# A LEG TO STAND ON

(A Not-For-Profit Organization)
Financial Statements
December 31, 2009
Together With Auditor's Report

# A LEG TO STAND ON
**(A Not-For-Profit Organization)**

**Contents**

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To the Board of Directors of
A Leg to Stand On

## Independent Auditor's Report

I have audited the accompanying statement of financial position of A Leg to Stand On as of December 31, 2009, the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of A Leg to Stand On. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my 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, 2009 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Steven Zelin CPA

New York, New York
November 15, 2010

Steven Zelin
Certified Public Accountant

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# A LEG TO STAND ON

**(A Not-For-Profit Organization)**

**Statement of Financial Position**

**As of December 31, 2009**

| | | |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ | 554,055 |
| Marketable securities | | 632 |
| Prepaid expenses | | 431 |
| Equipment, net of accumulated depreciation amounting to $1,497 | | 273 |
| **TOTAL ASSETS** | $ | 555,391 |
| **Liabilities and Net Assets** | | |
| Grants payable | $ | 110,491 |
| **Total liabilities** | | 110,491 |
| **Net Assets:** | | |
| Unrestricted | | 444,900 |
| **TOTAL LIABILITIES AND NET ASSETS** | $ | 555,391 |

**The accompanying notes are an integral part of these financial statements.**

# A LEG TO STAND ON

**(A Not-For-Profit Organization)**

**Statement of Activities and Change in Net Assets**

**For Year Ended December 31, 2009**

| | | |
|---|---|---|
| **Support and Revenue:** | | |
| Individuals | $ | 100,008 |
| Grants | | 10,000 |
| Foundations | | 59,689 |
| Contibutions- In-Kind | | 5,215 |
| Special Events, net of costs of direct benefit to donors of $81,779 | | 55,359 |
| Investment income | | 1,055 |
| Unrealized loss on marketable securities | | (54) |
| **TOTAL SUPPORT AND REVENUE** | | 231,272 |
| **Expenses:** | | |
| Program services | | 113,817 |
| Management and general | | 71,111 |
| Fundraising | | 45,689 |
| **TOTAL EXPENSES** | | 230,616 |
| **CHANGE IN NET ASSETS** | | 656 |
| **Unrestricted Net Assets, beginning of year** | | 444,244 |
| **Unrestricted Net Assets, end of year** | $ | 444,900 |

**The accompanying notes are an integral part of these financial statements.**

# A LEG TO STAND ON

(A Not-For-Profit Organization)

## Statement of Functional Expenses

## For Year Ended December 31, 2009

| | Program Services | Supporting Services: Management and General | Supporting Services: Fundraising | Total Expenses |
|---|---|---|---|---|
| Salaries | $ 26,108 | $ 26,108 | $ 26,108 | $ 78,324 |
| Payroll taxes and employee benefits | 6,837 | 6,837 | 6,837 | 20,511 |
| Rocktoberfest | - | - | 81,779 | 81,779 |
| Grant expense | 65,437 | - | - | 65,437 |
| Occupancy | 9,542 | 9,542 | - | 19,084 |
| Mailing campaign | - | - | 8,548 | 8,548 |
| Supplies | - | 7,273 | 328 | 7,601 |
| Accounting fees | - | 7,000 | - | 7,000 |
| Transportation | 2,386 | 1,846 | - | 4,231 |
| Website | 2,100 | 1,000 | 1,000 | 4,100 |
| State registrations | - | 3,998 | - | 3,998 |
| Bank and credit card processing fees | - | 3,196 | - | 3,196 |
| Advertising | - | - | 2,853 | 2,853 |
| Insurance | - | 2,234 | - | 2,234 |
| Travel | 1,407 | - | - | 1,407 |
| Miscellaneous | - | 1,095 | 15 | 1,110 |
| Postage and delivery | - | 415 | - | 415 |
| Telephone | - | 365 | - | 365 |
| Depreciation | - | 204 | - | 204 |
| **Subtotal** | 113,817 | 71,111 | 127,468 | 312,395 |
| Less: Costs of direct benefits to donors reflected on the statement of activities | - | - | (81,779) | (81,779) |
| Total Expenses | $ 113,816.56 | $ 71,110.86 | $ 45,688.88 | $ 230,616.30 |

The accompanying notes are an integral part of these financial statements.

# A LEG TO STAND ON
(A Not-For-Profit Organization)
Statement of Cash Flows
For Year Ended December 31, 2009

| | | |
|---|---|---|
| **Cash Flows From Operations** | | |
| Change in net assets | $ | 656 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | | 204 |
| Unrealized loss on marketable securities | | 54 |
| Decrease in: | | |
| Receivables | | 11,847 |
| Prepaid expenses | | 18 |
| Increase (Decrease) in: | | |
| Accounts payable | | (13,288) |
| Grants payable | | (11,147) |
| Other current liabilities and accrued expenses | | (343) |
| **Net cash used by operating activities** | | (11,999) |
| **Net change in cash** | | (11,999) |
| **Cash and cash equivalents, beginning of year** | | 566,054 |
| **Cash and cash equivalents, end of year** | $ | 554,055 |

| | | |
|---|---|---|
| **Supplemental Disclosures of Cash Flow Information:** | | |
| **Cash paid during the year for:** | | |
| Interest | $ | - |
| Income taxes | $ | - |

The accompanying notes are an integral part of these financial statements.

## Note 1: Summary of Significant Accounting Policies

*Organization*

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.

*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, 2009, management considers all receivables to be collectible. As such, an allowance for doubtful accounts has not been established.

*Depreciation*

Equipment is recorded at cost for financial reporting purposes and depreciated using the straight line method over the estimated economic useful lives of the assets. These amounts do not proport to represent replacement or realizeable values. ATLSO has a policy to capitalize all purchases of equipment in excess of $1,000.

Planned maintenance activities are acounted for under U.S. Generally Accepted Accounting Principles. Repairs and maintenance are expensed when incurred, while renewals and betterments are capitalized. When property is retired, sold or otherwise disposed of, the cost and accumulated depreciation are removed and any gain or loss is recognized.

*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*

Donated materials are recorded at their fair value at the date of gift. In the absence of donor imposed restrictions, gifts of long-lived assets are reported as unrestricted revenue. A large number of people have contributed significant amounts of time to the activities of the organization. The financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria of Accounting for Contributions Received and Contributions Made.

*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*

ALTSO has adopted U.S Accounting Principles of Financial Statements for Not-for-Profit Organizations. Accordingly, ALTSO is required to report its assets, revenue and expenses according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. When donor requirements for temporarily restricted revenues are satisfied within the same fiscal year of receipt, it is deemed unrestricted revenue.

A description of the three net asset categories follows:

Unrestricted net assets - have no donor-imposed restrictions

Temporarily restricted – Net assets resulting from contributions and other inflows of assets whose use by ALTSO is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of ALTSO. When such stipulations end or are fulfilled, temporarily restricted net assets are released and reclassified to unrestricted net assets.

Permanently restricted - net assets have donor imposed restrictions which do not expire as they remain in perpetuity

*Fair Value Measurements*

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes obervable and unobservable inputs used to measure fair value into 3 levels:

Level 1: valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets and liabilities. The fair value hierarchy gives the highest priority to level 1 inputs.

Level 2: valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3: valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to level 3 inputs. Valuation techniques include market approach, cost approach and the income approach. Management has reviewed securities for more than temporary declines. As of December 31, 2009 these declines have not affected the financial statements.

ALTSO's marketable securities would be considered level 1 inputs that have a quoted market price in an active market with identical assets. The investments reported in the accompanying statement of financial position have been classified as unrestricted net assets.

ALTSO adopted the provisions of the Fair Value measurement standards that have been established on November 15, 2009. Under this standard, ALTSO reviewed long-lived assets to determine whether there have been any permanent impairments whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the entity recognzes an impairment loss. No impairment losses were identified for the year ended December 31, 2009.

*New Accounting Pronouncement*

In accordance with U.S. Accounting Principles, ALTSO implemented Accounting for Uncertainty in Income Taxes, and considered its potential impact and the results of implementation. The standard provides for a recognition threshold and measurement methodology required for a tax position before recognizing it in the financial statements. Furthermore, the standard discusses derecognition, interest and penalties, accounting in interim periods, classification, disclosure and transition. This standard had no significant impact on the presentation or transactions in the financial statements.

*Subsequent Events*

ALTSO has evaluated for potential recognition and disclosure, events occuring subsequent to the report date through the date of issuance. No events have occurred which would require adjustment to or disclosure in the financial statements. The financial statements include all events and transactions required to be recognized in accordance with generally accepted accounting principles.

*Financial Statement Presentation*

Certain line items in the December 31, 2008 financial statements have been changed to conform to the December 31, 2009 presentation. These changes include various reclassifications to line items affecting the beginning balances.

**Note 2: Investments**

Investments consist of marketable securities as of December 31, 2009.

Investment income consisted of dividends. Investments are subject to market volatility that could change their carrying value in the near term.

**Note 3: Property and Equipment**

As of December 31, 2009 property and equipment consisted of:

| | | Estimated Useful Lives |
|---|---|---|
| Computers | $ 1,770 | 5 Years |
| Less: Accumulated Depreciation | (1,497) | |
| Net book value | $ 273 | |

Depreciation expense as of December 31, 2009 amounted to $204.

**Note 4: Grants Payable**

Grants payable consists of amounts due to non-profit organizations in foreign countries that carry out ALTSO's mission in their local communities. Grants payable amounted to approximately $110,000, due within 1 year, as reported in the accompanying statement of financial position.

**Note 5: Commitments**

Leases:

ALTSO is obligated under a noncancellable operating lease expiring December 31, 2010 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. This commitment amounts to approximately $19,000 for the year ended December 31, 2010.

Rent expense was $ 19,084 for the year ended December 31, 2009.

**Note 6: Concentrations**

Cash that potentially subjects ALTSO to concentration of credit risk consists of cash deposits in excess of $250,000. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 through 2013.

ALTSO's programs are focused on servicing children located in foreign countries who suffer from limb disabilities.