

A LEG TO STAND ON

FINANCIAL STATEMENTS

DECEMBER 31, 2008

PUBLIC INSPECTION COPY

A LEG TO STAND ON
FINANCIAL STATEMENTS INDEX
FOR THE YEAR ENDED DECEMBER 31, 2008

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF TRUSTEES OF
A LEG TO STAND ON
NEW YORK, NEW YORK

We have audited the accompanying statements of financial position of A Leg To Stand On ("ALTSO"), a non-profit Organization, as of December 31, 2008, and 2007 and the related statements of activities, functional expenses 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 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 audits provide 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 A Leg To Stand On as of December 31, 2008 and 2007, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Berger & Zelin LLP
New York, New York
March 9, 2009

A LEG TO STAND ON
STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31,

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 564,971	\$ 624,527
Accounts Receivable	11,847	-
Marketable Securities	1,740	-
Prepaid Expenses	449	449
Property & Equipment—Net of Depreciation	477	681
Total Assets	<u>\$ 579,484</u>	<u>\$ 625,657</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	\$ 13,288	\$ 9,525
Grants Payable	118,000	186,300
Accrued Expenses and Other Liabilities	344	3,030
Total Liabilities	<u>\$ 131,632</u>	<u>\$ 198,855</u>
Net Assets		
Unrestricted	\$ 329,852	\$ 361,802
Temporarily restricted	118,000	65,000
Total Net Assets	<u>\$ 447,852</u>	<u>\$ 426,802</u>
Total Liabilities and Net Assets	<u>\$ 579,484</u>	<u>\$ 625,657</u>

THE ACCOMPANYING NOTES ARE AN INTEGRATED PART OF THESE FINANCIAL STATEMENTS

A LEG TO STAND ON
STATEMENT OF ACTIVITIES

AS OF DECEMBER 31,

	UNRESTRICTED	TEMPORARILY RESTRICTED	2008 TOTAL	2007 TOTAL
REVENUE AND PUBLIC SUPPORT				
Individuals	\$ 68,532	\$ 118,000	\$ 186,532	\$ 342,880
Corporations	-	-	-	31,359
Foundations	17,500	-	17,500	-
Contributions-In-Kind	-	-	-	24,750
Special Events	241,345	-	241,345	227,933
Other	1,765	-	1,765	150
Investment Income	5,021	-	5,021	7,104
Net Assets Released from Restriction	65,000	(65,000)	-	-
Total Revenue and Public Support	\$ 399,163	\$ 53,000	\$ 452,163	\$ 634,176
OPERATING EXPENSES				
Program	195,210	-	195,210	247,075
Administrative	61,033	-	61,033	98,921
Fundraising	174,870	-	174,870	119,637
Total Operating Expenses	431,113	-	431,113	465,633
Change in Net Assets	(31,950)	53,000	21,050	168,543
Net Assets, beginning of the year	361,802	65,000	426,802	258,259
Net Assets, end of the year	\$ 329,852	\$ 118,000	\$ 447,852	\$ 426,802

THE ACCOMPANYING NOTES ARE AN INTEGRATED PART OF THESE FINANCIAL STATEMENTS

A LEG TO STAND ON
STATEMENT OF FUNCTIONAL EXPENSES

AS OF DECEMBER 31,

	PROGRAM	ADMINISTRATIVE	FUNDRAISING	2008 TOTAL	2007 TOTAL
Compensation and Related Expenses					
Officer's Compensation	\$ 45,000	\$ 16,250	\$ 9,750	\$ 71,500	\$ 62,291
Payroll and Personnel Costs	12,803	9,401	9,401	31,605	27,105
Employee Benefits	6,816	3,409	3,409	13,634	8,773
Payroll Taxes	3,903	1,951	1,951	7,805	7,650
Professional Fundraising	-	-	5,406	5,406	12,202
Accounting Fees	-	8,238	-	8,238	7,390
Legal Fees	-	-	-	-	10,250
Supplies	306	307	-	613	16,256
Telephone	72	144	24	240	2,912
Postage and Shipping	-	2,145	1,148	3,293	6,019
Occupancy	6,955	8,694	1,739	17,388	10,875
Equipment Rental and Maintenance	-	-	-	-	1,050
Printing and Publications	-	-	2,353	2,353	3,927
Travel	-	3,320	-	3,320	9,125
Conferences and Meetings	-	185	-	185	1,925
Depreciation	-	204	-	204	305
Bank and Credit Card Processing Fees	-	1,557	1,557	3,114	5,828
Insurance	-	1,343	-	1,343	1,348
Other Office Expense	1,355	1,807	1,355	4,517	3,519
State Registration	-	2,078	2,078	4,156	3,250
Special Events	-	-	85,814	85,814	-
Grant Expense	118,000	-	-	118,000	186,300
Mailing Campaign	-	-	48,885	48,885	77,333
Total Expenses	\$ 195,210	\$ 61,033	\$ 174,870	\$ 431,113	\$ 465,633

**STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE YEARS ENDED DECEMBER 31**

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 21,050	\$ 168,543
Adjustments to reconcile change in net assets to net cash (used in) / provided by operating activities:		
Depreciation	204	305
<u>Changes in operating assets and liabilities:</u>		
Receivables	(11,847)	33,250
Prepaid expenses and other current assets	-	(383)
Accounts payable and grants payable	(64,537)	188,460
Deferred revenue	-	(6,250)
Other current liabilities and accrued expenses	(2,686)	(24,434)
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	(57,816)	359,491
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of artwork	-	4,000
Investment in Marketable Securities	(1,740)	-
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES	(1,740)	4,000
CASH FLOWS FROM FINANCING ACTIVITIES:		
	-	-
NET CHANGE IN CASH	(59,556)	363,491
Cash and cash equivalents, beginning of year	624,528	261,037
Cash and cash equivalents, end of year	564,971	624,528
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ -	\$ -

**A LEG TO STAND ON,
NOTES TO FINANCIAL STATEMENTS**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Activities and Operational Information

A Leg to Stand On (“ALTSO”) was incorporated on April 23, 2002 in the State of New York and is committed to helping 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.

In December 2002, ALTSO received approval to be treated as a non-profit organization under Section 501(c) (3) of the Internal Revenue Code and therefore is exempt from federal income taxes on related income. As such, no provisions for income taxes have been made in the financial statements.

Basis of Presentation

ALTSO’s policy is to prepare financial statements on the accrual basis of accounting using generally accepted accounting principles.

Donated materials are recorded at their fair value as of the date of gift. In the absence of donor imposed restrictions, gifts of long-lived assets are reported as unrestricted revenue.

Cash and Cash Equivalents

ALTSO considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. ALTSO considers receivables past due or delinquent when payments have not been received in a timely manner, and receivables are written off when management deems the possibility of collecting amounts due as completely unlikely. ALTSO closely monitors outstanding balances for all receivables and adheres to a standard set of protocols for collection activities to be undertaken at certain times based upon delinquency status. At December 31, 2008, management considers all receivables to be collectible. As such, an allowance for doubtful accounts has not been established.

Depreciation

Property and equipment are recorded at cost for financial reporting purposes and depreciated using the straight line method over their estimated economic useful lives of three to six years.

Functional Allocation of Expenses

The costs for providing various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated Services:

ALTSO benefits from volunteer services in program, fundraising, and administrative duties from Board members and other volunteers. Even though these contributed services are valuable to ALTSO and help to advance ALTSO's mission, no amounts have been reflected in the financial statements for contributed services inasmuch as such services do not meet the criteria for recognition in the financial statements under SFAS 116, nor do they create or enhance nonfinancial assets.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Net Assets

The financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS 117, ALTSO is required to report information regarding its financial position and activities according to three classes of net assets: Unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. A description of the three net asset categories is as follows:

Unrestricted net assets have no donor-imposed restrictions.

Temporarily restricted net assets have donor-imposed restrictions that will expire in the future. Temporarily Restricted Assets as of December 31, 2008 amounted to \$118,000 restricted to programs in developing countries.

Permanently restricted net assets have donor-imposed restrictions which do not expire. There were no permanently restricted net assets at December 31, 2008.

Note 2. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Equipment	\$	1,770
Furniture and Fixtures		<u>303</u>
	\$	2,073
Accumulated Depreciation		<u>(1,596)</u>
Property and Equipment, Net	\$	<u>477</u>

Note 3. COMMITMENTS AND CONTINGENCIES

Leases:

ALTSO is obligated under a noncancellable operating lease expiring December 31, 2009 at 267 Fifth Avenue, New York, NY. The minimum monthly payment is \$ 1,575 a month. The lease includes rent, telephone, utilities and internet access.