

Students Today Leaders Forever
Minneapolis, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
August 31, 2014 and 2013

Carpenter *Evert*
Certified Public Accountants



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Independent Auditor's Report

Board of Directors
Students Today Leaders Forever
Minneapolis, Minnesota

Carpenter Evert

Certified Public Accountants
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We have audited the accompanying financial statements of Students Today Leaders Forever, which comprise the statements of financial position as of August 31, 2014 and 2013, and the related statements of activities and changes in net assets, functional expense, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Students Today Leaders Forever as of August 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Carpenter Evert and Associates, Ltd.

Certified Public Accountants

Minneapolis, Minnesota
February 3, 2015

STUDENTS TODAY LEADERS FOREVER
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED AUGUST 31, 2014, WITH COMPARATIVE TOTALS FOR 2013

	2014						2013	
	Program Services			Support Services			Total All 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
Salaries	\$ 159,349	\$ 22,764	\$ 45,528	\$ 227,641	\$ 48,059	\$ 90,849	\$ 138,908	\$ 313,638
Employee Benefits	6,094	871	1,741	8,706	4,246	3,628	7,874	16,868
Payroll Taxes	12,342	1,763	3,526	17,631	3,796	7,126	10,922	24,670
Total Personnel Costs	177,785	25,398	50,795	253,978	56,101	101,603	157,704	411,682
Travel	215,954	19,708	15,497	251,159	6,259	179	6,438	257,286
Food	30,575	15,073	8,356	54,004	2,060	5,875	7,935	60,760
Occupancy	-	-	-	-	22,904	-	22,904	22,073
Office Expenses	8,151	792	215	9,158	7,234	6,345	13,579	25,646
Supplies	19,760	1,040	181	20,981	712	517	1,229	22,729
Information Technology	15,306	179	-	15,485	1,126	712	1,838	13,666
Financial Aid	15,959	1,210	-	17,169	-	-	-	17,523
Insurance	9,185	-	-	9,185	873	-	873	10,019
Conferences and Meetings	1,055	2,168	491	3,714	534	2,191	2,725	6,439
Professional Fees	-	-	-	-	6,426	-	6,426	8,646
Enrichment	1,124	-	-	1,124	293	32	325	6,397
Advertising	-	-	-	-	89	1,092	1,181	1,612
Miscellaneous	-	-	-	-	542	-	542	1,561
Depreciation Expense	-	-	-	-	939	-	939	339
Total Expense	\$ 494,854	\$ 65,568	\$ 75,535	\$ 635,957	\$ 106,092	\$ 118,546	\$ 224,638	\$ 814,902

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

STUDENTS TODAY LEADERS FOREVER
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED AUGUST 31, 2013

	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	
Salaries	\$ 135,672	\$ 19,381	\$ 38,763	\$ 193,816	\$ 43,949	\$ 75,873	\$ 119,822	\$ 313,638
Employee Benefits	5,980	840	1,681	8,501	4,562	3,805	8,367	16,868
Payroll Taxes	10,533	1,505	3,010	15,048	3,608	6,014	9,622	24,670
Total Personnel Costs	152,185	21,726	43,454	217,365	52,119	85,692	137,811	355,176
Travel	225,062	21,545	15,050	261,657	4,601	1,028	5,629	267,286
Food	34,155	16,950	6,272	57,377	2,476	907	3,383	60,760
Occupancy	-	-	-	-	22,073	-	22,073	22,073
Office Expenses	8,338	1,258	77	9,673	9,724	6,249	15,973	25,646
Supplies	20,744	1,196	228	22,168	232	329	561	22,729
Information Technology	10,808	331	192	11,331	1,274	1,061	2,335	13,666
Financial Aid	15,032	2,491	-	17,523	-	-	-	17,523
Insurance	9,146	-	-	9,146	873	-	873	10,019
Conferences and Meetings	2,505	1,820	285	4,610	943	3,093	4,036	8,646
Professional Fees	-	-	-	-	6,047	350	6,397	6,397
Enrichment	1,052	210	-	1,262	165	185	350	1,612
Advertising	923	147	-	1,070	-	491	491	1,561
Miscellaneous	339	-	-	339	-	-	-	339
Depreciation Expense	-	-	-	-	1,469	-	1,469	1,469
Total Expense	\$ 480,289	\$ 67,674	\$ 65,558	\$ 613,521	\$ 101,996	\$ 99,385	\$ 201,381	\$ 814,902

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

STUDENTS TODAY LEADERS FOREVER
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2014 AND 2013

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Current Assets:		
Cash and Cash Equivalents	\$ 130,180	\$ 230,633
Grants and Pledges Receivable	24,416	38,868
Program Receivables	42,488	19,292
Prepaid Expenses	21,547	33,062
Total Current Assets	<u>218,631</u>	<u>321,855</u>
Property and Equipment - Net	<u>149</u>	<u>1,159</u>
 TOTAL ASSETS	 <u>\$ 218,780</u>	 <u>\$ 323,014</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ -	\$ 2,211
Other Liabilities	90	969
Deferred Revenue	1,023	27,933
Total Current Liabilities	<u>1,113</u>	<u>31,113</u>
Net Assets:		
Unrestricted	<u>217,667</u>	<u>291,901</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 218,780</u>	 <u>\$ 323,014</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, 2014 AND 2013

<u>Increase (Decrease) in Cash and Cash Equivalents</u>	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (74,234)	\$ (39,995)
Total Adjustments	<u>(26,219)</u>	<u>(25,790)</u>
Net Cash (Used) by Operating Activities	(100,453)	(65,785)
Cash Flows from Investing Activities:		
None	-	-
Cash Flows from Financing Activities:		
None	-	-
Net (Decrease) in Cash and Cash Equivalents	(100,453)	(65,785)
Cash and Cash Equivalents - Beginning of Year	<u>230,633</u>	<u>296,418</u>
Cash and Cash Equivalents - End of Year	<u>\$ 130,180</u>	<u>\$ 230,633</u>

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

STUDENTS TODAY LEADERS FOREVER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2014 AND 2013

1. Summary of Significant Accounting Policies

Organizational Purpose

Students Today Leaders Forever's (STLF) mission is to reveal leadership through service, relationships, and action. STLF exists because our world needs more leaders - serving in schools, families, work places, communities, and social causes. Through our three programs, STLF inspires youth to live a lifestyle of leadership and service.

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 lives. Camp is a multi-day experience for middle school and high school students and for 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.

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 STLF 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.

STUDENTS TODAY LEADERS FOREVER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2014 AND 2013

1. Summary of Significant Accounting Policies (continued)

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

STLFL carries its investments at market value.

Accounts Receivable and Doubtful Accounts

STLFL 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 STLFL does not charge interest on accounts receivable balances. STLFL 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.

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 except when the receipt and expiration occur in the same period in which case the contribution is shown as unrestricted.

Grants and Pledges 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.

STUDENTS TODAY LEADERS FOREVER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2014 AND 2013

1. Summary of Significant Accounting Policies (continued)

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.

Advertising

STLF uses advertising to promote its programs among the audiences it serves. Advertising is expensed as incurred. There was advertising expense of \$1,180 and \$1,561 for the years ended August 31, 2014 and 2013, respectively.

Income Tax

STLF 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. STLF'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. STLF 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. In compliance with its exempt status, STLF annually files a Return of Organization Exempt From Income Tax (Form 990). The returns for the years ending August 31, 2011 and later remain subject to examination by the Internal Revenue Service

STUDENTS TODAY LEADERS FOREVER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2014 AND 2013

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

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 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.

Subsequent Events

STLF has evaluated the effect that subsequent events would have on the financial statements through February 3, 2015, which is the date financial statements were available to be issued.

2. Financial Instruments

Significant Concentrations of Credit Risk

STLF provides services on a national level. The amounts due for services provided are from individuals, or their third-party payors. In addition, pledges receivable are from local institutions.

3. Property and Equipment

STLF owned the following as of:

	<u>August 31,</u>		<u>Estimated</u>
	<u>2014</u>	<u>2013</u>	<u>Useful Lives</u>
Furniture and Equipment	\$ 10,502	\$ 11,272	5 years
Less Accumulated Depreciation	<u>10,353</u>	<u>10,113</u>	
	<u>\$ 149</u>	<u>\$ 1,159</u>	

Depreciation expense of \$939 and \$1,469 was recorded for the years ended August 31, 2014 and 2013, respectively.

STUDENTS TODAY LEADERS FOREVER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2014 AND 2013

4. Grants and Pledges Receivable

The balance of grants and pledges receivables was due as follows:

<u>Due in the Year Ending August 31,</u> 2015	<u>\$ 24,416</u>
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5. Volunteer Services

STLF receives a significant amount of services from many unpaid volunteers who support the STLF'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.

6. Leased Facilities

Rental commitments under noncancelable leases for office space in effect at August 31, 2014, total \$65,866. The future annual rental commitments are as follows:

<u>Due in the Year Ending August 31,</u>	
2015	22,533
2016	23,333
2017	<u>20,000</u>
	<u>\$ 65,866</u>

Rental expense was \$21,733 and \$20,933 for the years ended August 31, 2014 and 2013, respectively.

7. Pension Plan

STLF has a Simplified Employee Pension Plan that covers those employees who meet eligibility requirements. Employer contributions of \$6,132 and \$5,648 were made in the years ended August 31, 2014 and 2013, respectively.

STUDENTS TODAY LEADERS FOREVER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2014 AND 2013

8. 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>2014</u>	<u>2013</u>
Depreciation	\$ 939	\$ 1,469
Loss on Disposal	71	-
Increases (Decreases) in Current Liabilities:		
Accounts Payable	(2,211)	2,153
Other Liabilities	(879)	(2,984)
Deferred Revenue	(26,910)	14,103
Decreases (Increases) in Current Assets:		
Grants and Pledges Receivable	14,452	(13,135)
Program Receivables	(23,196)	(10,488)
Prepaid Expenses	11,515	(16,908)
Total Adjustments	<u>\$ (26,219)</u>	<u>\$ (25,790)</u>