

Financial Statements

Students for Liberty, Incorporated

Ten months ended April 30, 2012

Students for Liberty, Incorporated

Ten months ended April 30, 2012

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JANSEN VALK THOMPSON REAHM PC

Certified Public Accountants and Consultants

Independent Auditors' Report

Board of Directors
Students for Liberty, Incorporated

We have audited the accompanying statement of financial position of Students for Liberty, Incorporated (a nonprofit organization) as of April 30, 2012, and the related statements of activities and cash flows for the ten months 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 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 Students for Liberty, Incorporated as of April 30, 2012, and the changes in its net assets and its cash flows for the ten months then ended in conformity with accounting principles generally accepted in the United States of America.

Jansen Valk Thompson & Reahm PC

December 3, 2012

Students for Liberty, Incorporated

Statement of Financial Position

April 30, 2012

Assets

Cash	\$ 606,647
Prepaid expenses	4,517
Equipment, less accumulated depreciation of \$2,114	5,957
Total assets	<u>\$ 617,121</u>

Liabilities and net assets

Accounts payable	\$ 22,486
Unrestricted net assets	594,635
Total liabilities and net assets	<u>\$ 617,121</u>

See accompanying notes to financial statements.

Students for Liberty, Incorporated

Statement of Activities
Ten Months Ended April 30, 2012

	Temporarily		
	Unrestricted	Restricted	Total
Revenue and support:			
Contributions	\$ 810,500	\$ -	\$ 810,500
Program fees	254,922	-	254,922
Interest	300	-	300
Total revenue and support	1,065,722	-	1,065,722
Net assets released from restrictions			
—satisfaction of donor restrictions	5,000	(5,000)	-
Total revenue, support and reclassifications	1,070,722	(5,000)	1,065,722
 Expenses:			
Program services	561,976	-	561,976
Management and general	79,860	-	79,860
Fundraising	65,064	-	65,064
Total expenses	706,900	-	706,900
Change in net assets	363,822	(5,000)	358,822
 Net assets, beginning of year	230,813	5,000	235,813
Net assets, end of year	\$ 594,635	\$ -	\$ 594,635

See accompanying notes to financial statements.

Students for Liberty, Incorporated

Statement of Cash Flows Ten Months Ended April 30, 2012

Operating activities	
Change in net assets	\$ 358,822
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,624
Changes in operating assets and liabilities:	
Prepaid expenses	22,987
Accounts payable	12,307
Total adjustments	<u>36,918</u>
Net cash provided by operating activities	395,740
Investing activities	
Equipment expenditures	<u>(1,749)</u>
Net increase in cash	393,991
Cash, beginning of year	<u>212,656</u>
Cash, end of year	<u><u>\$ 606,647</u></u>

See accompanying notes to financial statements.

Students for Liberty, Incorporated

Notes to Financial Statements
April 30, 2012

Note A—Summary of Accounting Policies

Organization

Students for Liberty, Incorporated (the “Organization”) is a not-for-profit corporation incorporated in the state of Virginia. The Organization’s mission is to provide a unified, student-driven forum of support for students and student organizations dedicated to liberty. The Organization endorses the principles that comprise liberty: economic freedom to choose how to provide for one’s life; social freedom to choose how to live one’s life; and intellectual and academic freedom.

The Organization changed its year-end to April 30 during the current fiscal year.

Basis of Accounting

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

Basis of Presentation

The Organization follows net asset accounting methods, whereby revenues are classified for accounting and reporting purposes into one of three net asset classes:

- Unrestricted net assets—Net assets which are not subject to donor-imposed restrictions.
- Temporarily restricted net assets—Net assets subject to donor-imposed restrictions that may or will be met either by actions of the Organization and/or the passage of time. There were no temporarily restricted net assets at April 30, 2012.
- Permanently restricted net assets—Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. There were no permanently restricted net assets at April 30, 2012.

Use of Estimates

Management uses estimates and assumptions in preparing the Organization’s financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support, revenues and expenses. Actual results could differ from those estimates.

Students for Liberty, Incorporated

Notes to Financial Statements (continued)

Note A—Summary of Accounting Policies (continued)

Equipment and Depreciation

The Organization capitalizes all expenditures for equipment in excess of \$500. Equipment is stated at cost and includes expenditures which materially extend the useful lives of these assets. Expenditures for normal repairs and maintenance are charged to operations as incurred. Depreciation is computed over the estimated useful lives of the assets by the straight-line method.

Donations of equipment are recorded as support at their estimated fair value on the date of the gift. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose or has stipulated how long those donated assets must be maintained. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire furniture and equipment are reported as increases in unrestricted net assets if the restriction expires or an asset is acquired in the reporting period in which the support is recognized.

Revenue Recognition

Contributions are recognized as revenue when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated noncash assets are recorded at their fair values in the period received. Donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Functional Allocation of Expenses

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

Students for Liberty, Incorporated

Notes to Financial Statements (continued)

Note A—Summary of Accounting Policies (continued)

Income Taxes

The Organization is exempt from federal income tax under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code.

Subsequent Events

Subsequent events were evaluated through December 3, 2012, which is the date the financial statements were available to be issued.

Note B—Cash

The Organization maintains all of its cash balances in one financial institution. The Organization's cash balances in its noninterest-bearing checking account is fully insured by the Federal Deposit Insurance Corporation (FDIC). In addition, the Organization maintains a significant amount of its cash balances in an interest-bearing savings account. The balance in this account is insured by the FDIC up to \$250,000. The Organization's cash balance in the savings account is at times in excess of the \$250,000 insured limit. Management does not consider uninsured cash to be a significant risk.

Note C—Advertising

The Organization expenses advertising costs as incurred. Advertising costs were \$52,348 in 2012.