

**DO SOMETHING, INC.**

**FINANCIAL STATEMENTS  
AND  
ADDITIONAL INFORMATION**

**DECEMBER 31, 2008 AND 2007**

**DO SOMETHING, INC.**

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# FK PARTNERS

FRIED AND KOWGIOS PARTNERS CPA'S LLP

441 LEXINGTON AVENUE, NEW YORK, NY 10017

212-490-2200 FAX 212-490-2210

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Do Something, Inc.

We have audited the accompanying statements of financial position of Do Something, Inc. (a not-for-profit organization) as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization'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 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 the Organization's 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 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 Do Something, Inc. as of December 31, 2008 and 2007 and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Fried & Kowgios Partners CPA's LLP*

New York, New York  
March 30, 2009

**DO SOMETHING, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2008 AND 2007**

	2008			2007		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
<b>Assets</b>						
Current Assets						
Cash and cash equivalents (Notes 1b and 3)	\$ 597,102	\$ 278,439	\$ 875,541	\$ 750,700	\$ 102,614	\$ 853,314
Investments (Notes 1c, 3 and 4)	294,945	-	294,945	6,495	-	6,495
Accounts receivable	129	-	129	-	-	-
Unconditional promises to give, less reserve (Notes 1d, 5 and 8)	283,242	205,000	488,242	107,251	537,000	644,251
Prepaid expenses	5,156	-	5,156	29,771	-	29,771
Property and equipment held for investment, at cost, net of accumulated depreciation (Note 9d)	280,404	-	280,404	284,202	-	284,202
<b>Total Current Assets</b>	<b>1,460,978</b>	<b>483,439</b>	<b>1,944,417</b>	<b>1,178,419</b>	<b>639,614</b>	<b>1,818,033</b>
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 6)	4,452	-	4,452	10,913	-	10,913
Security deposits	-	-	-	35,100	-	35,100
<b>Total Assets</b>	<b>\$ 1,465,430</b>	<b>\$ 483,439</b>	<b>\$ 1,948,869</b>	<b>\$ 1,224,432</b>	<b>\$ 639,614</b>	<b>\$ 1,864,046</b>
<b>Liabilities and Net Assets</b>						
Liabilities						
Current Liabilities						
Accounts payable and accrued expenses	\$ 63,804	\$ -	\$ 63,804	\$ 89,565	\$ -	\$ 89,565
Grants payable	41,250	-	41,250	66,000	-	66,000
Deferred rent credit	1,899	-	1,899	9,519	-	9,519
Deferred income	-	-	-	40,000	-	40,000
<b>Total Liabilities</b>	<b>106,953</b>	<b>-</b>	<b>106,953</b>	<b>205,084</b>	<b>-</b>	<b>205,084</b>
Commitments and contingencies (Note 9)						
Net Assets						
Unrestricted	1,358,477	-	1,358,477	1,019,348	-	1,019,348
Temporarily Restricted (Note 2)	-	483,439	483,439	-	639,614	639,614
<b>Total Net Assets</b>	<b>1,358,477</b>	<b>483,439</b>	<b>1,841,916</b>	<b>1,019,348</b>	<b>639,614</b>	<b>1,658,962</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,465,430</b>	<b>\$ 483,439</b>	<b>\$ 1,948,869</b>	<b>\$ 1,224,432</b>	<b>\$ 639,614</b>	<b>\$ 1,864,046</b>

See notes to financial statements.

## DO SOMETHING, INC.

## STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			2007		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
<b>Public Support and Other Revenue</b>						
Public Support						
Foundation	\$ 74,600	\$ 25,000	\$ 99,600	\$ 61,250	\$ -	\$ 61,250
Corporation	841,987	396,000	1,237,987	473,135	374,675	847,810
Individuals	61,662	-	61,662	124,855	52,500	177,355
Growth capitalization offering (Note 8)	660,000	440,000	1,100,000	-	-	-
Less: reserve	-	(440,000)	(440,000)	-	-	-
Donated services and materials (Note 10)	5,188,290	-	5,188,290	6,115,900	-	6,115,900
BRICK Awards sponsorships (Note 7)	-	-	-	1,697,500	-	1,697,500
Special events (Note 7)	685,061	-	685,061	680,582	-	680,582
Less: direct costs of special events	(97,496)	-	(97,496)	(62,054)	-	(62,054)
Net assets released from restriction						
Foundation	150,000	(150,000)	-	273,000	(273,000)	-
Corporation	374,675	(374,675)	-	-	-	-
Individuals	52,500	(52,500)	-	94,138	(94,138)	-
	<u>7,991,279</u>	<u>(156,175)</u>	<u>7,835,104</u>	<u>9,458,306</u>	<u>60,037</u>	<u>9,518,343</u>
Other Revenue						
Investment income (loss) (Notes 1c and 4)	(35,117)	-	(35,117)	21,114	-	21,114
Other income	952	-	952	6,484	-	6,484
Total Public Support and Other Revenue	<u>7,957,114</u>	<u>(156,175)</u>	<u>7,800,939</u>	<u>9,485,904</u>	<u>60,037</u>	<u>9,545,941</u>
<b>Expenses</b>						
Program Expenses	<u>7,238,083</u>	<u>-</u>	<u>7,238,083</u>	<u>9,095,794</u>	<u>-</u>	<u>9,095,794</u>
Supporting Services						
Management and General	207,133	-	207,133	206,912	-	206,912
Fundraising	172,769	-	172,769	115,749	-	115,749
Total Supporting Services	<u>379,902</u>	<u>-</u>	<u>379,902</u>	<u>322,661</u>	<u>-</u>	<u>322,661</u>
Total Expenses	<u>7,617,985</u>	<u>-</u>	<u>7,617,985</u>	<u>9,418,455</u>	<u>-</u>	<u>9,418,455</u>
Increase (decrease) in net assets before non-operating activity	339,129	(156,175)	182,954	67,449	60,037	127,486
<b>Non-Operating Activity</b>						
Trademark infringement settlement	-	-	-	450,000	-	450,000
Increase (decrease) in net assets	<u>339,129</u>	<u>(156,175)</u>	<u>182,954</u>	<u>517,449</u>	<u>60,037</u>	<u>577,486</u>
Net assets, beginning of year	<u>1,019,348</u>	<u>639,614</u>	<u>1,658,962</u>	<u>501,899</u>	<u>579,577</u>	<u>1,081,476</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,358,477</u>	<u>\$ 483,439</u>	<u>\$ 1,841,916</u>	<u>\$ 1,019,348</u>	<u>\$ 639,614</u>	<u>\$ 1,658,962</u>

See notes to financial statements.

## DO SOMETHING, INC.

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 182,954	\$ 577,486
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	14,220	14,954
Donated securities	(11,128)	(6,534)
Realized loss on sale of investments	21,987	48
Unrealized loss on investments	27,268	34
(Increase) Decrease in:		
Accounts receivable	(129)	-
Unconditional promises to give	156,009	(299,751)
Prepaid expenses	24,615	22,396
Security deposits	35,100	-
Increase (Decrease) in:		
Accounts payable and accrued expenses	(25,761)	(116,372)
Grants payable	(24,750)	6,000
Deferred rent credit	(7,620)	(10,930)
Deferred income	(40,000)	40,000
Net Cash Provided By Operating Activities	<u>352,765</u>	<u>227,331</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(3,961)	-
Proceeds from sale of investments	386,529	3,526
Purchase of investments	(713,106)	-
Net Cash Provided (Used) By Investing Activities	<u>(330,538)</u>	<u>3,526</u>
Net increase in cash and cash equivalents	22,227	230,857
Cash and cash equivalents, beginning of year	<u>853,314</u>	<u>622,457</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 875,541</u>	<u>\$ 853,314</u>

See notes to financial statements.

**DO SOMETHING, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2008 AND 2007****Note 1 - Organization and Summary of Significant Accounting Policies****a - Nature of Activities**

Do Something, Inc. ("the Organization") is a not-for-profit Organization founded in 1993 to advocate and promote youth social leadership, community activism and citizenship. Do Something is the trusted resource for teens who want to make a difference. We leverage communications technologies to enable teens to convert their ideas and energy into positive action to benefit others.

Do Something engages teens through programs that can be grouped into three broad categories: learn, act, share.

**Learn.** Our experienced staff researches, edits, and presents teen-centric information about causes. And, we do this on a daily basis, responding to breaking news. We present information in short paragraphs or bullet points. We engage teens by illustrating these causes with real-life anecdotes, polls, and examples of specific actions undertaken by other young people.

**Act.** Our sweet spot is providing activation possibilities that make sense to teens. We make "matches" for teens by offering a matrix of four action traits: who, when, where, and what.

*Who.* Do Something offers teens ways to get involved whether alone or with their family or friends. For example, many kids like to do a community activity with their school friends. Do Something Clubs give teens the opportunity to engage in community action projects with their friends. This program is the modern twist on traditional, structured programs like the Girl Scouts or Key Club. Do Something clubs do not require uniforms or financial dues. In order to be a Do Something Club in good standing, the group must be entirely youth led, and upload at least one project per semester to DoSomething.org.

And yet, other kids are independent operators. They are often inspired to act after personal exposure to an issue or cause. They are kids with great passion, a great idea, but not-so-great resources. Do Something offers these kids two things: (1) personal assistance via a telephone hotline and (2) funding. The hotline is the only one of its kind, a real person (in English or Spanish) available to help a teen convert his passion into action. Providing funding is also a unique offering. Following a thorough application and judging process, Do Something gives seed capital (currently \$500) directly to teens without requiring a parent, teacher, or mentor.

## DO SOMETHING, INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)****a - Nature of Activities (continued)**

*When.* Teens told us that they are very busy juggling activities, jobs and homework (not to mention social calendars). “Changing the world” can feel prohibitively time consuming. Do Something makes it feel “possible” to “change the world” by breaking it down in palatable bits. On our website, we offer ways to have impact in one minute, one day, one week, one semester, one summer, or one year.

*Where.* Teens tend to be concerned about things local in nature—recycling at their school, homelessness in their neighborhood, violence in their city. Do Something offers activation ideas according to home, school, neighborhood, or city. And, we also offer actual volunteer opportunities by zip code. In fact, Do Something owns the single largest database of teen volunteer opportunities in America and Canada. Users can enter their zip code and receive a list of volunteer opportunities near them, with the name and phone number of the organizational contact. Moreover, the database is also available as an opt-in service via text messaging; if they want it, teens can get this volunteer information sent to them on their mobile phones twice a month.

*What.* Teens told us they didn’t want to just stuff envelopes; they wanted to make a real impact. With the guidance of our Youth Advisory Council, Do Something organizes one campaign per month. These campaigns follow three important rules: we never require money, a car, or an adult. Instead, we ask teens to use their imaginations, their energy and their time to do something to impact a specific cause. For example, in January 2008 we launched a campaign around youth homelessness called “Teens for Jeans.” We asked kids to donate their gently worn jeans—and in two weeks, we collected over 100,000 pairs of jeans. In February 2009, we ran the campaign again, and this time collected 200,000 pairs of jeans.

**Share.** Do Something makes it a priority to collect, edit and publish user generated content. We use our own website, widgets, and existing social networks like Facebook and MySpace to pull content. Giving teens examples culled from their own generation, is another way of showing them that it is indeed possible for them to have an impact, because their colleagues are doing it. We have also found that, even more than rewards, public recognition is the most effective means of encouraging continued action.

**b - Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**DO SOMETHING, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2008 AND 2007****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****c - Investments**

Investments in marketable securities with readily determinable fair values and all investment in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

**d - Contributions and Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

**e - Property and Equipment**

Property and equipment acquired are recorded at cost. It is the Organization's policy to capitalize expenditures for these items in excess of \$1,000. Lesser amounts are expensed. Building, equipment and furniture are being depreciated over the useful life of the related asset using a straight-line method, with a half of a year's depreciation recognized in the years of acquisition and disposal.

**f - Financial Statement Presentation**

The Organization presents its financial statements under the guidelines of Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. Temporarily restricted net assets are subject to donor-imposed stipulations that will be met by actions of the Organization or by the passage of time. Unrestricted net assets are not subject to donor-imposed stipulations.

## DO SOMETHING, INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)****g - Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

**h - Tax Status**

The Organization is a not-for-profit corporation, exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 402 of the Not-for-Profit Corporation Law in New York State, and has been designated as an organization which is not a private foundation.

**Note 2 - Restriction on Net Assets**

Temporarily restricted net assets are restricted for the following purposes as of December 31:

	<u>2008</u>	<u>2007</u>
Grants and Awards	\$ 221,000	\$ 90,175
Disaster Response Program and Grants	200,000	-
Financial Education Challenge	62,439	62,439
Future General Operations	-	230,000
Karma Tycoon Online Game	-	150,000
Teens for Jeans Program	-	107,000
	<u>\$ 483,439</u>	<u>\$ 639,614</u>

**Note 3 - Concentration of Credit Risk and Restricted Certificate of Deposit**

The Organization's cash and cash equivalents are held at JPMorgan Chase Bank and are insured by the Federal Deposit Insurance Corporation (FDIC); up to \$250,000 per institution. The investment accounts are held at Charles Schwab and Chase Investment Services Corp. and are insured by the Securities Investor Protection Corporation (SIPC); up to \$500,000 per customer. The SIPC does not protect investors from market risk. At times, the cash and investment accounts were in excess of the FDIC and SIPC limits. The Organization has not experienced any losses in such accounts.

As of December 31, 2008 cash and cash equivalents included a restricted certificate of deposit of \$69,667, which is pledged as collateral to meet the security deposit requirement of the Organization's administrative office lease.

## DO SOMETHING, INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

**Note 4 - Investments**

Investments consist of the following at December 31:

	2008		2007	
	Cost	Market	Cost	Market
Equities	\$ 146,341	\$ 123,249	\$ 6,533	\$ 6,495
Fixed income	175,910	171,696	-	-
	<u>\$ 322,251</u>	<u>\$ 294,945</u>	<u>\$ 6,533</u>	<u>\$ 6,495</u>

Investment income consists of the following for the years ended December 31:

	2008	2007
Interest and dividend income	\$ 18,286	\$ 21,196
Realized loss on sale of investments	(21,987)	(48)
Unrealized loss on investments	(27,268)	(34)
Investment fees	(4,148)	-
	<u>\$(35,117)</u>	<u>\$ 21,114</u>

**Note 5 - Unconditional Promises to Give**

As of December 31, 2008, unconditional promises to give are due during the year ending December 31, 2009, and are net of a reserve for doubtful accounts of \$445,000.

**Note 6 - Property and Equipment**

Property and equipment consist of the following at December 31:

	Life/Years	2008	2007
Equipment	3 -7	\$ 24,722	\$ 20,761
Leasehold improvements	Life of lease	20,627	20,627
Furniture and fixtures	7	1,093	1,093
		<u>46,442</u>	<u>42,481</u>
Less: accumulated depreciation		<u>(41,990)</u>	<u>(31,568)</u>
		<u>\$ 4,452</u>	<u>\$ 10,913</u>

Depreciation expense on property and equipment for the years ended December 31, 2008 and 2007 was \$10,422 and \$11,116, respectively. See Note 9d for information regarding property and equipment held for investment.

## DO SOMETHING, INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

**Note 7 - BRICK Awards**

On April 10, 2007 the Organization held its annual 2007 BRICK Awards ceremony at the Nokia Theatre in New York City. The ceremony was later broadcast on national television on April 12, 2007. BRICK Awards sponsorship income for the year ended December 31, 2007 consists of three corporate sponsorships intended to support the 2007 BRICK Awards program, which included costs related to the selection of winners; the grants awarded; web development; and event broadcasting and production fees. The Organization paid \$1,220,000 in broadcasting and production fees for the 2007 event and awarded \$210,000 in 2007 BRICK grants. The 2007 broadcast of the BRICK Awards was a one time occurrence. In 2008 the BRICK Award winners were honored during a segment of the *Teen Choice Awards*. Special event income consists of ticket sales, general donations and auction items related to the BRICK Awards, as well as ticket sales to other Organization events.

**Note 8 - Growth Capitalization Offering**

During the year ended December 31, 2008, the Organization established a Growth Capitalization Offering fund to support its programs and operations. Units offered to donors represent a perpetual interest in the Organization; interest that is strictly philanthropic, with no provision for cash returns at any time. The Organization intends to allocate 60% of all amounts received toward expenses associated with the Organizations' growth. The remaining 40% will be placed in a reserve fund. Interest from this fund will be designated for general operating expenses and revenue-generating activities. As of December 31, 2008 the Organization had raised \$1,100,000, which consisted of \$440,000 in cash and \$660,000 in unconditional promises to give. The unconditional promises to give have been recorded on the accompanying financial statements net of a reserve for doubtful accounts of \$440,000.

**Note 9 - Commitments and Contingencies**

- a) Government supported programs are subject to audit by the granting agency.
- b) The Organization leases office space under an operating lease that provides for approximate minimum annual lease payments as follows:

For the year ending December 31, 2009	\$ 123,771
“ “ “ “ December 31, 2010	127,485
“ “ “ “ December 31, 2011	131,309
“ “ “ “ December 31, 2012	135,248
For the nine months ending September 30, 2013	103,702
Total	<u>\$ 621,515</u>

Rent expense for the years ended December 31, 2008 and 2007 was \$103,003 and \$94,624, respectively.

## DO SOMETHING, INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

**Note 9 - Commitments and Contingencies (continued)**

- c) The Organization has several trademarks and copyrights that expire over time.
- d) On October 13, 2005 the Organization entered into an asset transfer agreement with Community League, Inc. (CLI). CLI was incorporated on February 7, 2005 for the purpose of building on the work of the Organization's Community Coach Program; which trains teachers to enable and encourage youth to become involved in community service. CLI has received a definitive ruling from the Internal Revenue Service that it is a tax-exempt organization. The Organization assigned and transferred all trademarks and copyrights relative to the Newark location and Community Coach Program. The Organization leases the Newark, New Jersey building to Community League, Inc. The lease term is 36 months commencing October 13, 2005. The annual rental charge is \$10 plus the cost of all utilities, insurance, service, repairs, maintenance and general upkeep of premises.

The lease agreement stipulates that at the end of the lease term, October 13, 2008, Community League, Inc. had the right to acquire the premises for the amount of \$100. The transfer is expected to occur in 2009. Property and equipment held for investment consist of the following at December 31:

	<u>Life/Years</u>	<u>2008</u>	<u>2007</u>
Land	-	\$ 185,339	\$ 185,339
Building	39	65,211	65,211
Building improvements	39	85,785	85,785
		<u>336,335</u>	<u>336,335</u>
Less: accumulated depreciation		<u>(55,931)</u>	<u>(52,133)</u>
		<u>\$ 280,404</u>	<u>\$ 284,202</u>

Depreciation expense on property and equipment held for investment for the years ended December 31, 2008 and 2007 was \$3,798 and \$3,838, respectively.

## DO SOMETHING, INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

**Note 10 - Donated Services and Materials**

The Organization received donated services and materials during the years ended December 31, 2008 and 2007 in support of its programs and operations. The fair market value has been recorded in the accompanying financial statements. Donated services and materials for the years ended December 31, 2008 and 2007 were as follows:

	<u>2008</u>	<u>2007</u>
Monthly Public Service Announcements (PSA)	\$ 4,864,656	\$ 5,631,144
Legal services	224,986	185,972
Airline travel	89,800	38,304
Materials, equipment and supplies	8,848	11,040
Other advertising	-	249,440
	<u>\$ 5,188,290</u>	<u>\$ 6,115,900</u>

**Note 11 - Employee Benefit Plan**

The Organization has a 403(b) salary deferral plan covering substantially all employees. Under the plan, the Organization may make a contribution to the employee plan on a discretionary basis. Plan expenses incurred by the Organization during the years ended December 31, 2008 and 2007 were \$3,534 and \$2,834, respectively.

**Note 12 - Functional Allocation of Expenses**

The cost of providing the various programs and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

## **ADDITIONAL INFORMATION**

# **FK PARTNERS**

**FRIED AND KOWGIOS PARTNERS CPA'S LLP**

## **INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION**

To the Board of Directors of  
Do Something, Inc.

Our report on our audits of the basic financial statements of Do Something, Inc. for the years ended December 31, 2008 and 2007 appears on page 1. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Functional Expenses for the year ended December 31, 2008 with comparative totals for 2007 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 audits 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.

*Fried & Kowgios Partners CPA's LLP*

New York, New York  
March 30, 2009

## DO SOMETHING, INC.

## SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2008 WITH COMPARATIVE TOTALS FOR 2007

	Supporting Services				2008	2007
	Program Services	Management and General	Fundraising	Total	Total Expenses	Total Expenses
Salaries	\$ 711,197	\$ 87,843	\$ 56,158	\$ 144,001	\$ 855,198	\$ 693,297
Benefits and payroll expenses	126,574	4,197	9,807	14,004	140,578	113,542
Accounting	-	19,868	-	19,868	19,868	18,000
Legal	191,238	22,499	11,249	33,748	224,986	185,972
Advertising and marketing	5,207,305	10,106	6,008	16,114	5,223,419	6,124,623
Evaluations	3,986	499	315	814	4,800	10,951
Computer services and expenses	29,280	3,663	2,315	5,978	35,258	19,358
Website	171,322	-	-	-	171,322	78,265
Other professional fees	25,782	2,208	1,396	3,604	29,386	110,064
Production fees (BRICK Awards)	-	-	-	-	-	820,000
Television broadcasting fee (BRICK Awards)	-	-	-	-	-	400,000
Indirect event expenses	-	-	41,030	41,030	41,030	32,407
Grants and scholarships	236,913	-	-	-	236,913	303,464
Miscellaneous program expenses and gifts-in-kind	8,848	-	-	-	8,848	3,000
Occupancy	106,432	11,371	15,144	26,515	132,947	98,555
Equipment rental and maintenance	23,152	2,692	1,702	4,394	27,546	32,140
Insurance	11,082	1,386	876	2,262	13,344	13,218
Telephone and internet	32,989	1,087	624	1,711	34,700	8,611
Dues and subscriptions	969	285	9	294	1,263	2,315
Conferences and meetings	23,841	525	332	857	24,698	11,688
Travel, meals and entertainment	253,804	3,420	14,277	17,697	271,501	153,980
Office expense and supplies	12,496	924	4,734	5,658	18,154	31,961
Postage, printing and reproduction	14,663	11,455	2,005	13,460	28,123	110,272
Bank and finance charges	-	4,657	2,869	7,526	7,526	4,194
Licenses, permits, penalties and fees	22,825	12,662	-	12,662	35,487	12,895
Bad debt expense	-	3,500	-	3,500	3,500	-
Miscellaneous	11,576	809	985	1,794	13,370	10,729
Total expenses before depreciation	7,226,274	205,656	171,835	377,491	7,603,765	9,403,501
Depreciation	11,809	1,477	934	2,411	14,220	14,954
Total Expenses, 2008	<u>\$ 7,238,083</u>	<u>\$ 207,133</u>	<u>\$ 172,769</u>	<u>\$ 379,902</u>	<u>\$ 7,617,985</u>	
Total Expenses, 2007	<u>\$ 9,095,794</u>	<u>\$ 206,912</u>	<u>\$ 115,749</u>	<u>\$ 322,661</u>		<u>\$ 9,418,455</u>

See independent auditor's report on additional information.