

ALL STARS PROJECT, INC.

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

DECEMBER 31, 2007

ALL STARS PROJECT, INC.

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Independent Auditor's Report

Board of Directors All Stars Project, Inc.

We have audited the accompanying statement of financial position of All Stars Project, Inc. (ASP) as of December 31, 2007, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of ASP'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 ASP's 2006 financial statements and, in our report dated February 26, 2007, 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 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 ASP'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 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 All Stars Project, Inc. as of December 31, 2007, 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.

Loeb + Troper LLP

April 3, 2008

ALL STARS PROJECT, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2007
(With Summarized Financial Information
for the Year Ended December 31, 2006)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2007</u>	<u>2006</u>
Revenues, gains and other support					
Contributions	\$ 2,898,462	\$ 1,629,010		\$ 4,527,472	\$ 3,725,956
Membership revenues	70,008			70,008	103,735
All Stars ticket sales	22,023			22,023	30,739
Theatre ticket sales	62,585			62,585	91,722
Theatre subscriptions	329			329	4,422
In-kind - labor (Note 11)	60,000			60,000	
Rental income					5,800
Special events (Note 12)	\$ 864,671				
Less direct cost of special events	<u>(221,638)</u>				
Net revenues from special events	643,033			643,033	784,174
Product sales	1,895			1,895	2,829
Interest and dividends	79,575			79,575	56,867
Realized and unrealized gain (loss) on investments	3,522			3,522	(5,541)
Change in value of split-interest agreement	33,133			33,133	24,539
Training and licensing fees	45,490			45,490	23,500
Other revenues	2,483			2,483	3,625
Net assets released from restrictions (Note 9)	<u>1,424,611</u>	<u>(1,424,611)</u>			
Total revenues, gains and other support	<u>5,347,149</u>	<u>204,399</u>		<u>5,551,548</u>	<u>4,852,367</u>
Expenses (Exhibit C)					
Program services					
All Stars Talent Show Network	1,360,987			1,360,987	1,374,906
Development School for Youth	775,054			775,054	726,658
Castillo Theatre	508,375			508,375	748,210

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STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2007
(With Summarized Financial Information
for the Year Ended December 31, 2006)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2007	2006
Expenses (Exhibit C) (continued)					
Program services (continued)					
Volunteerism and education	\$ 426,885			\$ 426,885	\$ 525,391
Youth on Stage	267,178			267,178	335,055
Production of Youth by Youth	75,567			75,567	55,929
Total program services	<u>3,414,046</u>			<u>3,414,046</u>	<u>3,766,149</u>
Supporting services					
Management and general	475,584			475,584	474,846
Fund raising	650,084			650,084	600,279
Total supporting services	<u>1,125,668</u>			<u>1,125,668</u>	<u>1,075,125</u>
Total expenses	<u>4,539,714</u>			<u>4,539,714</u>	<u>4,841,274</u>
Change in net assets from operations	807,435	\$ 204,399		1,011,834	11,093
Write-off of financing and renovation-related costs (Note 7)	<u>(870,309)</u>			<u>(870,309)</u>	
Change in net assets (Exhibit D)	(62,874)	204,399		141,525	11,093
Net assets - beginning of year	<u>5,559,165</u>	<u>887,594</u>	\$ <u>100,000</u>	<u>6,546,759</u>	<u>6,535,666</u>
Net assets - end of year (Exhibit B)	<u>\$ 5,496,291</u>	<u>\$ 1,091,993</u>	<u>\$ 100,000</u>	<u>\$ 6,688,284</u>	<u>\$ 6,546,759</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

ALL STARS PROJECT, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 291,823	\$ 251,774
Investments (Note 3)	1,396,680	1,165,214
Contributions receivable (Note 4)	1,118,449	1,291,942
Prepaid expenses and security deposit	120,627	71,830
Limited use assets		
Cash held in escrow (Note 7)	1,867,805	
Beneficial interest in remainder trusts (Note 5)	185,319	152,187
Fixed assets (net of accumulated depreciation and amortization of \$1,955,694 in 2007 and \$1,873,350 in 2006) (Note 6)	<u>14,625,775</u>	<u>11,455,467</u>
Total assets	<u>\$ 19,606,478</u>	<u>\$ 14,388,414</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 47,534	\$ 52,209
Construction payable	934,749	
Accrued salaries and related expenses payable	131,281	106,821
Deferred revenue		8,618
Accrued interest payable	104,630	102,341
Capital lease (Note 7)	<u>11,700,000</u>	<u>7,571,666</u>
Total liabilities	<u>12,918,194</u>	<u>7,841,655</u>
Net assets (Exhibit A)		
Unrestricted - operating	3,505,265	1,675,364
Unrestricted - plant	<u>1,991,026</u>	<u>3,883,801</u>
Total unrestricted	5,496,291	5,559,165
Temporarily restricted (Note 9)	1,091,993	887,594
Permanently restricted (Note 9)	<u>100,000</u>	<u>100,000</u>
Total net assets	<u>6,688,284</u>	<u>6,546,759</u>
Total liabilities and net assets	<u>\$ 19,606,478</u>	<u>\$ 14,388,414</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

ALL STARS PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2007
(With Summarized Financial Information
for the Year Ended December 31, 2006)

	All Stars Talent Show Network	Development School for Youth	Castillo Theatre	Volunteerism and Education	Youth on Stage	Production of Youth by Youth	Total Program Services	Management and General	Fund Raising	Special Events	Total	
											2007	2006
Salaries	\$ 639,002	\$ 350,049	\$ 146,562	\$ 95,362	\$ 95,363	\$ 50,813	\$ 1,377,151	\$ 211,814	\$ 282,429		\$ 1,871,394	\$ 1,923,584
Payroll taxes and employee benefits	107,006	63,590	26,655	16,727	19,571	9,145	242,694	55,433	44,072		342,199	357,745
Total salaries and related expenses	746,008	413,639	173,217	112,089	114,934	59,958	1,619,845	267,247	326,501		2,213,593	2,281,329
Grants	25,221		1,847	23,920			50,988				50,988	50,842
Professional fees	31,819	12,808	4,470	46,716	5,583	1,993	103,389	28,493	24,975		156,857	158,460
Production expenses	74,376	40,615	29,030	1,886	2,859	394	149,160	78	41,318	\$ 41,932	232,488	251,630
Interest expenses	96,969	60,029	110,822	83,117	46,176		397,113	23,088	41,558		461,759	620,933
Credit service charges	1,908	2,348	3,555	1,956	338		10,105		27,020		37,125	41,748
Insurance	18,455	11,282	20,713	15,535	8,630		74,615	9,501	8,081		92,197	124,262
Telephone	12,712	6,541	3,646	5,321	1,913	93	30,226	7,924	10,931		49,081	52,467
Database and computer services	8,072	3,947	2,640	1,957	3,768	1,725	22,109	9,654	6,361		38,124	21,853
Occupancy	74,298	38,930	21,704	34,265	21,965	7,120	198,282	59,535	38,371		296,188	155,215
Training and outreach	16,233	37,639	6,964	7,160	2,995	463	71,454	776	8,794		81,024	59,983
Advertising	17,054	15,133	4,776	1,348	792	3	39,106	238	15,980		55,324	81,782
Vehicles and transportation	27,566	23,913	1,418	2,844	1,552	441	57,734	994	8,156		66,884	45,226
Equipment rental	10,121	2,079	1,456	1,008	952	156	15,772	3,891	3,477		23,140	40,629
Repairs and maintenance	17,555	9,152	14,043	10,523	6,545	291	58,109	18,810	8,156		85,075	107,339
Postage and shipping	15,773	6,224	3,599	1,911	896	237	28,640	2,647	12,652		43,939	55,023
Office expense	12,457	6,345	2,430	2,922	1,299	335	25,788	5,864	7,306		38,958	41,017
Catering	744	2,277	1,250	5,031	5		9,307		677	41,117	51,101	151,457
Printing	30,832	11,288	9,938	3,005	2,326	924	58,313	1,211	17,029		76,553	99,121
Space rental	11,399	3,431	714	2,142			17,686		291	138,589	156,566	47,933
Bank charges								4,273			4,273	8,780
Depreciation and amortization	76,750	46,428	85,846	58,771	41,283	450	309,528	22,509	33,864		365,901	516,464
Dues, subscriptions and conference fees	30,355	18,853	3,551	2,517	1,447	681	57,404	3,511	6,579		67,494	29,267
Miscellaneous	4,310	2,153	746	941	920	303	9,373	5,340	2,007		16,720	7,153
Total expenses	1,360,987	775,054	508,375	426,885	267,178	75,567	3,414,046	475,584	650,084	221,638	4,761,352	5,049,913
Less direct cost of special events										(221,638)	(221,638)	(208,639)
Total expenses (excluding direct expenses of special events) (Exhibit A)	\$ 1,360,987	\$ 775,054	\$ 508,375	\$ 426,885	\$ 267,178	\$ 75,567	\$ 3,414,046	\$ 475,584	\$ 650,084	\$ -	\$ 4,539,714	\$ 4,841,274

See independent auditor's report.

The accompanying notes are an integral part of these statements.

ALL STARS PROJECT, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
Cash flows from operating activities		
Change in net assets (Exhibit A)	\$ 141,525	\$ 11,093
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Donated stock	(567,277)	(480,538)
Depreciation	365,901	516,464
Realized and unrealized loss (gain) on investments	(3,522)	5,541
Realized loss on disposal of fixed asset	870,309	
Change in value of split-interest agreement	(33,132)	(24,539)
Decrease (increase) in assets		
Contributions receivable	173,493	176,084
Prepaid expenses and security deposit	(48,797)	(9,166)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(4,675)	9,580
Accrued salaries and related expenses payable	24,460	22,537
Accrued interest payable	2,289	(2,673)
Deferred revenue	(8,618)	(11,579)
Net cash provided by operating activities	911,956	212,804
Cash flows from investing activities		
Decrease (increase) in limited use assets	(1,867,805)	139,750
Fixed asset acquisitions	(3,471,769)	(202,165)
Purchase of investments	(613,039)	(915,318)
Proceeds from sale of investments	952,372	979,681
Net cash provided (used) by investing activities	(5,000,241)	1,948
Cash flows from financing activities		
Proceeds from bond payable	11,895,000	
Principal payments on loan	(7,766,666)	(215,834)
Net cash provided (used) by financing activities	4,128,334	(215,834)
Net increase (decrease) in cash	40,049	(1,082)
Cash - beginning of year	251,774	252,856
Cash - end of year	\$ 291,823	\$ 251,774
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 564,100	\$ 623,606

See independent auditor's report.

The accompanying notes are an integral part of these statements.

ALL STARS PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 1 - NATURE OF ORGANIZATION

All Stars Project, Inc. (ASP) is a nonpartisan, not-for-profit 501(c)(3) organization dedicated to promoting human development through the use of an innovative performance-based model. Founded in 1981, ASP creates privately funded, outside-of-school educational and performing arts activities for tens of thousands of poor and minority young people. It sponsors community and experimental theatre, develops leadership training and pursues volunteer initiatives that build and strengthen communities.

ASP actively promotes supplementary education and the performance learning model in academic and civic arenas.

The All Stars Talent Show Network

The All Stars Talent Show Network (ASTSN) is an after-school, performance-based enrichment program for inner city youth. Each year, thousands of children and young adults, ages 5-25, participate in several dozen All Stars events. ASTSN is produced in New York, Chicago, and the Bay Area. In addition, ASP has licensing agreements with other nonprofit organizations to produce ASTSN in Atlanta, Boston, Los Angeles, and Amsterdam, The Netherlands.

The Joseph A. Forgione Development School for Youth

The Joseph A. Forgione Development School for Youth (DSY) is a leadership-training program for young people between the ages of 16 to 21. DSY's two yearly leadership-training cycles are organized as ensemble performances and include a series of workshops led by senior executives from corporations who partner with the program. DSY graduates are placed in summer internships provided by sponsoring companies. DSY programming is currently in New York and New Jersey.

The Castillo Theatre

The Castillo Theatre brings challenging, thought-provoking entertainment to the heart of New York's theatre district. Since 1983, Castillo has staged over 100 productions - from multicultural and avant-garde plays, to musicals and performance projects.

Youth Onstage!

Youth Onstage! provides young performers, aged 13 to 21, with the opportunity to perform on stage in plays that have something to say about the world and its future. In addition to producing plays for young casts, Youth Onstage! conducts classes and workshops in acting, playwriting, improvisation and technical theatre.

ALL STARS PROJECT, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2007****NOTE 1 - NATURE OF ORGANIZATION (continued)****Talented Volunteers**

The award-winning Talented Volunteers program involves hundreds of people of all ages and from all walks of life who give generously of their time, energy and talents. Hours are varied and flexible, and new volunteers receive orientation and training before taking a position. Talented Volunteers work side by side with young people, helping to produce ASTSN events. They work in ASP's theatres on costumes, sets, tech, house staff, audience development, marketing and fund raising, as well as organizing special events and the annual Bowl-a-thon. There are about 650 active volunteers.

Production of Youth by Youth

Production of Youth by Youth is a two-semester after-school program designed to train under-privileged teens, ages 14 to 19, to perform as cultural creators and producers in their communities and beyond. Through weekly on-site and off-site workshops with cultural institutions in New York, young people produce youth forums in their communities. Each spring, they are placed in a 6-week unpaid internship with a cultural institution.

ASP's primary sources of support are contributions

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared on the accrual basis.

There are 650 active volunteers who contribute approximately 120,000 hours each year in various ASP programs. The value of these hours of volunteerism are not reflected in these financial statements but are of tremendous value to ASP.

Contributions are recognized as revenues when received, whether as cash, other assets, or a promise of future payment. Contributions are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

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ALL STARS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Expenses have been charged to program and supporting services based on direct expenses and other specific allocation methods.

Fixed assets are capitalized at cost. Depreciation and amortization is recorded on the straight-line method over the estimated useful lives of the assets as follows:

Condominiums	40 years
Condominium improvements	20 years
Furniture, fixtures and equipment	3 - 10 years
Video equipment	5 years
Computer equipment	3 - 5 years

Investments are recorded at fair value based upon quoted market price.

The value of in-kind labor is based upon the amount ASP would have paid for the donated service that was provided.

Unrestricted net assets include funds having no restrictions as to use or purpose imposed by donors. Temporarily restricted net assets are those whose use by ASP has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2006, from which the summarized information was derived.

Certain prior year amounts have been reclassified to conform to the current year presentation.

A member of the Board is the owner of a company which provides architectural services for ASP. The total fees paid were \$91,328 in 2007.

ALL STARS PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 3 - INVESTMENTS

	<u>2007</u>		<u>2006</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Money market	\$ 1,246,509	\$ 1,246,509	\$ 735,002	\$ 735,002
Bonds	150,062	150,171	300,166	296,654
Equities			14,312	14,235
U.S. Treasury bills			<u>119,054</u>	<u>119,323</u>
	<u>\$ 1,396,571</u>	<u>\$ 1,396,680</u>	<u>\$ 1,168,534</u>	<u>\$ 1,165,214</u>

NOTE 4 - CONTRIBUTIONS RECEIVABLE

All contributions receivable have been recorded at present value. Those receivables that are due in more than one year have been discounted to their present value using a discount rate of 5%.

2008	\$ 873,461
2009	149,000
2010	25,000
2011	25,000
2012	25,000
Thereafter	<u>50,000</u>
	1,147,461
Less discount to present value	<u>(29,012)</u>
	<u>\$ 1,118,449</u>

NOTE 5 - BENEFICIAL INTEREST IN REMAINDER UNITRUST

There is a charitable remainder unitrust with All Stars Project, Inc. as a fifty percent beneficiary held by an independent trustee. The discount rate used in calculating the value was 5%. The trustee shall pay to the donor, for as long as either of the two parties shall live, 7.5% of the net assets of the trust. The present value of the beneficial interest in the remainder unitrust at December 31, 2007 and 2006 is \$185,319 and \$152,187, respectively.

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ALL STARS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

NOTE 6 - FIXED ASSETS

	<u>2007</u>	<u>2006</u>
Condominium	\$ 7,750,000	\$ 7,750,000
Condominium improvements	4,174,901	4,513,595
Furniture, fixtures and equipment	438,774	374,982
Video equipment	74,996	73,496
Computer equipment	<u>176,274</u>	<u>301,525</u>
	12,614,945	13,013,598
Less accumulated depreciation	<u>(1,955,694)</u>	<u>(1,873,350)</u>
	10,659,251	11,140,248
Construction in progress	<u>3,966,524</u>	<u>315,219</u>
	<u>\$ 14,625,775</u>	<u>\$ 11,455,467</u>

During 2007, ASP moved to an alternate location for its Manhattan office while construction was performed.

Soft costs associated with the refinancing of the 2007 bonds were capitalized. In 2007, \$730,365 of unamortized costs relating to the original financing agreements were written off. In addition, assets replaced by the new renovations with a net book value of \$139,944 were written off. Included in construction in progress is \$90,473 of capitalized interest.

NOTE 7 - CAPITAL LEASE

In December 2002, All Stars Project, Inc. purchased a condominium in New York. The purchase was financed by the issuance of New York City Industrial Development Agency Bonds. The bonds were issued in two series: Series A in the amount of \$5,750,000 was secured by a purchase money mortgage for the purchase of the premises; Series B in the amount of \$2,500,000 to be used for the renovation and furnishings, and subordinate to the Series A.

In January 2007, the bonds were refinanced and an additional amount was issued for renovations. The agency is selling and assigning its leasehold interest in the condominium pursuant to an Installment Sale Agreement and Assignment of Lease to ASP. The balance as of December 31, 2007 and 2006 is \$11,700,000 and \$7,571,666, respectively.

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ALL STARS PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 7 - CAPITAL LEASE (continued)

Maturities, amounts and interest rates are as follows:

	Series A Bonds	Series B Bonds
Principal balance	\$ 9,430,000	\$ 2,270,000
Maturity date	12/01/2036	08/01/2023
Interest rate	Variable	8.75%
	(At December 31, 2007, the interest rate is 4.795%.)	

Scheduled principal payments are as follows based on refinancing of the bonds:

	Series A Bonds	Series B Bonds
2008	\$ 150,000	\$ 70,000
2009	160,000	75,000
2010	170,000	85,000
2011	175,000	90,000
2012	185,000	100,000
Thereafter	8,590,000	1,850,000

In addition, assets with a net book value of \$139,944 were replaced as part of the renovation project.

The loan reserves a debt service reserve fund. As of December 31, 2007, the balance was \$1,867,805.

NOTE 8 - LEASE

ASP leases office space in Newark, San Francisco, Chicago, and temporarily in New York during construction. All leases expire in 2008. Rent expense for the years ended December 31, 2007 and 2006 was \$188,593 and \$38,532, respectively. The outstanding lease obligation in 2008 is \$150,141.

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ALL STARS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

NOTE 9 - NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

New Jersey Flamm Center	\$ 590,528
New Jersey All Stars	97,973
Bay Area Computers	2,180
Fortunoff scholarships	7,812
Philadelphia All Stars	53,876
Regional Youth/Culture	6,722
Chicago All Stars	47,089
Bay Area All Stars	23,629
Scott Flamm Memorial	17,196
For periods after December 31	<u>244,988</u>
Total	\$ <u>1,091,993</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Fortunoff scholarships	\$ 15,295
New Jersey expansion	98,917
Philadelphia All Stars	20,504
Regional Youth/Culture	24,384
Production of Youth by Youth	8,500
Scott Flamm Memorial	10,000
New Jersey All Stars	534,484
Bay Area All Stars	141,152
Chicago All Stars	79,022
New Jersey Flamm Center	38,309
International campaign	42,445
Passage of time	<u>411,599</u>
Total	\$ <u>1,424,611</u>

Permanently restricted net assets are restricted to provide income to support NJ Development School for Youth of \$100,000.

NOTE 10 - CONCENTRATIONS

Financial instruments which potentially subject ASP to a concentration of credit risk are cash accounts with major financial institutions in excess of FDIC insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.

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ALL STARS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

NOTE 11 - IN-KIND LABOR

In 2007, ASP received in-kind labor valued at \$60,000 from the law firm of Hawkins Delafield and Woods, LLP for legal services provided for the construction project.

NOTE 12 - SPECIAL EVENTS

	<u>Gross Proceeds</u>	<u>Direct Expenses</u>	<u>Net Proceeds</u>
<u>NY/NJ Youth Events</u>			
AS benefit	\$ 520,812	\$ 138,314	\$ 382,498
Bay Area Benefit	48,944	8,900	40,044
NY DSY luncheon	139,400	41,207	98,193
NJ DSY dinner	110,950	12,631	98,319
NY PHAT friends	6,050	5,635	415
NJ PHAT friends	<u>3,060</u>	<u>6,400</u>	<u>(3,340)</u>
Total NY/NJ Youth	<u>829,216</u>	<u>213,087</u>	<u>616,129</u>
<u>Cultural Events</u>			
Otto awards	17,815	2,950	14,865
Theatre gala	<u>17,640</u>	<u>5,601</u>	<u>12,039</u>
Total cultural	<u>35,455</u>	<u>8,551</u>	<u>26,904</u>
Total	<u>\$ 864,671</u>	<u>\$ 221,638</u>	<u>\$ 643,033</u>

NOTE 13 - JOINT COSTS

During the year, ASP incurred joint costs of \$321,807. Of these costs, \$181,969 was allocated to program expenses, \$9,800 was allocated to management and general, and \$130,038 was allocated to fund raising.

NOTE 14 - LEGACIES AND BEQUESTS

ASP is a beneficiary of the Joel Press Estate. The distribution of the estate is not expected in 2008. The value in the estate is to be determined.