

Students Today Leaders Forever
Minneapolis, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
August 31, 2010 and 2009

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, 2010 and 2009.....	2
EXHIBIT B: Statement of Functional Expense – For the Year Ended August 31, 2010 with Comparative Totals for 2009.....	3
EXHIBIT C: Statement of Functional Expense – For the Year Ended August 31, 2009.....	4
EXHIBIT D: Statements of Financial Position – August 31, 2010 and 2009	5
EXHIBIT E: Statements of Cash Flows – For the Years Ended August 31, 2010 and 2009.....	6
NOTES TO FINANCIAL STATEMENTS.....	7-12

Certified Public Accountants

Minnesota Center • Suite 940

7760 France Avenue South

Bloomington, Minnesota 55435

952-831-0085 Fax 952-831-0792

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, 2010 and 2009, 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, 2010 and 2009, 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 29, 2010

STUDENTS TODAY LEADERS FOREVER
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED AUGUST 31, 2010 AND 2009

	2010		2009		Total
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	
Support and Revenue:					
Grants and Contributions	\$ 242,609	\$ 6,492	\$ 249,101	\$ 188,758	\$ 363,908
Program Fees	462,041	-	462,041	385,988	385,988
Sales (Net of COGS of \$5,912 in 2010 and \$1,841 in 2009)	71	-	71	556	556
Special Event (Less Expense of \$11,563 for 2010 and \$9,548 for 2009)	12,691	-	12,691	17,866	17,866
Investment Income	1,977	-	1,977	1,763	1,763
Other Income	5	-	5	32	32
Net Assets Released from Restrictions:					
Satisfaction of Time Restrictions	57,000	(57,000)	-	-	-
Satisfaction of Program Restrictions	50,728	(50,728)	-	15,208	-
Total Support and Revenue	827,122	(101,236)	725,886	610,171	770,113
Expense:					
Program Services	550,922	-	550,922	427,621	427,621
Support Services:					
Management and General	71,956	-	71,956	47,788	47,788
Fundraising	73,467	-	73,467	55,466	55,466
Total Support Services	145,423	-	145,423	103,254	103,254
Total Expense	696,345	-	696,345	530,875	530,875
Change in Net Assets	130,777	(101,236)	29,541	79,296	239,238
Net Assets - Beginning of Year	160,141	169,692	329,833	80,845	90,595
Net Assets - End of Year	\$ 290,918	\$ 68,456	\$ 359,374	\$ 160,141	\$ 329,833

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, 2010, WITH COMPARATIVE TOTALS FOR 2009

	2010						2009		
	Program Services			Support Services			Total All Services	Total All Services	Total All Services
	Pay-It Forward Tour	Leadership Camps	Leadership Training	Local Service Programs	Program Services	Total	Fund-raising	Support Services	Total
Salaries	\$ 98,112	\$ 6,441	\$ 25,763	\$ 4,500	\$ 134,816	\$ 72,293	\$ 46,249	\$ 72,293	\$ 207,109
Employee Benefits	8,106	540	2,162	-	10,808	6,616	3,473	6,616	17,424
Payroll Taxes	7,714	514	2,057	-	10,285	5,614	3,544	5,614	15,899
Total Personnel Costs	113,932	7,495	29,982	4,500	155,909	84,523	53,266	84,523	240,432
Travel	222,377	15,162	12,980	24	250,543	6,714	3,201	6,714	257,257
Food	37,435	11,941	4,580	-	53,956	3,070	1,258	3,070	57,026
Supplies	27,767	1,262	259	196	29,484	2,852	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	12,579	6,913	12,579	20,673
Information Technology	9,454	474	669	-	10,597	2,372	759	2,372	12,969
Conferences and Meetings	2,903	1,039	232	-	4,174	5,840	3,460	5,840	10,014
Insurance	-	-	-	-	-	8,906	-	8,906	8,906
Occupancy	-	-	-	-	-	7,598	-	7,598	7,598
Professional Fees	-	-	-	-	-	5,809	975	6,784	6,784
Enrichment	4,944	-	-	-	4,944	128	-	128	5,072
Advertising	1,740	415	-	-	2,155	1,342	1,342	1,342	3,497
Miscellaneous	975	-	35	-	1,010	576	100	576	1,586
Depreciation Expense	-	-	-	-	-	2,139	-	2,139	2,139
Total Expense	\$ 456,732	\$ 40,589	\$ 48,753	\$ 4,848	\$ 550,922	\$ 145,423	\$ 73,467	\$ 145,423	\$ 696,345
									\$ 530,875

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, 2009

	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	\$ 64,163	\$ 4,078	\$ 16,310	\$ 1,950	\$ 86,501	\$ 18,075	\$ 36,042	\$ 54,117	\$ 140,618
Employee Benefits	4,803	320	1,281	-	6,404	2,175	2,668	4,843	11,247
Payroll Taxes	5,961	397	1,589	-	7,947	1,987	3,311	5,298	13,245
Total Personnel Costs	74,927	4,795	19,180	1,950	100,852	22,237	42,021	64,258	165,110
Travel	192,584	8,636	6,386	161	207,767	2,246	834	3,080	210,847
Food	27,777	7,251	3,403	607	39,038	1,145	702	1,847	40,885
Supplies	27,568	542	85	489	28,684	996	2,563	3,559	32,243
Financial Aid	22,824	3,800	-	-	26,624	-	-	-	26,624
Office Expenses	6,080	184	68	22	6,354	6,954	6,874	13,828	20,182
Information Technology	3,515	349	785	-	4,649	1,462	270	1,732	6,381
Conferences and Meetings	2,447	713	-	450	3,610	405	1,185	1,590	5,200
Insurance	-	-	-	-	-	7,819	-	7,819	7,819
Occupancy	-	-	-	-	-	1,295	-	1,295	1,295
Professional Fees	-	-	-	2,500	2,500	656	-	656	3,156
Enrichment	7,030	255	-	-	7,285	-	200	200	7,485
Miscellaneous	258	-	-	-	258	555	817	1,372	1,630
Depreciation Expense	-	-	-	-	-	2,018	-	2,018	2,018
Total Expense	\$ 365,010	\$ 26,525	\$ 29,907	\$ 6,179	\$ 427,621	\$ 47,788	\$ 55,466	\$ 103,254	\$ 530,875

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

STUDENTS TODAY LEADERS FOREVER
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2010 AND 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Current Assets:		
Cash and Cash Equivalents	\$ 258,303	\$ 174,568
Grants Receivable	62,369	76,605
Accounts Receivable	44,743	42,048
Prepaid Expenses	15,200	11,962
Total Current Assets	<u>380,615</u>	<u>305,183</u>
Grants Receivable	-	42,000
Property and Equipment - Net	<u>6,485</u>	<u>8,178</u>
 TOTAL ASSETS	 <u>\$ 387,100</u>	 <u>\$ 355,361</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 17,369	\$ 15,291
Other Liabilities	6,763	5,798
Deferred Revenue	3,594	4,439
Total Current Liabilities	<u>27,726</u>	<u>25,528</u>
Net Assets:		
Unrestricted Net Assets	290,918	160,141
Temporarily Restricted	68,456	169,692
Total Net Assets	<u>359,374</u>	<u>329,833</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 387,100</u>	 <u>\$ 355,361</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, 2010 AND 2009

<u>Increase (Decrease) in Cash and Cash Equivalents</u>	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 29,541	\$ 239,238
Total Adjustments	<u>54,486</u>	<u>(156,011)</u>
Net Cash Provided by Operating Activities	84,027	83,227
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	(292)	(5,674)
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	83,735	77,553
Cash and Cash Equivalents - Beginning of Year	<u>174,568</u>	<u>97,015</u>
Cash and Cash Equivalents - End of Year	<u>\$ 258,303</u>	<u>\$ 174,568</u>

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

STUDENTS TODAY LEADERS FOREVER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010 AND 2009

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.

STUDENTS TODAY LEADERS FOREVER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010 AND 2009

1. Summary of Significant Accounting Policies (continued)

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to STLF, 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.

Permanently Restricted Net Assets – Net assets resulting from contributions with donor-imposed stipulations that neither expire with time nor may be fulfilled by actions of the Organization.

Cash and Cash Equivalents

For purposes of the statement of cash flows, STLF 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.

Allowance for Doubtful Accounts

No allowance for doubtful accounts has been provided as grants and accounts receivable are considered collectable.

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.

STUDENTS TODAY LEADERS FOREVER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010 AND 2009

1. Summary of Significant Accounting Policies (continued)

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.

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.

Advertising

STLF uses advertising to promote its programs among the audiences it serves. Advertising is expensed as incurred. There was advertising expense of \$3,497 and \$-0- for the years ended August 31, 2010 and 2009, respectively.

Reclassifications

Certain amounts in prior year comparative totals have been reclassified to conform with the presentation in the current year financial statements.

STUDENTS TODAY LEADERS FOREVER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010 AND 2009

1. Summary of Significant Accounting Policies (continued)

Income Tax

STLF has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. It 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 29, 2010, 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>2010</u>	<u>2009</u>	<u>Useful Lives</u>
Furniture and Equipment	\$ 10,652	\$ 10,353	5 years
Less Accumulated Depreciation	<u>4,167</u>	<u>2,175</u>	
	<u>\$ 6,485</u>	<u>\$ 8,178</u>	

Depreciation expense of \$2,139 and \$2,018 was recorded for the years ended August 31, 2010 and 2009, respectively.

STUDENTS TODAY LEADERS FOREVER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010 AND 2009

3. Grants Receivable

The balance of grants receivable was due as follows as of August 31, 2010:

<u>Due in the Year Ending August 31,</u>	
2011	\$ 62,369
Current Portion	<u>62,369</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. \$40,000 of matching grants was recognized in the year ended August 31, 2010.

4. Temporarily Restricted Net Assets

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

	<u>August 31,</u>	
	<u>2010</u>	<u>2009</u>
Future Operations	\$ 26,492	\$ 120,000
Staff Expansion	25,000	-
GAP Camp Program	12,000	24,000
Twin Cities Youth Partnership	4,964	23,939
Forward Impact	-	1,753
	<u>\$ 68,456</u>	<u>\$ 169,692</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, 2010 AND 2009

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, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Grants Receivable	\$ <u>-</u>	\$ <u>62,369</u>	\$ <u>-</u>	\$ <u>62,369</u>

7. Cash Flow Operating Adjustments

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

	<u>August 31,</u>	
	<u>2010</u>	<u>2009</u>
Depreciation	\$ 2,139	\$ 2,018
Loss on Property Disposal	(154)	-
Increases (Decreases) in Current Liabilities:		
Accounts Payable	2,078	7,135
Deferred Revenue	(845)	(22,736)
Other Liabilities	965	2,002
Decreases (Increases) in Current Assets:		
Grants Receivable	56,236	(118,031)
Accounts Receivable	(2,695)	(17,910)
Prepaid Expenses	(3,238)	(8,489)
Total Adjustments	<u>\$ 54,486</u>	<u>\$ (156,011)</u>