

Students Today Leaders Forever
Minneapolis, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
August 31, 2011 and 2010

Carpenter *Evert*
Certified Public Accountants



CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
EXHIBIT A: Statements of Activities and Changes in Net Assets – For the Years Ended August 31, 2011 and 2010.....	2
EXHIBIT B: Statement of Functional Expense – For the Year Ended August 31, 2011 with Comparative Totals for 2010.....	3
EXHIBIT C: Statement of Functional Expense – For the Year Ended August 31, 2010.....	4
EXHIBIT D: Statements of Financial Position – August 31, 2011 and 2010	5
EXHIBIT E: Statements of Cash Flows – For the Years Ended August 31, 2011 and 2010.....	6
NOTES TO FINANCIAL STATEMENTS.....	7-12

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Carpenter *Evert*

Independent Auditor's Report

Board of Directors
Students Today Leaders Forever
Minneapolis, Minnesota

We have audited the accompanying statements of financial position of Students Today Leaders Forever as of August 31, 2011 and 2010, and the related statements of activities and changes in net assets, functional expense 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 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 aforementioned financial statements present fairly, in all material respects, the financial position of Students Today Leaders Forever as of August 31, 2011 and 2010, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Carpenter Evert and Associates, Ltd.

Certified Public Accountants

Minneapolis, Minnesota
November 18, 2011

STUDENTS TODAY LEADERS FOREVER
 STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
 FOR THE YEARS ENDED AUGUST 31, 2011 AND 2010

	2011		2010	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
Support and Revenue:				
Grants and Contributions	\$ 186,648	\$ 2,931	\$ 189,579	\$ 6,492
Program Fees	459,504	-	459,504	-
Sales (Net of COGS of \$6,378 in 2011 and \$5,912 in 2010)	(2,758)	-	(2,758)	-
Special Event (Less Expense of \$6,401 for 2011 and \$11,563 for 2010)	10,987	-	10,987	-
Investment Income	1,991	-	1,977	-
Other Income	3,000	-	3,000	5
Net Assets Released from Restrictions:				
Satisfaction of Time Restrictions	32,000	(32,000)	57,000	(57,000)
Satisfaction of Program Restrictions	36,456	(36,456)	50,728	(50,728)
Total Support and Revenue	727,828	(65,525)	662,303	(101,236)
Expense:				
Program Services	551,735	-	551,735	-
Support Services:				
Management and General Fundraising	92,783	-	92,783	-
Total Support Services	81,599	-	81,599	-
Total Expense	174,382	-	174,382	-
	726,117	-	726,117	-
Change in Net Assets	1,711	(65,525)	(63,814)	(101,236)
Net Assets - Beginning of Year	290,918	68,456	359,374	169,692
Net Assets - End of Year	\$ 292,629	\$ 2,931	\$ 295,560	\$ 68,456
				\$ 359,374

The accompanying Notes to Financial Statements are an integral part of these statements.

EXHIBIT B

STUDENTS TODAY LEADERS FOREVER
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED AUGUST 31, 2011, WITH COMPARATIVE TOTALS FOR 2010

	2011										2010
	Program Services					Support Services					Total All Services
	Pay-It Forward Tour	Leadership Camps	Leadership Training	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services	Total All Services		
Salaries	\$ 112,695	\$ 15,671	\$ 31,342	\$ 159,708	\$ 37,305	\$ 61,841	\$ 99,146	\$ 258,854	\$ 207,109		
Employee Benefits	9,130	1,304	2,608	13,042	5,299	5,384	10,683	23,725	17,424		
Payroll Taxes	7,790	1,113	2,226	11,129	2,811	4,436	7,247	18,376	15,899		
Total Personnel Costs	129,615	18,088	36,176	183,879	45,415	71,661	117,076	300,955	240,432		
Travel	205,503	23,920	13,307	242,730	4,068	417	4,485	247,215	257,257		
Food	25,994	15,338	2,600	43,932	1,137	440	1,577	45,509	57,026		
Supplies	24,162	1,365	206	25,733	438	1,004	1,442	27,175	32,336		
Financial Aid	23,187	1,362	-	24,549	-	-	-	24,549	30,056		
Office Expenses	8,328	565	199	9,092	5,907	5,055	10,962	20,054	20,673		
Information Technology	13,190	309	272	13,771	1,344	1,438	2,782	16,553	12,969		
Occupancy	-	-	-	-	15,001	-	15,001	15,001	7,598		
Insurance	-	-	-	-	9,504	-	9,504	9,504	8,906		
Professional Fees	-	-	-	-	5,563	200	5,763	5,763	6,784		
Conferences and Meetings	2,878	200	60	3,138	1,645	797	2,442	5,580	10,014		
Enrichment	2,431	-	27	2,458	382	245	627	3,085	5,072		
Advertising	1,001	192	-	1,193	-	287	287	1,480	3,497		
Miscellaneous	1,000	-	260	1,260	125	55	180	1,440	1,586		
Depreciation Expense	-	-	-	-	2,254	-	2,254	2,254	2,139		
Total Expense	\$ 437,289	\$ 61,339	\$ 53,107	\$ 551,735	\$ 92,783	\$ 81,599	\$ 174,382	\$ 726,117	\$ 696,345		

The accompanying Notes to Financial Statements are an integral part of this statement.

EXHIBIT C

STUDENTS TODAY LEADERS FOREVER
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED AUGUST 31, 2010

	Program Services					Support Services			Total All Services
	Pay-It Forward Tour	Leadership Camps	Leadership Training	Local Service Programs	Total Program Services	Management & General	Fund-raising	Total Support Services	
Salaries	\$ 98,112	\$ 6,441	\$ 25,763	\$ 4,500	\$ 134,816	\$ 26,044	\$ 46,249	\$ 72,293	\$ 207,109
Employee Benefits	8,106	540	2,162	-	10,808	3,143	3,473	6,616	17,424
Payroll Taxes	7,714	514	2,057	-	10,285	2,070	3,544	5,614	15,899
Total Personnel Costs	113,932	7,495	29,982	4,500	155,909	31,257	53,266	84,523	240,432
Travel	222,377	15,162	12,980	24	250,543	3,513	3,201	6,714	257,257
Food	37,435	11,941	4,580	-	53,956	1,812	1,258	3,070	57,026
Supplies	27,767	1,262	259	196	29,484	659	2,193	2,852	32,336
Financial Aid	27,920	2,136	-	-	30,056	-	-	-	30,056
Office Expenses	7,285	665	16	128	8,094	5,666	6,913	12,579	20,673
Information Technology	9,454	474	669	-	10,597	1,613	759	2,372	12,969
Occupancy	-	-	-	-	-	7,598	-	7,598	7,598
Insurance	-	-	-	-	-	8,906	-	8,906	8,906
Professional Fees	-	-	-	-	-	5,809	975	6,784	6,784
Conferences and Meetings	2,903	1,039	232	-	4,174	2,380	3,460	5,840	10,014
Enrichment	4,944	-	-	-	4,944	128	-	128	5,072
Advertising	1,740	415	-	-	2,155	-	1,342	1,342	3,497
Miscellaneous	975	-	35	-	1,010	476	100	576	1,586
Depreciation Expense	-	-	-	-	-	2,139	-	2,139	2,139
Total Expense	\$ 456,732	\$ 40,589	\$ 48,753	\$ 4,848	\$ 550,922	\$ 71,956	\$ 73,467	\$ 145,423	\$ 696,345

The accompanying Notes to Financial Statements are an integral part of this statement.

STUDENTS TODAY LEADERS FOREVER
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2011 AND 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current Assets:		
Cash and Cash Equivalents	\$ 276,453	\$ 258,303
Grants Receivable	2,931	62,369
Accounts Receivable	36,669	44,743
Prepaid Expenses	14,608	15,200
Total Current Assets	<u>330,661</u>	<u>380,615</u>
Property and Equipment - Net	<u>4,851</u>	<u>6,485</u>
TOTAL ASSETS	<u>\$ 335,512</u>	<u>\$ 387,100</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current Liabilities:		
Accounts Payable	\$ 20,843	\$ 17,369
Other Liabilities	10,533	6,763
Deferred Revenue	8,576	3,594
Total Current Liabilities	<u>39,952</u>	<u>27,726</u>
Net Assets:		
Unrestricted Net Assets	292,629	290,918
Temporarily Restricted	2,931	68,456
Total Net Assets	<u>295,560</u>	<u>359,374</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 335,512</u>	<u>\$ 387,100</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

STUDENTS TODAY LEADERS FOREVER
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (63,814)	\$ 29,541
Total Adjustments	<u>82,584</u>	<u>54,486</u>
Net Cash Provided by Operating Activities	18,770	84,027
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	(620)	(292)
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	18,150	83,735
Cash and Cash Equivalents - Beginning of Year	<u>258,303</u>	<u>174,568</u>
Cash and Cash Equivalents - End of Year	<u>\$ 276,453</u>	<u>\$ 258,303</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

STUDENTS TODAY LEADERS FOREVER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011 AND 2010

1. Summary of Significant Accounting Policies

Organizational Purpose

Students Today Leaders Forever's (STLF) mission is to reveal leadership through service, relationships, and action. This is accomplished by:

- Promoting initiative and living with passion believing that one student can make a difference;
- Providing leadership opportunities for individuals to grow; and
- Organizing students and community members to work together to benefit the community.

STLF's programs are as follows:

Pay It Forward Tour – Core program engages students in leadership through service, relationships, and action. The Pay It Forward Tour is a leadership program that combines service, education, and reflection on a cross-country Tour to serve communities. The Tour is offered as a nine-day program serving six communities for college students, as a five-day program serving four communities for high school students, and as a three day program serving three communities for middle school students. Each is led by college student volunteers and consists of 30-40 students.

Leadership Camps – Intensive leadership experience focuses on instilling in students tangible transferrable leadership skills, confidence, and relationships that they will continue to build throughout their life. Camp is 6 or 7 days long, and engages students in service, leadership and life on a college campus. The STLF High School Leadership Camp is open to students entering grades 9-12 from any school. STLF Gap Camp prepares students between high school graduation and first year of college. The program is facilitated by an experienced crew of volunteer college student leaders in STLF.

Leadership Training Programs – Thorough and frequent leadership development and training experiences ensure that STLF's volunteer college student leaders are well-trained and well-prepared to fulfill the roles and responsibilities of their program leadership. All STLF programs are organized and facilitated by experienced volunteer college student leaders. In order to ensure for consistency and sustainability, STLF organizes numerous experiences throughout the year: two one-day conferences, two multi-day retreats, and frequent focused trainings for hundreds of students.

Local Service Programs – The true lasting impact of each STLF program is a commitment to action and positive change by student participations in their own lives, schools, and communities. As a result of this commitment, STLF invests in local service initiatives, such as Forward Impact, in addition to its core programs. These initiatives allow for more consistent contact with students and an opportunity to connect local nonprofits with motivated students in STLF. Local service programs serve to build relationships, educate students of social issues, and reveal leadership. In the year ending August 31, 2011, Local Service programs activity was minimal so it was included with Leadership Training programs on the statement of functional expense.

STUDENTS TODAY LEADERS FOREVER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011 AND 2010

1. Summary of Significant Accounting Policies (continued)

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to STLFL, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restrictions. A description of the groupings is as follows:

Unrestricted Net Assets – Net assets which are neither permanently nor temporarily restricted by donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as unrestricted net assets.

Temporarily Restricted Net Assets – The part of net assets of the Organization resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to those stipulations.

Cash and Cash Equivalents

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

Investments

Students Today Leaders Forever carries its investments at market value.

Accounts Receivable and Doubtful Accounts

The Organization extends credit to its customers on terms it establishes for individual customers. Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are generally uncollateralized and the Organization does not charge interest on accounts receivable balances. The Organization reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. No allowance for doubtful accounts has been provided as accounts receivable are considered collectable.

STUDENTS TODAY LEADERS FOREVER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011 AND 2010

1. Summary of Significant Accounting Policies (continued)

Property and Equipment

All major expenditures for property and equipment over \$500 are capitalized at cost. Depreciation is provided through the use of the straight-line method.

Contributions

Contributions are recorded when received and recognized as support in the period received. If donor-imposed restrictions accompany the contribution, the amount is recorded as temporarily or permanently restricted until the donor-imposed restrictions expire or are fulfilled. Temporarily restricted net assets are reclassified to unrestricted in the period donor-imposed restrictions expire or are fulfilled, and are reported in the Statements of Activities under the Support and Revenue Category – Net Assets Released from Restrictions.

Promises-To-Give (Grants Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Government Grants and Contracts

Government grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, STLF will record such disallowance at the time the final assessment is made.

Deferred Revenue

Program fees are recorded as earned revenue in the year the activities occur. Deferred revenue is recorded when amounts are received but the revenue is not yet earned.

Functional Allocation of Expense

Salaries and related expenses are allocated on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service are allocated based on the best estimates of management.

STUDENTS TODAY LEADERS FOREVER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011 AND 2010

1. Summary of Significant Accounting Policies (continued)

Advertising

STLF uses advertising to promote its programs among the audiences it serves. Advertising is expensed as incurred. There was advertising expense of \$1,480 and \$3,497 for the years ended August 31, 2011 and 2010, respectively.

Income Tax

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. The Organization's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. The Organization continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible.

Risks and Uncertainties

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions can affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Subsequent Events

STLF has evaluated the effect that subsequent events would have on the financial statements through November 18, 2011, which is the date financial statements were available to be issued.

2. Property and Equipment

STLF owned the following as of:

	<u>August 31,</u>		<u>Estimated</u>
	<u>2011</u>	<u>2010</u>	<u>Useful Lives</u>
Furniture and Equipment	\$ 11,272	\$ 10,652	5 years
Less Accumulated Depreciation	<u>6,421</u>	<u>4,167</u>	
	<u>\$ 4,851</u>	<u>\$ 6,485</u>	

Depreciation expense of \$2,254 and \$2,139 was recorded for the years ended August 31, 2011 and 2010, respectively.

STUDENTS TODAY LEADERS FOREVER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011 AND 2010

3. Grants Receivable

The balance of grants receivable was due as follows as of August 31:

<u>Due in the Year Ending August 31,</u>	
2012	\$ 2,931
Current Portion	<u>2,931</u>
Long-term Portion	<u>\$ -</u>

STLF received \$70,000 conditional promises-to-give in the year ending August 31, 2009. The conditions are a one-to-one match for \$10,000 in 2009, \$30,000 in 2010 and \$30,000 in 2011. \$30,000 of matching grants were recognized in the year ended August 31, 2011.

4. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of amounts from the following as of:

	<u>August 31,</u>	
	<u>2011</u>	<u>2010</u>
Future Operations	\$ 2,391	\$ 26,492
Staff Expansion	-	25,000
GAP Camp Program	-	12,000
Twin Cities Youth Partnership	-	<u>4,964</u>
	<u>\$ 2,391</u>	<u>\$ 68,456</u>

5. Volunteer Services

STLF receives a significant amount of services from many unpaid volunteers who support the Organization's primary programmatic activities. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under generally accepted accounting standards have not been satisfied. However, volunteers have been integral in enhancing the services provided by STLF.

STUDENTS TODAY LEADERS FOREVER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011 AND 2010

6. Fair Value

STLF adopted Financial Accounting Standards Board Accounting Standards Codification Topic 820 Fair Value Measurements and Disclosures ("ASC 820"). In accordance with ASC 820, "fair value" is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. ASC 820 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

The following is a summary of the inputs used to determine the fair value of the investments at August 31, 2011:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Grants Receivable	<u>\$ -</u>	<u>\$ 2,931</u>	<u>\$ -</u>	<u>\$ 2,931</u>

7. Pension Plan

The Organization has a Simplified Employee Pension Plan that covers those employees who meet eligibility requirements. Contributions of \$4,997 and \$3,785 were made in the years ended August 31, 2011 and 2010, respectively.

8. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Provided by Operating Activities were as follows as of:

	<u>August 31,</u>	
	<u>2011</u>	<u>2010</u>
Depreciation	\$ 2,254	\$ 2,139
Loss on Property Disposal	-	(154)
Increases (Decreases) in Current Liabilities:		
Accounts Payable	3,474	2,078
Deferred Revenue	4,982	(845)
Other Liabilities	3,770	965
Decreases (Increases) in Current Assets:		
Grants Receivable	59,438	56,236
Accounts Receivable	8,074	(2,695)
Prepaid Expenses	592	(3,238)
Total Adjustments	<u>\$ 82,584</u>	<u>\$ 54,486</u>