restricted Net Assets:

The Corporation's permanently restricted net assets consist of gifts received with the donor's stipulation that the contribution must remain intact in perpetuity. Under the terms of such gifts, the principal is to be maintained intact and invested by management while the income received therefrom may be transferred to unrestricted net assets.

Comparative Financial Information

The financial statements include certain summarized comparative information from the prior year in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended June 30, 2009, from which the summarized information was derived. Certain prior year items in the financial statements have been reclassified to conform to the current year presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Corporation considers money market funds and all unrestricted highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents, except for money market funds held for long-term purposes.

Fair Value Measurements

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, accounting principles generally accepted in the United States of America established a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels, as described below:

Level 1: Valuations based on quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in active markets; or model derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data. As of June 30, 2010 and 2009, respectively, the Corporation had no financial assets or liabilities whose fair values were determined based on Level 2 inputs.

THE HOPE PROGRAM
(A Not-for-Profit Corporation)

Notes to Financial Statements

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs. As of June 30, 2010 and 2009, respectively, the Corporation had no financial assets or liabilities whose fair values were determined based on Level 3 inputs.

Investments

The Corporation reports its investments at fair value.

Concentration of Credit Risk

The Corporation maintains its cash balances at several financial institutions. At June 30, 2010, accounts at the institutions were insured by the Federal Deposit Insurance Corporation up to \$250,000 per depositor. As of June 30, 2010, the Corporation's uninsured bank balances totaled \$2,385,734.

Property, Equipment and Leasehold Improvements

Property, equipment and leasehold improvements are recorded at cost less accumulated depreciation. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are depreciated using a straight-line method over the term of the lease.

Revenue Recognition

Contributions are recognized as revenue when they are received or unconditionally pledged.

Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Corporation reports such contributions at their estimated value when received.

Contributions from one foundation amounted to approximately 21% and 23% of the Corporation's total revenue for the years ended June 30, 2010 and 2009, respectively.

Rents

The Corporation leases real property under a lease expiring October 31, 2011. The difference between rental payments actually due under the lease and rent expense calculated on the straight-line basis is reflected in the accompanying financial statements as accrued rent. The total accrued rent from the commencement of the lease through June 30, 2010 is approximately \$44,000. The annual rent expense (base rent excluding escalation charges) on a straight-line basis will be approximately \$162,000 per year in future years.

**THE HOPE PROGRAM
(A Not-for-Profit Corporation)**

Notes to Financial Statements

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Rents (continued)

In addition, the lease includes a tax escalation clause requiring the payment of 20% of the increase in the building's real estate taxes in excess of taxes in the base year (July 1, 2001 – June 30, 2002).

Use of 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.

Functional Allocation of Expenses

The costs of providing The HOPE Program services and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program and supporting services benefited.

Income Tax Status

The Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Corporation is no longer subject to federal, state or local tax examinations by tax authorities for years before the fiscal year ended June 30, 2006.

Subsequent Events

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through September 20, 2010, the date the financial statements were available to be issued.

NOTE 2: PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

As of June 30, property, equipment and leasehold improvements, net of accumulated depreciation, consisted of the following:

	<u>2010</u>	<u>2009</u>
Property and equipment - (3-5 years)	\$ 222,162	\$ 230,833
Leasehold improvements - (10 years)	<u>543,131</u>	<u>543,131</u>
	765,293	773,964
Less: Accumulated depreciation	<u>573,545</u>	<u>513,713</u>
	<u>\$ 191,748</u>	<u>\$ 260,251</u>

Depreciation expense for the years ended June 30, 2010 and 2009 was approximately \$78,000 and \$75,000, respectively. Fully depreciated property and equipment with an original cost of \$18,246 was disposed of during the year ended June 30, 2010.

THE HOPE PROGRAM
(A Not-for-Profit Corporation)

Notes to Financial Statements

NOTE 3: RENT

The Corporation entered into a lease agreement at One Smith Street, Brooklyn, NY. The lease term is from December 21, 2001 to October 31, 2011. The Corporation leased additional space at the aforementioned location through an amendment to the existing lease. The lease term of the amendment is from June 29, 2004 to October 31, 2011. Pursuant to the terms of the lease and amendment, the Corporation's minimum obligations for future rental payments (excluding future real estate tax escalations as mentioned in Note 1) for the years ended June 30, are as follows:

2011	\$ 193,714
2012	<u>65,204</u>
	<u>\$ 258,918</u>

NOTE 4: INVESTMENTS AND INVESTMENT INCOME

In determining the fair value of its investments, the Corporation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk (or other parties such as Counterparty in a swap) in its assessment of fair value (see Note 1 "Fair Value Measurements").

Financial Assets carried at fair value (all Level 1 measurements, see Note 1 "Fair Value Measurements") at June 30, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Money market funds	\$ -	\$ 247,867
Mutual funds	181,248	146,315
Exchange traded funds	<u>191,556</u>	<u>88,756</u>
	<u>\$ 372,804</u>	<u>\$ 482,938</u>

Investments in money market funds, actively traded mutual funds, and exchange traded funds are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

	<u>2010</u>	<u>2009</u>
Investment income (loss) is comprised of the following:		
Interest and dividend income	\$ 19,630	\$ 31,935
Realized and unrealized gain (loss)	<u>24,830</u>	<u>(91,751)</u>
	<u>\$ 44,460</u>	<u>\$ (59,816)</u>

Interest and dividend income includes interest earned on cash and cash equivalent balances.

THE HOPE PROGRAM
(A Not-for-Profit Corporation)

Notes to Financial Statements

NOTE 5: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of cash contributions restricted by donors for specific program services.

As of June 30, temporarily restricted net assets are available for the following purposes or periods:

	<u>2010</u>	<u>2009</u>
Program services	\$ 58,848	\$ 53,691
Organizational capacity building	13,661	5,000
For subsequent year's activities	<u>20,000</u>	<u>33,294</u>
	<u>\$ 92,509</u>	<u>\$ 91,985</u>

NOTE 6: PERMANENTLY RESTRICTED NET ASSETS

The Corporation accounts for its permanently restricted endowment funds in accordance with accounting principles generally accepted in the United States of America and its interpretation of state law. Permanently restricted endowment funds are preserved at their historical dollar values as of the date of the original gift, absent explicit donor stipulations to the contrary.

The Corporation's permanently restricted endowment investment policy is to invest primarily in money market funds, mutual funds, and exchange traded funds to achieve the goal of preservation of historical dollar values of the funds as of the date of the original gifts. The Corporation appropriates earnings from the endowment funds in such a manner that will not deplete the historical dollar values. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Corporation to retain as a fund of perpetual duration. Deficiencies of this nature, if present, would be reported in unrestricted net assets. There were no such deficiencies as of June 30, 2010 and 2009.

The permanently restricted net asset balance is included with investments in the accompanying statement of financial position. The investment income from permanently restricted net assets is unrestricted.

THE HOPE PROGRAM
(A Not-for-Profit Corporation)

Notes to Financial Statements

NOTE 7: CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2010 and 2009, in the amounts of \$37,237 and \$74,267 respectively, were reported as income in their respective fiscal years, in accordance with accounting principles generally accepted in the United States of America, although they were collected in the following fiscal year. These amounts are reported in the statement of financial position as follows:

	<u>2010</u>	<u>2009</u>
Foundations and corporations	\$ 6,000	\$ -
Individuals	1,070	10,386
Government grants	<u>30,167</u>	<u>63,881</u>
	<u>\$ 37,237</u>	<u>\$ 74,267</u>

NOTE 8: DESIGNATED RESERVE FUND

The HOPE Program's Board of Directors maintains a \$500,000 Designated Reserve Fund, solely for use in emergency situations, with the approval of the Board.

NOTE 9: SAVINGS INCENTIVE MATCH PLAN

The Corporation has a savings incentive match plan ("SIMPLE") for its employees. Participation in the savings part of the plan is voluntary. Employees are automatically eligible to participate after completing three months of service, provided there is a reasonable expectation they will receive at least \$5,000 in compensation for the calendar year. The Corporation will contribute a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation. The Corporation, at its discretion, may reduce the 3% limit for the calendar year if (1) The limit is not reduced below 1%, (2) The limit is not reduced for more than 2 calendar years during the 5 year period ending with the calendar year the reduction is effective; and (3) Each employee is notified of the reduced limit within a reasonable period of time before the employee's 60 day election period for the calendar year. The employer matching contribution limit was reduced from 3% to 1% as of January 1, 2010 and was restored to 3% as of April 1, 2010. Employer contributions during the years ended June 30, 2010 and 2009 were approximately \$18,900 and \$22,300, respectively.

THE HOPE PROGRAM
(A Not-for-Profit Corporation)

Notes to Financial Statements

NOTE 10: FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. For the years ended June 30, major program services include the following:

	<u>2010</u>	<u>2009</u>
Work readiness services	\$ 1,017,625	\$ 1,116,076
Job placement and retention services	508,295	516,304
Greater impact	<u>259,349</u>	<u>234,836</u>
	<u>\$ 1,785,269</u>	<u>\$ 1,867,216</u>

NOTE 11: IN-KIND SUPPORT

Foundation and corporate contributions include in-kind contributions received by The HOPE Program during fiscal years 2010 and 2009 of approximately \$9,300 and \$11,200, respectively. During fiscal years 2010 and 2009, approximately \$3,300 and \$9,100, respectively, of the support is in the form of food, beverages, flowers, and related catering services made available for fundraising events during the years. The amounts reflected in the accompanying financial statements as foundation and corporate contributions are offset by like amounts included in food expense. During fiscal year 2010, \$6,000 of the support is in the form of a commitment from a foundation to pay a portion of the expenses relating to the search for a new Executive Director. The amounts reflected in the accompanying financial statements as foundation and corporate contributions are offset by like amounts included in professional fees. During fiscal year 2009, approximately \$2,100 of the support is in the form of website support and design services, this amount is reflected in the accompanying financial statements as foundation and corporate contributions and is offset by a like amount included in office expenses and prepaid expenses and other assets.

Government grants include in-kind contributions received by The HOPE Program during fiscal years 2010 and 2009 of approximately \$15,500 and \$14,200, respectively. The support is in the form of a line of credit to acquire foods from approved vendors. The amounts reflected in the accompanying financial statements as government grants are offset by like amounts included in program services as food expense.

Revenue from other not-for-profit organizations includes in-kind contributions received by The HOPE Program during fiscal year 2009 of \$7,500. The support is in the form of legal services provided by South Brooklyn Legal Services made available to The HOPE Program clients during those years. The amounts reflected in the accompanying financial statements as other not-for-profit organizations are offset by like amounts included in program services as program expenses. These contributions did not continue in fiscal year 2010.

THE HOPE PROGRAM
(A Not-for-Profit Corporation)

Notes to Financial Statements

NOTE 12: PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets are comprised of the following:

	<u>2010</u>	<u>2009</u>
Security deposits	\$ 23,375	\$ 23,375
Deferred leasing expenses – net	4,071	6,604
Prepaid expenses	17,535	16,586
Website development costs – net	<u>10,939</u>	<u>21,878</u>
	<u>\$ 55,920</u>	<u>\$ 68,443</u>

Deferred leasing expenses represent legal fees relating to lease negotiations and preparation and are amortized using the straight-line method, over the term of the lease. The deferred leasing expenses shown above are net of accumulated amortization of approximately \$19,300 and \$16,800 at June 30, 2010 and 2009, respectively. Website development costs represent costs related to the design of The HOPE Program website and are amortized using the straight-line method, over its estimated useful life of 3 years. The website development costs shown above are net of accumulated amortization of approximately \$21,900 and \$10,900 at June 30, 2010 and 2009, respectively.

NOTE 13: RELATED PARTY TRANSACTIONS

A member of the Board of Directors owns a New York catering business which provided food, beverages and related catering services to The HOPE Program for one fundraising event during fiscal year 2010 and two fundraising events during the prior year. During fiscal year 2010, The HOPE Program paid \$3,120 for these services and received \$3,300 of in-kind contributions in the form of these services. The in-kind contributions are reflected in foundation and corporate contributions as \$3,300 of in-kind contributions. The total expense of \$6,420 arising from these transactions is included in fundraising as food expense. During fiscal year 2009, The HOPE Program paid \$6,463 for these services and received \$7,760 of in-kind contributions. The in-kind contributions are reflected in foundation and corporate contributions as \$7,670 of in-kind contributions. The total expense of \$14,133 arising from these transactions is included in fundraising as food expense.

During fiscal year 2009, South Brooklyn Legal Services (SBLS) provided legal services to The HOPE Program clients. A member of the Board of Directors during that fiscal year was also Project Director at SBLS. During the year ending June 30, 2009, SBLS provided their services without charge to The HOPE Program as described in Note 11. These services are reflected in other not-for-profit organizations for fiscal year 2009 as \$7,500 of in-kind contributions with like amounts included in program services as program expenses.