

A LEG TO STAND ON, INC.

(A Not-For-Profit Organization)

Financial Statements

December 31, 2011

Together With Auditor's Report

A LEG TO STAND ON, INC.
(A Not-For-Profit Organization)

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steven zelin, cpa
certified public accountant

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, Inc. as of December 31, 2011, and the related statements of activities, 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, Inc. 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, Inc. as of December 31, 2011 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.

New York, New York
September 7, 2012



Steven Zelin
Certified Public Accountant

A LEG TO STAND ON, INC.
(A Not-For-Profit Organization)
Statement of Financial Position
As of December 31, 2011

Assets:

Cash and cash equivalents	\$ 202,019
Investments	754
Accounts receivable	45,172
Prepaid expenses	58,954
Security deposit	2,850
Equipment, net of accumulated depreciation amounting to \$ 2,073	-

TOTAL ASSETS	309,749
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Liabilities and Net Assets:

Accounts payable	11,416
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TOTAL LIABILITIES	11,416
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Net Assets:

Unrestricted	298,333
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TOTAL NET ASSETS	298,333
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TOTAL LIABILITIES AND NET ASSETS	\$ 309,749
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The accompanying notes are an integral part of these financial statements.

A LEG TO STAND ON, INC.

(A Not-For-Profit Organization)

Statement of Activities**For Year Ended December 31, 2011**

	Unrestricted	Temporarily restricted	Total
Support and Revenue:			
Special Events, net of costs of direct benefit to donors of \$ 149,596	\$ 217,324	\$ -	\$ 217,324
Direct mailing campaign	208,695	-	208,695
Contributions - In-Kind	123,571	-	123,571
Grants	14,494	-	14,494
Individuals	9,486	-	9,486
Foundations	8,420	-	8,420
Corporations contributions	1,120	-	1,120
Dividends and interest	223	-	223
Unrealized loss on marketable securities	(12)	-	(12)
Released from temporarily restricted revenue	37,186	(37,186)	-
TOTAL SUPPORT AND REVENUE	620,507	(37,186)	583,321
Expenses:			
Program services	437,570	-	437,570
Management and general	101,730	-	101,730
Fundraising	227,298	-	227,298
TOTAL EXPENSES	766,598	-	766,598
CHANGE IN NET ASSETS	(146,091)	(37,186)	(183,277)
Net Assets, beginning of year	444,424	37,186	481,610
Net Assets, end of year	\$ 298,333	\$ -	\$ 298,333

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

A LEG TO STAND ON, INC.
(A Not-For-Profit Organization)
Statement of Functional Expenses
For Year Ended December 31, 2011

	Supporting Services			Total Expenses
	Program Services	Management and General	Fundraising	
Salaries	\$ 59,375	\$ 19,792	\$ 19,792	\$ 98,959
Payroll taxes and employee benefits	19,621	6,540	6,540	32,701
Grant expense	215,315	-	-	215,315
Mailing campaign	-	-	174,616	174,616
Rocktoberfest	-	-	149,596	149,596
Program supplies In-Kind	123,571	-	-	123,571
Accounting fees	-	26,517	-	26,517
Occupancy	5,527	7,896	2,369	15,792
Travel	12,430	2,681	86	15,197
Professional fundraiser	-	-	15,000	15,000
Office expense	370	10,817	2,704	13,891
State registrations	-	10,310	-	10,310
Bank and credit card processing fees	-	4,273	4,274	8,547
Telephone	76	3,525	1,511	5,112
Computer expense	-	3,350	-	3,350
Insurance	-	2,107	-	2,107
Postage and delivery	-	1,219	406	1,625
Payroll processing fees	-	1,449	-	1,449
Business meeting expense	-	883	-	883
Advertising	697	-	-	697
Training	588	-	-	588
Miscellaneous	-	302	-	302
Depreciation	-	69	-	69
Subtotal	437,570	101,730	376,894	916,194
Less: Costs of direct benefits to donors reflected on the statement of activities	-	-	(149,596)	(149,596)
Total Expenses	\$ 437,570	\$ 101,730	\$ 227,298	\$ 766,598

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

A LEG TO STAND ON, INC.
(A Not-For-Profit Organization)
Statement of Cash Flows
For Year Ended December 31, 2011

Cash Flows From Operations

Change in net assets	\$ (183,277)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	69
Unrealized loss on marketable securities	12
Changes in operating assets and liabilities:	
Decrease in receivables	10,515
Increase in due from related party	(22,537)
Increase in prepaid expenses	(58,505)
Increase in security deposit	(2,850)
Decrease in accounts payable	(1,735)
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Net cash used by operating activities	(258,308)
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Net change in cash	(258,308)
Cash and cash equivalents, beginning of year	460,327
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Cash and cash equivalents, end of year	\$ 202,019

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, 2011, 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 purport to represent replacement or realizable values. ALTSO has a policy to capitalize all purchases of equipment in excess of \$1,000.

Planned maintenance activities are accounted 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 their 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 to be 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 the 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. There were no temporary restricted net assets at 12/31/2011.

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 observable 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.

A LEG TO STAND ON, INC.
(A Not-For-Profit Organization)
Notes to Financial Statements
For the year ended December 31, 2011

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, 2011 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 reviews 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 recognizes an impairment loss.

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 has had no significant impact on the presentation or transactions in the financial statements.

Subsequent Events

ALTSO has evaluated for potential recognition and disclosure, events occurring 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.

Note 2: Investments

Investments consist of marketable securities as of December 31, 2011. Investment income consisted of dividends. Investments are subject to market volatility that could change their carrying value in the near term. As of December 31, 2011 marketable securities consisted of equity securities with a cost basis of \$766 and a market value of \$754. The change in the unrealized loss on equity securities was \$12. The fair value measurements for the marketable securities were valued using Level 1.

Note 3: Equipment

As of December 31, 2011 property and equipment consisted of:

Computers	\$ 2,073
Less: Accumulated Depreciation	<u>(2,073)</u>
Net book value	<u><u>-</u></u>

Depreciation expense as of December 31, 2011 amounted to \$69.

Note 4: Commitments

Leases

ALTSO is obligated under a non-cancellable operating lease expiring February 28, 2013 at 267 Fifth Avenue, New York, NY. The minimum monthly payment is \$1,000 a month. The lease includes rent, telephone, utilities and internet access. This commitment amounts to approximately \$12,000 for the year ended December 31, 2012 and \$2,000 for the year ended December 31, 2013.

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.

Note 5: Related Party Transaction

The organization entered into an agreement to provide the chairman of the board with health insurance coverage on the ALTSO health insurance plan. The chairman of the board will reimburse ALTSO for the full cost of health insurance related to the coverage of the chairman. As of December 31, 2011 the receivable from the chairman is \$22,537.

Note 6: In-Kind Contributions

During the year ended December 31, 2011, ALTSO received in-kind contributions of \$25,000 from A&P Technology and received \$98,571 of in-kind contributions from Road Runner Italy for program supplies.