

THE ST. LOUIS INTERNSHIP PROGRAM

FINANCIAL STATEMENTS

For the Years Ended August 31, 2006 and 2005

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The St. Louis Internship Program
St. Louis, Missouri

We have audited the accompanying statements of financial position of The St. Louis Internship Program (a nonprofit organization) as of August 31, 2006 and 2005, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of The St. Louis Internship Program'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 The St. Louis Internship Program as of August 31, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Maddock, Henson & Haberstroh, P.C.".

Maddock, Henson & Haberstroh, P.C.
Certified Public Accountants

October 16, 2006

THE ST. LOUIS INTERNSHIP PROGRAM
STATEMENTS OF FINANCIAL POSITION
AUGUST 31,

	<u>2006</u>	<u>2005</u>
ASSETS		
Cash and cash equivalents	\$ 144,494	\$ 176,052
Unconditional promises to give	-	11,392
Other receivables	7,927	11,970
Other prepaids	2,094	-
Supplies - uniforms	14,600	10,400
Property and equipment, net	<u>759</u>	<u>2,126</u>
Total assets	<u>\$ 169,874</u>	<u>\$ 211,940</u>
LIABILITIES		
Accounts payable	\$ 55,287	\$ 56,589
Accrued expenses	2,206	1,860
Deferred revenue	<u>-</u>	<u>750</u>
Total liabilities	<u>57,492</u>	<u>59,199</u>
NET ASSETS		
Unrestricted	95,031	134,622
Temporarily restricted	<u>17,351</u>	<u>18,119</u>
Total net assets	<u>112,382</u>	<u>152,741</u>
Total liabilities and net assets	<u>\$ 169,874</u>	<u>\$ 211,940</u>

See notes to financial statements

THE ST. LOUIS INTERNSHIP PROGRAM
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31,

	<u>2006</u>	<u>2005</u>
UNRESTRICTED NET ASSETS		
Support and revenue		
Contributions	\$ 31,215	\$ 60,680
Grant-in-kind	54,245	56,278
Program service fees	78,317	58,410
Special events and other revenue	<u>8,485</u>	<u>2,944</u>
Total unrestricted support and revenue	172,262	178,312
Net assets released from restrictions		
Restrictions satisfied by payments	<u>129,774</u>	<u>99,160</u>
Total unrestricted support, revenue and reclassifications	<u>302,036</u>	<u>277,472</u>
Expenses		
Program services		
Internship program	<u>285,147</u>	<u>199,794</u>
Supporting services		
Administrative	45,300	43,559
Fund raising	<u>11,179</u>	<u>8,749</u>
Total supporting services	<u>56,479</u>	<u>52,308</u>
Total expenses	<u>341,626</u>	<u>252,102</u>
Increase (decrease) in unrestricted net assets	<u>(39,590)</u>	<u>25,370</u>
TEMPORARILY RESTRICTED NET ASSETS		
Support and revenue		
Contributions	129,006	107,370
Net assets released from restrictions		
Restrictions satisfied by payments	<u>129,774</u>	<u>99,160</u>
Increase (decrease) in temporarily restricted net assets	<u>(768)</u>	<u>8,210</u>
INCREASE (DECREASE) IN NET ASSETS	(40,358)	33,580
Net assets, beginning of year	<u>152,741</u>	<u>119,161</u>
NET ASSETS, END OF YEAR	<u>\$ 112,383</u>	<u>\$ 152,741</u>

See notes to financial statements

THE ST LOUIS INTERNSHIP PROGRAM
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED AUGUST 31,

	Program	Supporting Services			2006 Total Expenses	2005 Total Expenses
	Internship Program	Management and General	Fund Raising	Total Supporting Services		
Salaries and related expenses:						
Salaries	\$ 178,078	\$ 20,066	\$ 5,016	\$ 25,082	\$ 203,160	\$ 128,982
Payroll taxes and employee benefits	24,318	4,177	1,005	5,183	29,500	20,836
	202,396	24,243	6,022	30,265	232,660	149,818
Other expenses:						
Training equipment	3,092	-	-	-	3,092	588
Insurance	2,751	1,173	-	1,173	3,924	1,767
Professional fees	14,179	10,930	5,056	15,986	30,165	36,906
Office supplies and expense	7,033	3,178	87	3,264	10,297	7,968
Office equipment expense	3,265	816	-	816	4,081	3,681
Rent	3,104	776	-	776	3,880	2,775
Transportation for interns	16,093	-	-	-	16,093	15,188
Alumni Program	3,326	-	-	-	3,326	4,091
Uniforms for interns	18,855	-	-	-	18,855	16,231
Scholarships	2,500	-	-	-	2,500	-
Miscellaneous	7,461	3,911	15	3,926	11,387	6,300
Total expenses before depreciation	284,053	45,027	11,179	56,206	340,259	245,313
Depreciation	1,094	273	-	273	1,367	6,789
Total expenses	<u>\$ 285,147</u>	<u>\$ 45,300</u>	<u>\$ 11,179</u>	<u>\$ 56,480</u>	<u>\$ 341,626</u>	<u>\$ 252,102</u>

See notes to financial statements

THE ST. LOUIS INTERNSHIP PROGRAM
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31,

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (40,358)	\$ 33,580
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	1,367	6,789
Change in operating assets and liabilities:		
Decrease in unconditional promises to give	11,392	877
(Increase) in other prepaids	(2,094)	-
(Increase) decrease in other receivables	4,043	(5,806)
(Increase) decrease in supplies - uniforms	(4,200)	6,300
(Decrease) in accounts payable	(1,302)	(8,187)
Increase in accrued expenses	345	207
Increase (decrease) in deferred revenue	<u>(750)</u>	<u>750</u>
Net cash provided (used) by operating activities	<u>(31,559)</u>	<u>34,509</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for the purchase of property and equipment	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(31,559)	34,509
Cash and cash equivalents, beginning of year	<u>176,052</u>	<u>141,543</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 144,494</u>	<u>\$ 176,052</u>

See notes to financial statements

THE ST. LOUIS INTERNSHIP PROGRAM
NOTES TO FINANCIAL STATEMENTS

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The St. Louis Internship Program (the Program) is a nonprofit youth development organization established in 1992 in the State of Missouri. The Program brings together the positive resources of the community and private sector to prepare low-income high school students attending public schools in metropolitan St. Louis for the future through economic opportunities and education. The Program is funded entirely by community funding and is administered by the St. Louis Public Schools.

The Program operates year-round consisting of three components – employment opportunities through paid summer internships, educational opportunities and post-secondary planning assistance.

Financial Statement Presentation

The St. Louis Internship Program follows the recommendations of the Financial Accounting Standards Board and its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Program 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) based upon the existence or absence of donor imposed restrictions.

Income Taxes

The Program is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Contributions

The Program follows the recommendations of the Financial Accounting Standards Board in its SFAS No. 116, "Accounting for Contributions Received and Contributions Made". In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Contributions are recognized when the donor makes a legally enforceable promise to give to the Program that is, in substance, unconditional. Donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When conditions on which a restriction depends are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets. At August 31, 2006 and 2005 the Program did not have any permanently restricted net assets.

THE ST. LOUIS INTERNSHIP PROGRAM
NOTES TO FINANCIAL STATEMENTS

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions (continued)

The Program uses the allowance method to determine un-collectable unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. At August 31, 2006 and 2005 all unconditional promises to give were considered collectable and no allowance was recorded. All unconditional promises to give are considered due in less than one year.

Contributed Services

Contributed services meeting the requirement for recognition in the financial statements, which are provided by the St. Louis Public School System, consist of an internal program administrator's salary and fringes of \$52,400 and \$51,000 for the years ended August 31, 2006 and 2005, respectively. The contributed services are included in the internship program.

In addition, many volunteers have donated their time and perform a variety of tasks that assist the Program in program services and fund raising, which do not meet the requirements for recognition and are not recorded in the financial statements.

Contributed Materials

Contributed materials meeting the requirement for recognition in the financial statements, which are provided by the St. Louis Public School System, consist of Metrobus passes of \$1,845 and \$5,278 for the years ended August 31, 2006 and 2005, respectively. The contributed materials are included in their internship program.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flow, all unrestricted highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents.

THE ST. LOUIS INTERNSHIP PROGRAM
NOTES TO FINANCIAL STATEMENTS

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Furniture and Equipment

Furniture and equipment are recorded at cost, if purchased, or at the estimated fair value as of the date received, if donated. The provision for depreciation is computed on the straight-line basis over the estimated useful lives of the assets.

NOTE B – OTHER RECEIVABLES

The other receivables include program service fees. The Program used the allowance method to determine un-collectable program service fees. The allowance is based on prior years experience and management’s analysis. At August 31, 2006 and 2005 all program service fees were considered collectable and the allowance was zero.

NOTE C – SUPPLIES - UNIFORMS

The Program had uniforms, recorded at cost, held for future interns’ use of \$14,600 and \$10,400 at August 31, 2006 and 2005, respectively

NOTE D – FURNITURE AND EQUIPMENT

Expenditures for property and equipment that substantially increase the useful lives of existing assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from 5 to 7 years. Depreciation expense totaled \$1,367 and \$6,789 for the years ended August 31, 2006 and 2005, respectively.

Property and equipment at August 31 consist of the following:

	<u>2006</u>	<u>2005</u>
Office Furniture	\$ 3,150	\$ 3,150
Computers and Equipment	<u>35,560</u>	<u>35,560</u>
	38,710	38,710
Less: accumulated depreciation	<u>(37,951)</u>	<u>(36,584)</u>
	<u>\$ 759</u>	<u>\$ 2,126</u>

THE ST. LOUIS INTERNSHIP PROGRAM
NOTES TO FINANCIAL STATEMENTS

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

The changes in temporarily restricted net assets for the years ending August 31, 2006 and 2005 are as follows:

	<u>Balance</u> <u>September 1, 2005</u>	<u>Contributions</u> <u>Received</u>	<u>Restrictions</u> <u>Satisfied</u>	<u>Balance</u> <u>August 31, 2006</u>
Contributions restricted for:				
National Center	\$ 8,909	\$ -	\$ 2,364	\$ 6,545
Dedicated Internships	5,000	36,930	41,930	-
Pre-Internship Program	-	8,306	-	8,306
Thank-you Celebration	-	2,391	2,391	-
Youth Opportunities Program	-	69,504	69,504	-
Transportation	1,710	9,375	11,085	-
Technology	1,500	-	-	1,500
Scholarships	<u>1,000</u>	<u>2,500</u>	<u>2,500</u>	<u>1,000</u>
	<u>\$ 18,119</u>	<u>\$ 129,006</u>	<u>\$ 129,774</u>	<u>\$ 17,351</u>

	<u>Balance</u> <u>September 1, 2004</u>	<u>Contributions</u> <u>Received</u>	<u>Restrictions</u> <u>Satisfied</u>	<u>Balance</u> <u>August 31, 2005</u>
Contributions restricted for:				
National Center	\$ 8,909	\$ -	\$ -	\$ 8,909
Dedicated internships Youth Opportunities Program	-	60,820	55,820	5,000
Transportation	-	26,318	26,318	-
Technology	-	18,732	17,022	1,710
Scholarships	-	1,500	-	1,500
	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
	<u>\$ 9,909</u>	<u>\$ 107,370</u>	<u>\$ 99,160</u>	<u>\$ 18,119</u>

The cash balance at August 31, 2006 and 2005 included the temporarily restricted net asset balance of \$17,351 and \$18,119, respectively.

NOTE F - LEASE AGREEMENT

The Program leases office space on a one-year term lease. The lease is renewable with a cost of living adjustment applied to the previous rental amount based on the consumer price index.

THE ST. LOUIS INTERNSHIP PROGRAM
NOTES TO FINANCIAL STATEMENTS

NOTE G - CONCENTRATION OF CREDIT RISK

The Program maintains several bank accounts at one financial institution. The Federal Deposit Insurance Corporation insures accounts at the institution up to \$100,000. From time to time during the years the accounts exceeded the federally insured limit.

In addition, the Program maintained \$20,353 and \$18,698 at August 31, 2006 and 2005, respectively, in money market funds with a national brokerage firm that is insured by a private insurer.