

**A LEG TO STAND ON**

Financial Statements  
For the Year Ended December 31, 2004

**PUBLIC INSPECTION COPY**

**NEWSON & HABERMAN**  
Certified Public Accountants

## NEWSON & HABERMAN

Certified Public Accountants

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### INDEPENDENT ACCOUNTANTS' REPORT

Board of Directors  
A Leg to Stand On

We have audited the accompanying statement of financial position of A Leg to Stand On ("ALTSO") as of December 31, 2004, and the related statement of activities, and cash flows for the year then ended. These financial statements are the responsibility of the ALTSO's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 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 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 ALTSO as of December 31, 2004, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We conducted our audit for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenses 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 audit 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.

*Newson & Haberman*

Lake Success, NY  
July 5, 2005

**A LEG TO STAND ON**  
**Statement of Financial Position**  
**December 31, 2004**

**ASSETS:**

|  |  |                     |
|--|--|---------------------|
| Cash   |  | \$ 243,290          |
| Accounts receivable  |  | 47,965              |
| Equipment - at cost, less<br>accumulated depreciation of \$295 |  | <u>1,475</u>        |
| TOTAL ASSETS   |  | \$ 292,730<br>===== |

**LIABILITIES AND NET ASSETS:**

|                                  |                |                     |
|----------------------------------|----------------|---------------------|
| Liabilities -                    |                |                     |
| Accounts payable                 |                | \$ 16,483           |
| Pledges payable                  |                | 97,000              |
| Due to related party             |                | <u>2,132</u>        |
| Total Liabilities                |                | 115,615             |
| Net Assets -                     |                |                     |
| Unrestricted                     | \$ 30,115      |                     |
| Temporarily restricted           | <u>147,000</u> | <u>177,115</u>      |
| TOTAL LIABILITIES AND NET ASSETS |                | \$ 292,730<br>===== |

See accompanying notes to financial statements

**A LEG TO STAND ON**  
**Statement of Activities**  
For the Year Ended December 31, 2004

|  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>      |
|--|---------------------|-----------------------------------|-------------------|
| <b>CONTRIBUTIONS:</b>                    |                     |                                   |                   |
| Foundations                              | \$ 15,721           | \$ 50,000                         | \$ 65,721         |
| Corporations                             | 201,540             | 97,000                            | 298,540           |
| Individuals                              | <u>179,670</u>      | <u>-0-</u>                        | <u>179,670</u>    |
| Total Contributions                      | 396,931             | 147,000                           | 543,931           |
| <b>EXPENSES:</b>                         |                     |                                   |                   |
| Programs                                 | 256,306             | -0-                               | 256,306           |
| Fund raising                             | 135,124             | -0-                               | 135,124           |
| Support services                         | <u>34,172</u>       | <u>-0-</u>                        | <u>34,172</u>     |
| Total Expenses                           | <u>425,602</u>      | <u>-0-</u>                        | <u>425,602</u>    |
| Excess of Expenses<br>Over Contributions | ( 28,671)           | 147,000                           | 118,329           |
| Investment Income                        | <u>8</u>            | <u>-0-</u>                        | <u>8</u>          |
| Change in Net Assets                     | ( 28,663)           | 147,000                           | 118,337           |
| Net Assets - Beginning                   | <u>58,778</u>       | <u>-0-</u>                        | <u>58,778</u>     |
| Net Assets - Ending                      | <u>\$ 30,115</u>    | <u>\$ 147,000</u>                 | <u>\$ 177,115</u> |

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170,000  
40%

See accompanying notes to financial statements

**A LEG TO STAND ON**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2004**

**OPERATING ACTIVITIES:**

|   |           |               |
|---|-----------|---------------|
| Change in net assets  |           | \$ 118,337    |
| Adjustments to reconcile change in<br>unrestricted net assets to cash<br>provided by operating activities - |           |               |
| Depreciation  | 295       |               |
| (Increase) in receivables   | ( 19,037) |               |
| Increase in accounts payable  | 16,483    |               |
| Increase in pledges payable   | 97,000    |               |
| (Decrease) in due to related party  | ( 49,277) |               |
|   |           | <u>45,169</u> |

Net Cash Provided by Operating Activities \$ 163,801

**INVESTING ACTIVITIES:**

|                        |  |                 |
|------------------------|--|-----------------|
| Purchases of equipment |  | <u>( 1,770)</u> |
|------------------------|--|-----------------|

NET INCREASE IN CASH 162,031

Cash - Beginning 81,259

Cash - Ending \$ 243,290  
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See accompanying notes to financial statements



**A LEG TO STAND ON**  
Notes to Financial Statements

**NOTE A: DESCRIPTION OF THE ORGANIZATION**

A Leg to Stand On ("ALTSO") intends to help transform the lives of children with limb disabilities in developing countries by offering them the physical capabilities and self-esteem required to access education, work, and other community opportunities. ALTSO works in partnership with the local communities.

ALTSO transforms the lives of disabled children through the use of corrective surgery and the provision of prosthetic limbs. By leveling the playing field for these children, ALTSO seeks to give them access to education, work and community opportunities - the tools they need to make a better future for themselves.

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Presentation of Financial Statements**

The Financial Accounting Standards Board (FASB) Statement No. 117, "Financial Statements of Not-for-Profit Organizations," requires that Net Assets be presented as being either unrestricted, temporarily restricted, or permanently restricted. Unrestricted net assets result from contributions whose use is not limited by the donor. Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to these restrictions. Permanently restricted net assets result from contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by the organization's actions.

**Accrual Basis**

The accompanying financial statements have been prepared on the accrual basis.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management estimates. Actual results could vary.

**Consideration of Credit Risk**

ALTSO maintains its cash in bank deposits at high credit quality financial institutions. The balances, at times, may exceed federally insured limits.

**Allocation of Expenses**

Expenses are allocated among programs, fund raising activities, and support services based on time estimates maintained by employees. All non-personnel expenses are allocated based on percentages used to allocate personnel-related expenses of active personnel.

**A LEG TO STAND ON**  
Notes to Financial Statements  
(Continued)

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Income Taxes**

ALTSO is exempt from income taxes under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3). Unrelated business income, if any, is subject to federal and state taxes.

**NOTE C: RELATED PARTY TRANSACTIONS**

ALTSO rents its office space from a related party on a month-to-month basis. The organization is also charged a fee for monthly telephone usage. Management estimates that these charges are at fair market value for the services provided. Due to related party on the accompanying statement of financial position represents the unpaid portion of these charges.

