

A LEG TO STAND ON

Financial Statements
For the Year Ended December 31, 2006

PUBLIC INSPECTION COPY



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Certified Public Accountants

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, 2006, and the related statement of activities, and cash flows for the year then ended. These financial statements are the responsibility of 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, 2006, 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 functional 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.

Certified Public Accountants

New York, NY
July 20, 2007

A LEG TO STAND ON
Statement of Financial Position
December 31, 2006

ASSETS:		
Cash		\$ 258,647
Accounts receivable		33,250
Other assets		66
Equipment - at cost, less accumulated depreciation of \$1,087		<u>986</u>
TOTAL ASSETS		\$ 292,949 =====

LIABILITIES AND NET ASSETS:

Liabilities -		
Accounts payable		\$ 33,670
Due to related party		1,100
Pledges payable		<u>6,250</u>
Total Liabilities		41,020
 Net Assets -		
Unrestricted	\$ 240,929	
Temporarily restricted	<u>11,000</u>	<u>251,929</u>
TOTAL LIABILITIES AND NET ASSETS		\$ 292,949 =====

See accompanying notes to financial statements

A LEG TO STAND ON
Statement of Activities
For the Year Ended December 31, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
CONTRIBUTIONS:			
Foundations	\$ 38,076	\$ -	\$ 38,076
Corporations	211,330	-	211,330
Individuals	<u>684,404</u>	<u>-</u>	<u>684,404</u>
Total Contributions	933,810	-	933,810
EXPENSES:			
Programs	344,665	-	344,665
Fund raising	508,849	64,000	572,849
Support services	<u>43,665</u>	<u>-</u>	<u>43,665</u>
Total Expenses	<u>897,179</u>	<u>64,000</u>	<u>961,179</u>
Excess of Contributions Over Expenses	36,631	(64,000)	(27,369)
Investment Income	<u>9,438</u>	<u>-</u>	<u>9,438</u>
Change in Net Assets	46,069	(64,000)	(17,931)
Net Assets - Beginning	<u>194,860</u>	<u>75,000</u>	<u>269,860</u>
Net Assets - Ending	<u>\$ 240,929</u> =====	<u>\$ 11,000</u> =====	<u>\$ 251,929</u> =====

See accompanying notes to financial statements

A LEG TO STAND ON
Statement of Cash Flows
For the Year Ended December 31, 2006

OPERATING ACTIVITIES:		\$ (17,931)
Change in net assets		
Adjustments to reconcile change in unrestricted net assets to cash provided by operating activities -		
Depreciation	396	
(Increase) in receivables	(18,250)	
(Increase in other assets	(66)	
Increase in accounts payable	26,736	
Increase in pledges payable	6,250	
(Decrease) in due to related party	(86)	<u>14,980</u>
Net Cash Provided by Operating Activities		<u>(2,951)</u>
NET DECREASE IN CASH		(2,951)
Cash - Beginning		<u>261,598</u>
Cash - Ending		\$ 258,647 =====

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.

Cash and Cash Equivalents

The Company considers highly liquid financial instruments with maturities of three months or less at the time of purchase to be cash equivalents.

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.

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

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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: ACCOUNTS RECEIVABLE

All contributions receivable at December 31, 2006 were paid subsequently in January, February and March 2007.

NOTE D: EQUIPMENT

Property and equipment is carried at cost. Depreciation is provided by the straight-line-method at rates calculated to amortize the cost over the estimated lives (3-6 years) of the individual assets.

Property and equipment consists of the following at of December 31, 2006:

Furniture and Fixtures	\$	303
Equipment		1,770
		<hr/> 2,073
Less: accumulated depreciation		(1,087)
Net property and equipment	\$	<hr/> <hr/> 986

Depreciation expense for the year ended December 31, 2006 was \$396.

NOTE E: COMMITMENTS

The organization sub leases its premises on a month to month basis. The rent amounts to \$1,000 per month. Rent expense for the year ended December 31, 2006 was \$12,000.

NOTE F: 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.

A LEG TO STAND ON
Statement of Functional Expenses
For the Year Ended December 31, 2006

	<u>Program</u>	<u>Fund Raising</u>	<u>Support</u>	<u>Total</u>
Payroll and personnel costs	\$ 35,675	\$ 49,694	\$ 17,134	\$102,503
Direct program expenses	122,613	-	-	122,613
Direct fund raising expenses	-	265,542	-	265,542
Mailing campaign, related fees and postage	-	177,422	-	177,422
Medical supplies	159,847	-	-	159,847
Grant expense	-	53,661	-	53,661
Rent	4,074	4,075	4,075	12,224
Telephone	423	422	422	1,267
Office and other	<u>22,033</u>	<u>22,033</u>	<u>22,034</u>	<u>66,100</u>
 Total Expenses	 <u>\$ 344,665</u>	 <u>\$ 572,849</u>	 <u>\$ 43,665</u>	 <u>\$ 961,179</u>

See accompanying notes to financial statements