Students for Liberty, Incorporated

FINANCIAL REPORT

WITH ADDITIONAL INFORMATION

April 30, 2013
# Students for Liberty, Incorporated

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INDEPENDENT AUDITOR’S REPORT

To the Board of Directors
Students for Liberty, Incorporated
Washington, DC

We have audited the accompanying financial statements of Students for Liberty, Incorporated (a nonprofit organization), which comprise the statement of financial position as of April 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Kentwood, Michigan
September 12, 2013

D.K. Weiss & Associates, PLLC
Certified Public Accountants
4660 N. Breton Ct., Ste 102, Kentwood, MI 49508  p 616.871.1233  f 616.871.1244  w dkweiss.com
STUDENTS FOR LIBERTY, INCORPORATED
STATEMENT OF FINANCIAL POSITION
APRIL 30, 2013

Assets

Current Assets
  Cash and cash equivalents $ 667,788
  Investments 445,009
  Prepaid expenses and other current assets 16,273
  Total current assets 1,129,070

Property and Equipment (Note 2) 7,496

Security Deposits 34,442

Total Assets $ 1,171,008

Liabilities and Net Assets

Current Liabilities
  Accounts payable $ 5,422
  Accrued expenses and other current liabilities 16,906
  Total liabilities 22,328

Net Assets
  Unrestricted net assets 1,148,680

Total Liabilities and Net Assets $ 1,171,008

See accompanying notes to financial statements.
STUDENTS FOR LIBERTY, INCORPORATED  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED APRIL 30, 2013

<table>
<thead>
<tr>
<th>Revenue, Gains, and Other Support</th>
<th>Unrestricted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions and support</td>
<td>$ 1,836,485</td>
</tr>
<tr>
<td>Program fees</td>
<td>60,567</td>
</tr>
<tr>
<td>Interest income</td>
<td>5,726</td>
</tr>
<tr>
<td>Investment gains</td>
<td>50,840</td>
</tr>
<tr>
<td>Other income</td>
<td>3,871</td>
</tr>
<tr>
<td><strong>Total revenue, gains, and other support</strong></td>
<td>1,957,489</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Unrestricted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td>1,097,589</td>
</tr>
<tr>
<td>Management and general</td>
<td>171,613</td>
</tr>
<tr>
<td>Development</td>
<td>134,242</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>1,403,444</td>
</tr>
</tbody>
</table>

| Increase in Net Assets            | 554,045      |
| Net Assets - Beginning of Year    | 594,635      |
| **Net Assets - End of Year**      | $1,148,680   |

See accompanying notes to financial statements.
STUDENTS FOR LIBERTY, INCORPORATED
STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2013

Cash Flows from Operating Activities
  Increase in net assets $ 554,045
  Adjustments to reconcile increase in net assets to net cash provided by operating activities:
    Depreciation 3,536
    Investment gains (50,840)
  Increase in assets:
    Prepaid expenses and other current assets (11,756)
    Security deposits (34,442)
  Increase (decrease) in liabilities:
    Accounts payable (17,064)
    Accrued expenses and other current liabilities 16,906
  Net cash provided by operating activities 460,385

Cash Flows from Investing Activities
  Purchase of property and equipment (5,075)
  Purchase of investments (394,169)
  Net cash used in investing activities (399,244)

Net Increase in Cash and Cash Equivalents 61,141

Cash and Cash Equivalents - Beginning of year 606,647

Cash and Cash Equivalents - End of year $ 667,788

Supplemental disclosure of cash flow information
  Cash paid during the year for interest $ -

See accompanying notes to financial statements.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Students for Liberty, Incorporated (the “Organization”), located in Washington, DC is a not-for-profit organization whose 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.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make many estimates and assumptions that may have a material impact on the Organization's financial statements and related disclosures and on the comparability of such information over different reporting periods. All such estimates and assumptions affect reported amounts of assets, liabilities, revenues and expenses, as well as disclosures of contingent assets and liabilities. Estimates and assumptions are based on management's experience and other information available prior to the issuance of the financial statements. Materially different results can occur as circumstances change and additional information becomes known.

Cash

The Organization maintains its cash in bank deposit accounts that, at times, may exceed the federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per account. At April 30, 2013, the Organization had $365,489 in excess of FDIC insured limits. However, the Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk associated with its cash.

Property and Equipment

Property and equipment is recorded at cost. Depreciation is computed using the straight line method over the estimated useful lives of the assets. The Organization capitalizes all expenditures for equipment that exceed $500. Costs of maintenance and repairs that do not extend the useful life of equipment are expensed as incurred.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets

Net assets of the Organization are classified as unrestricted, temporarily restricted, or permanently restricted depending on the presence and characteristics of donor-imposed restrictions limiting the Organization’s ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Donor imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law. There were no temporarily or permanently restricted net assets at April 30, 2013.

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Contributions with donor-imposed time or purpose restrictions are reported as restricted support. All other contributions are reported as unrestricted support. Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as unrestricted support. Other restricted gifts are reported as restricted support and temporarily or permanently restricted net assets.

Functional Allocation of Expenses

The costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the method of allocation used are considered reasonable, other methods could be used that would produce a different amount.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Tax Status

The Organization is a not-for-profit organization and has been granted tax-exempt status by the Internal Revenue Service under the provisions of Code Section 501(c)(3). Net income from activities unrelated to the Organization’s tax-exempt purpose is subject to taxation. The Organization had no significant unrelated business income during the year ended April 30, 2013, and accordingly, no provision for income taxes has been made in the accompanying financial statements.

Accounting for Uncertainty in Income Taxes

The Organization has adopted the provisions of ASC Topic 740, Income Taxes, (formerly, FIN 48) relating to uncertain tax positions. ASC Topic 740 provides a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions.

The effects of tax positions are recognized in the financial statements consistent with amounts reflected in tax returns filed or expected to be filed with taxing authorities. For tax positions the Organization considers to be uncertain, current or deferred tax liabilities are recognized or assets derecognized, when it is probable that an income tax liability has been incurred and the amount is reasonably estimable, or when it is probable that a tax benefit, such as a tax credit or loss carryforward, will be disallowed by a taxing authority.

No amounts have been identified, or recorded, as uncertain tax positions.

Advertising

Advertising costs are expensed when incurred. Advertising costs totaled $27,601 during the year ended April 30, 2013.
NOTE 2 – PROPERTY AND EQUIPMENT

Costs and depreciable lives of property and equipment are summarized as follows:

\[
\begin{array}{lcl}
\text{Depreciable} & \text{Life-Years} \\
\text{Office equipment} & $13,146 & 3 \\
\text{Less: accumulated depreciation} & (5,650) & \\
\text{Net property and equipment} & $7,496 & \\
\end{array}
\]

NOTE 3 – LEASES

The Organization leases its primary operating facility from an unrelated party on month to month basis. Rent totaled $27,450 during the year-ended April 30, 2013.

NOTE 4 – MAJOR DONORS

The Organization’s two largest donors accounted for $340,000 (approximately 17%) of the Organization's total support during the year ended April 30, 2013. No amounts were due from these donors at April 30, 2013.

NOTE 5 – SUBSEQUENT EVENTS

In accordance with ASC Topic 855, Subsequent Events, the Organization evaluated subsequent events through September 12, 2013, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.
ADDITIONAL INFORMATION
To the Board of Directors  
Students for Liberty, Incorporated  
Washington, DC

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 10 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Kentwood, Michigan  
September 12, 2013  

D.K. Weiss & Associates, PLLC
<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management and General</th>
<th>Development</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>$27,000</td>
<td>$601</td>
<td>$</td>
<td>$27,601</td>
</tr>
<tr>
<td>Bank charges and fees</td>
<td>2,131</td>
<td>9,843</td>
<td>$</td>
<td>11,974</td>
</tr>
<tr>
<td>Computer expenses</td>
<td>135</td>
<td>6,231</td>
<td>$</td>
<td>6,366</td>
</tr>
<tr>
<td>Conferences</td>
<td>2,104</td>
<td>-</td>
<td>$</td>
<td>2,104</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>3,536</td>
<td>$</td>
<td>3,536</td>
</tr>
<tr>
<td>Events - room rental</td>
<td>19,158</td>
<td>-</td>
<td>$</td>
<td>19,158</td>
</tr>
<tr>
<td>Events - travel</td>
<td>10,665</td>
<td>(1,090)</td>
<td>174</td>
<td>9,749</td>
</tr>
<tr>
<td>Events - other expenses</td>
<td>128,773</td>
<td>39</td>
<td>15,079</td>
<td>143,891</td>
</tr>
<tr>
<td>Insurance</td>
<td>71</td>
<td>7,417</td>
<td>186</td>
<td>7,674</td>
</tr>
<tr>
<td>Meals and entertainment</td>
<td>183,559</td>
<td>557</td>
<td>2,137</td>
<td>186,253</td>
</tr>
<tr>
<td>Office expenses</td>
<td>24,025</td>
<td>18,583</td>
<td>5,684</td>
<td>48,292</td>
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<tr>
<td>Payroll</td>
<td>253,338</td>
<td>32,569</td>
<td>56,764</td>
<td>342,671</td>
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<tr>
<td>Payroll benefits</td>
<td>-</td>
<td>5,514</td>
<td>$</td>
<td>5,514</td>
</tr>
<tr>
<td>Payroll fees</td>
<td>-</td>
<td>296</td>
<td>$</td>
<td>296</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>18,532</td>
<td>2,414</td>
<td>3,977</td>
<td>24,923</td>
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<tr>
<td>Postage and printing</td>
<td>142,845</td>
<td>7,975</td>
<td>27,715</td>
<td>178,535</td>
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<tr>
<td>Professional fees</td>
<td>5,717</td>
<td>40,659</td>
<td>3,267</td>
<td>49,643</td>
</tr>
<tr>
<td>Programs</td>
<td>66,978</td>
<td>1,411</td>
<td>23</td>
<td>68,412</td>
</tr>
<tr>
<td>Rent expense</td>
<td>254</td>
<td>27,196</td>
<td>$</td>
<td>27,450</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>-</td>
<td>12</td>
<td>$</td>
<td>12</td>
</tr>
<tr>
<td>Taxes and licenses</td>
<td>-</td>
<td>2,334</td>
<td>$</td>
<td>2,334</td>
</tr>
<tr>
<td>Telephone</td>
<td>503</td>
<td>1,513</td>
<td>$</td>
<td>2,016</td>
</tr>
<tr>
<td>Travel</td>
<td>211,801</td>
<td>4,003</td>
<td>19,236</td>
<td>235,040</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,097,589</strong></td>
<td><strong>$171,613</strong></td>
<td><strong>$134,242</strong></td>
<td><strong>$1,403,444</strong></td>
</tr>
</tbody>
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STUDENTS FOR LIBERTY, INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED APRIL 30, 2013