

YELLOW RIBBON FUND, INC.

Financial Statements
For the Years Ended February 28, 2009, February 29, 2008
and February 28, 2007
and
Report Thereon

LANE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

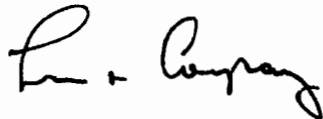
To the Board of Directors of the
Yellow Ribbon Fund, Inc.

We have audited the accompanying statement of financial position of the Yellow Ribbon Fund, Inc. (the Fund), a nonprofit organization, for the years ended February 28, 2009 and February 29, 2008, and the related statements of activities and cash flows for each of the three years in the period ended February 28, 2009. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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 Yellow Ribbon Fund, Inc. as of February 28, 2009 and February 29, 2008, and the changes in its net assets and its cash flows for each of the three years in the period ended February 28, 2009, in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the Schedule of Functional Expenses 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 stated in all material respects in relation to the basic financial statements taken as a whole.



Washington, D.C., USA
April 28, 2009

YELLOW RIBBON FUND, INC.
STATEMENT OF FINANCIAL POSITION
February 28, 2009 and February 29, 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 833,528	\$ 844,522
Other assets	11,595	3,286
Furniture and equipment, net	<u>813</u>	<u>2,233</u>
Total Assets	<u>\$ 845,936</u>	<u>\$ 850,041</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Accounts payable	\$ 77,538	\$ 37,861
Accrued payroll	5,320	11,795
Deferred revenue	<u>21,700</u>	<u>--</u>
Total Liabilities	104,558	49,656
Net Assets - Unrestricted	741,378	652,427
Net Assets - Temporarily restricted	<u>--</u>	<u>147,958</u>
Total Net Assets	<u>741,378</u>	<u>800,385</u>
Total Liabilities and Net Assets	<u>\$ 845,936</u>	<u>\$ 850,041</u>

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

YELLOW RIBBON FUND, INC.
STATEMENT OF ACTIVITIES
For the Years Ended February 28, 2009, February 29, 2008, and February 28, 2007

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Changes in Unrestricted Net Assets			
Revenue			
Contributions	\$ 846,644	\$ 1,111,574	\$ 669,437
Special events, net of expenses of \$94,784, \$14,703 and \$10,632	256,492	26,874	40,043
Interest income	<u>17,601</u>	<u>13,554</u>	<u>4,698</u>
Total Revenue	1,120,737	1,152,002	714,178
Net assets released from restrictions			
Satisfaction of program restrictions	<u>241,018</u>	<u>275,384</u>	<u>--</u>
Total support and revenue	1,361,755	1,427,386	714,178
Expenses			
Program	1,086,350	874,858	404,275
Management & general	154,082	140,473	59,032
Fund-raising	<u>32,372</u>	<u>6,846</u>	<u>3,653</u>
Total Expenses	<u>1,272,804</u>	<u>1,022,177</u>	<u>466,960</u>
Change in Unrestricted Net Assets	<u>88,951</u>	<u>405,209</u>	<u>247,218</u>
Changes in Temporarily Restricted Net Assets			
Contributions	93,060	423,342	--
Net assets released from restrictions	<u>(241,018)</u>	<u>(275,384)</u>	<u>--</u>
Change in temporarily restricted net assets	<u>(147,958)</u>	<u>147,958</u>	<u>--</u>
Change in net assets	(59,007)	553,167	247,218
Net Assets, Beginning of the Year	<u>800,385</u>	<u>247,218</u>	<u>--</u>
Net Assets, End of the Year	<u>\$ 741,378</u>	<u>\$ 800,385</u>	<u>\$ 247,218</u>

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

YELLOW RIBBON FUND, INC.
STATEMENT OF CASH FLOWS
For the Years Ended February 28, 2009, February 29, 2008, and February 28, 2007

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities			
Change in net assets	\$ (59,007)	\$ 553,167	\$ 247,218
Adjustments to reconcile change in net assets to net cash provided by operating activities			
Depreciation	1,420	1,620	293
Changes in assets and liabilities			
Other assets	(8,309)	1,363	(4,649)
Accounts payable	39,677	(15,216)	52,927
Accrued payroll	(6,475)	5,987	5,958
Deferred revenue	21,700	--	--
Net Cash (Used in)/Provided by Operating Activities	<u>(10,994)</u>	<u>546,921</u>	<u>301,747</u>
Cash Flows Used In Investing Activities			
Purchase of furniture and equipment	<u>--</u>	<u>(1,426)</u>	<u>(2,720)</u>
Net Change in Cash and Cash Equivalents	(10,994)	545,495	299,027
Cash and Cash Equivalents, beginning of year	<u>844,522</u>	<u>299,027</u>	<u>--</u>
Cash and Cash Equivalents, end of year	<u>\$ 833,528</u>	<u>\$ 844,522</u>	<u>\$ 299,027</u>

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

YELLOW RIBBON FUND, INC.
Notes to Financial Statements
For the Fiscal Years 2009, 2008 and 2007

1. Organization

Yellow Ribbon Fund, Inc. (the Fund) is a nonprofit organization created in 2005 and incorporated in the state of Maryland to assist injured servicemen and women integrate effectively into the civilian community, to provide them appropriate work experience and job training, and to assist them and their families while they are on in-patient or out-patient hospital status. The Fund's programs are described below.

Transportation Assistance: provided free taxi rides, rental cars and other transportation services to enable injured service members and their families to visit and enjoy our community. The reported amounts do not include the value of rental cars in excess of amounts charged to us, and the value of airline tickets donated through us to service members and their families.

Lodging Assistance: provided free hotel rooms and apartments to families to stay in our community while caring for their injured service member. The reported amounts do not include the value of donated apartments and hotel room nights.

Transition Assistance: provided mentors and internship opportunities to service members while on out-patient status at military hospitals and recruited ambassadors to provide similar opportunities to injured service members after they return to their home communities. The reported amounts do not include the time and expenses of our volunteer mentors.

Warfighter Appreciation: provided tours of historic and cultural sites; tickets to sporting, educational and cultural events; holiday decorations; parties and activities for the injured and their families. Through the Mologne House Courtyard Program constructed a children's playground, patios, ramps and outdoor kitchens for patients at Walter Reed Army Medical Center. The reported amounts do not include the value of donated tickets and in-kind contributions for the Courtyard Program or the priceless value of our volunteers.

Program expenses:	<u>2009</u>	<u>2008</u>	<u>2007</u>
Transportation Assistance	\$ 197,779	\$ 297,495	\$ 216,706
Lodging Assistance	326,941	172,686	139,194
Transition Assistance	57,675	54,765	31,820
Warfighter Appreciation	<u>503,955</u>	<u>349,912</u>	<u>16,555</u>
Total program expenses	<u>\$ 1,086,350</u>	<u>\$ 874,858</u>	<u>\$ 404,275</u>

Continued

YELLOW RIBBON FUND, INC.
Notes to Financial Statements
For the Fiscal Years 2009, 2008 and 2007

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Fund have been prepared on the accrual basis of accounting with a fiscal year from March 1 through the end of February.

Basis of Presentation

Net assets, revenue, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, the net assets of the organization and changes therein are classified and reported as follows.

Unrestricted net assets - Unrestricted net assets result from revenues and other inflows of assets whose use by the Fund is not limited by donor-imposed restrictions.

Temporarily restricted net assets - Temporarily restricted net assets result from contributions and other inflows of assets whose use by the Fund is limited by donor-imposed stipulations that either expire by passage of time or fulfillment of the donor's purpose.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Management believes that all estimates are reasonable.

Cash and cash equivalents

The Fund considers all short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

Cash equivalents for the Fund consist of a checking account and certificates of deposit. Management continually monitors its positions with, and credit quality of, the financial institutions with which it places its financial instruments.

Continued

YELLOW RIBBON FUND, INC.
Notes to Financial Statements
For the Fiscal Years 2009, 2008 and 2007

2. Summary of Significant Accounting Policies (continued)

Furniture and equipment

Furniture and equipment are stated at cost and are depreciated using the double-declining balance method. Major additions and improvements are capitalized as furniture and equipment while maintenance and repairs are expensed in the year incurred. Accumulated depreciation at the end of February 2009, 2008 and 2007 was \$3,334, \$1,914 and \$294, respectively. Depreciation expense was \$1,420, \$1,620 and \$294, respectively.

Gifts In-kind

The Fund receives discounted rental car rates, free use of apartments, free room nights at a hotel, use of office space, airline vouchers, tickets to sporting, cultural and other events, and the time of many volunteers. Management has elected not to record revenue and expense for these gifts in-kind because of the difficulty in obtaining precise values of such gifts.

Income Taxes

The Fund is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code and has no unrelated business income.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The Fund allocates compensation based upon the amount of time spent on its program, management and general and fund-raising activities. Indirect costs are allocated based upon direct costs.

3. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of funds contributed for the Mologne House Courtyard Program.

Continued

YELLOW RIBBON FUND, INC.
Notes to Financial Statements
For the Fiscal Years 2009, 2008 and 2007

4. Related Party Transactions

A contractor in which a director has a financial interest, and which is controlled by the director's son, conceived the plan for the Mologne House Courtyard, acted as the agent for the procurement of materials, and arranged for in-kind contributions for the program. For the fiscal years ended February 2009 and 2008, respectively, this organization was reimbursed \$61,073 and \$28,392 for materials.

A firm controlled by a director and his family provided rent free office space from December 2006 to October 2008. Beginning November 2008, rent is charged at \$2,066 per month. The Fund also reimbursed the organization for the cost of telephone expense and internet access.

SUPPLEMENTARY INFORMATION

YELLOW RIBBON FUND, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended February 28, 2009
(With Comparative Totals for 2008 and 2007)

	Program	Management & General	Fund-raising	Total	2008 Totals	2007 Totals
Direct assistance	\$ 773,498	\$ --	\$ --	\$ 773,498	\$ 743,604	\$ 327,526
Compensation of officers	175,640	51,054	13,506	240,200	131,170	25,000
Other salaries and wages	64,990	31,865	--	96,855	58,750	73,528
Employee benefits	14,990	5,166	841	20,997	6,993	--
Payroll taxes	18,008	6,205	1,011	25,224	12,863	7,186
Accounting and auditing	1,874	10,821	105	12,800	12,268	2,057
Advertising and promotion	--	--	4,634	4,634	--	--
Office expenses	3,240	59,051	11,223	73,514	39,664	28,150
Website	--	5,874	--	5,874	8,107	2,368
Occupancy	--	9,077	--	9,077	--	--
Travel	--	3,508	--	3,508	--	--
Conferences	--	--	--	--	3,327	--
Depreciation	--	1,420	--	1,420	1,620	294
Insurance	1,434	3,689	80	5,203	3,811	851
Allocation of office and occupancy overhead	32,676	(33,648)	972	--	--	--
Total expenses - 2009	<u>\$ 1,086,350</u>	<u>\$ 154,082</u>	<u>\$ 32,372</u>	<u>\$ 1,272,804</u>		
Percent of total - 2009	85.4%	12.1%	2.5%			
Total expenses - 2008	<u>\$ 874,858</u>	<u>\$ 140,473</u>	<u>\$ 6,846</u>	<u>\$ 1,022,177</u>		
Percent of total - 2008	85.6%	13.7%	0.7%			
Total expenses - 2007	<u>\$ 404,275</u>	<u>\$ 59,032</u>	<u>\$ 3,653</u>			<u>\$ 466,960</u>
Percent of total - 2007	86.6%	12.6%	0.8%			

See auditor's report.