

THE ST. LOUIS INTERNSHIP PROGRAM

FINANCIAL STATEMENTS

For the Years Ended August 31, 2007 and 2006

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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, 2007 and 2006, 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 audits provide 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, 2007 and 2006, 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.

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

November 30, 2007

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

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$ 231,851	\$ 144,494
Investments	5,256	-
Grants receivable	126,164	-
Other receivables	12,339	7,927
Other prepaids	-	2,094
Supplies - uniforms	7,500	14,600
Property and equipment, net	<u>6,486</u>	<u>759</u>
Total assets	<u>\$ 389,595</u>	<u>\$ 169,874</u>
LIABILITIES		
Accounts payable	\$ 195	\$ 55,287
Accrued expenses	<u>606</u>	<u>2,206</u>
Total liabilities	<u>801</u>	<u>57,492</u>
NET ASSETS		
Unrestricted	179,858	95,031
Temporarily restricted	<u>208,936</u>	<u>17,351</u>
Total net assets	<u>388,794</u>	<u>112,382</u>
Total liabilities and net assets	<u>\$ 389,595</u>	<u>\$ 169,874</u>

See notes to financial statements

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

	<u>2007</u>	<u>2006</u>
UNRESTRICTED NET ASSETS		
Support and revenue		
Contributions	\$ 36,838	\$ 31,215
Grant-in-kind	53,800	54,245
Program service fees	94,828	78,317
Nonrecurring item	49,658	-
Special events and other revenue	<u>20,213</u>	<u>8,485</u>
Total unrestricted support and revenue	255,336	172,262
Net assets released from restrictions		
Restrictions satisfied by payments	<u>157,590</u>	<u>129,774</u>
Total unrestricted support, revenue and reclassifications	<u>412,926</u>	<u>302,036</u>
Expenses		
Program services		
Internship program	<u>275,434</u>	<u>285,147</u>
Supporting services		
Administrative	44,272	45,300
Fund raising	<u>8,394</u>	<u>11,179</u>
Total supporting services	<u>52,666</u>	<u>56,479</u>
Total expenses	<u>328,100</u>	<u>341,626</u>
Increase (decrease) in unrestricted net assets	<u>84,826</u>	<u>(39,590)</u>
TEMPORARILY RESTRICTED NET ASSETS		
Support and revenue		
Contributions	349,174	129,006
Net assets released from restrictions		
Restrictions satisfied by payments	<u>157,590</u>	<u>129,774</u>
Increase (decrease) in temporarily restricted net assets	<u>191,584</u>	<u>(768)</u>
INCREASE (DECREASE) IN NET ASSETS	276,411	(40,358)
Net assets, beginning of year	<u>112,383</u>	<u>152,741</u>
NET ASSETS, END OF YEAR	<u><u>\$ 388,794</u></u>	<u><u>\$ 112,383</u></u>

See notes to financial statements

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

	<u>Program</u>		<u>Supporting Services</u>		<u>2007 Total Expenses</u>	<u>2006 Total Expenses</u>
	<u>Internship Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Supporting Services</u>		
Salaries and related expenses:						
Salaries	\$ 177,318	\$ 16,903	\$ 2,428	\$ 19,332	\$ 196,650	\$ 203,160
Payroll taxes and employee benefits	21,545	7,182	-	7,182	28,727	29,500
	198,864	24,085	2,428	26,513	225,377	232,660
Other expenses:						
Training equipment	2,694	-	-	-	2,694	3,092
Insurance	5,979	948	-	948	6,927	3,924
Professional fees	-	8,725	5,763	14,488	14,488	30,165
Office supplies and expense	6,635	3,496	91	3,588	10,222	10,297
Office equipment expense	3,729	932	-	932	4,661	4,081
Rent	3,571	893	-	893	4,464	3,880
Transportation for interns	11,059	-	-	-	11,059	16,093
Alumni program	5,866	-	-	-	5,866	3,326
Pre-internship program	14,100	-	-	-	14,100	-
Uniforms for interns	12,654	-	-	-	12,654	18,855
Scholarships	3,108	-	-	-	3,108	2,500
Miscellaneous	6,037	4,908	112	5,020	11,058	11,387
Total expenses before depreciation	274,296	43,988	8,394	52,382	326,678	340,259
Depreciation	1,138	285	-	285	1,423	1,367
Total expenses	<u>\$ 275,434</u>	<u>\$ 44,272</u>	<u>\$ 8,394</u>	<u>\$ 52,666</u>	<u>\$ 328,100</u>	<u>\$ 341,626</u>

See notes to financial statements

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

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 276,411	\$ (40,358)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	1,423	1,367
Write-off accounts payable	(49,658)	-
Increase in investments	(5,034)	-
Unrealized gain on investments	(220)	-
Change in operating assets and liabilities:		
Decrease in unconditional promises to give	-	11,392
(Increase) decrease in other prepaids	2,094	(2,094)
(Increase) in grant receivable	(126,164)	-
(Increase) decrease in other receivables	(4,412)	4,043
(Increase) decrease in supplies - uniforms	7,100	(4,200)
(Decrease) in accounts payable	(5,434)	(1,302)
Increase (decrease) in accrued expenses	(1,600)	345
(Decrease) in deferred revenue	<u>-</u>	<u>(750)</u>
Net cash provided (used) by operating activities	<u>94,506</u>	<u>(31,558)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for the purchase of property and equipment	<u>(7,149)</u>	<u>-</u>
Net cash (used in) investing activities	<u>(7,149)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	87,357	(31,558)
Cash and cash equivalents, beginning of year	<u>144,494</u>	<u>176,052</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 231,851</u></u>	<u><u>\$ 144,495</u></u>
Supplemental disclosures of cash flow information:		
Noncash Investing and Financing Information:		
Contribution of investment	<u><u>\$ 5,034</u></u>	<u><u>\$ -</u></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. In 2006 a pre-internship component was added.

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, 2007 and 2006 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, 2007 and 2006 there were no unconditional promises to give.

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 \$53,800 and \$52,400 for the years ended August 31, 2007 and 2006, 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 for the year ended August 31, 2006. There were no contributed materials for the year ended August 31, 2007. The contributed materials are included in the 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.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

Cash and Cash Equivalents

For purposes of the statements of cash flows, 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 – MARKETABLE SECURITIES

At August 31, 2007 the Organization held 154 shares of Idearc, Inc. stock that was received as a contribution. The investment is classified as available for sale and stated at fair value. At August 31, 2007 the cost was \$5,035, the fair value was \$5,256 and the unrealized appreciation was \$220. It is the policy of the Organization to sell contributed stock as soon as feasible.

NOTE C – GRANT RECEIVABLE

The grant receivable of \$126,164 is the balance remaining on the extended contract with the St. Louis Mental Health Board relating to the pre-internship program. The contract provides for monthly payments of \$12,617 thru June 30, 2008.

NOTE D - 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, 2007 and 2006 all program service fees were considered collectable and the allowance was zero.

NOTE E – 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 \$1,423 and \$1,367 for the years ended August 31, 2007 and 2006, respectively.

Property and equipment at August 31 consist of the following:

	<u>2007</u>	<u>2006</u>
Office Furniture	\$ 3,150	\$ 3,150
Computers and Equipment	<u>42,709</u>	<u>35,560</u>
	45,859	38,710
Less: accumulated depreciation	<u>(39,374)</u>	<u>(37,951)</u>
	<u>\$ 6,485</u>	<u>\$ 759</u>

THE ST. LOUIS INTERNSHIP PROGRAM
NOTES TO FINANCIAL STATEMENTS

NOTE F – TEMPORARILY RESTRICTED NET ASSETS

The changes in temporarily restricted net assets for the years ending August 31, 2007 and 2006 are as follows:

	<u>Balance</u> <u>September 1, 2006</u>	<u>Contributions</u> <u>Received/</u> <u>Receivable</u>	<u>Restrictions</u> <u>Satisfied</u>	<u>Balance</u> <u>August 31, 2007</u>
Contributions restricted for:				
National Center	\$ 6,545	\$ -	\$ -	\$ 6,545
Dedicated internships	-	44,514	44,514	-
Pre-Internship program	8,306	192,931	38,200	163,037
Career planning	-	8,125	3,903	4,222
Youth Opportunities Program	-	49,917	35,116	14,801
Training	-	7,500	7,400	100
Transportation	-	9,500	9,500	-
Corporate Incentive program	-	10,000	8,000	2,000
Technology	1,500	-	-	1,500
Scholarships	1,000	1,688	2,688	-
Capacity building	<u>-</u>	<u>25,000</u>	<u>8,269</u>	<u>16,731</u>
	<u>\$ 17,351</u>	<u>\$ 349,175</u>	<u>\$ 157,590</u>	<u>\$ 208,936</u>

	<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>

The cash balance at August 31, 2007 and 2006 included the temporarily restricted net asset balance of \$208,936 and \$17,351, respectively.

THE ST. LOUIS INTERNSHIP PROGRAM
NOTES TO FINANCIAL STATEMENTS

NOTE G – SUPPLIES - UNIFORMS

The Program had uniforms, recorded at cost, held for future interns' use of \$7,500 and \$14,600 at August 31, 2007 and 2006, respectively.

NOTE H – NONRECURRING ITEM

Included in the statement of activities in unrestricted support and revenue for the year ended August 31, 2007 is \$49,658 relating to the write-off of an uncertain account payable from 2002. Since no efforts have been made by the vendor to collect the account and the Organization has exceeded the time limit of the statute of limitations for open accounts, the payable has been cancelled.

NOTE I - 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.

NOTE J - 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 \$22,446 and \$20,353 at August 31, 2007 and 2006, respectively, in money market funds with a national brokerage firm that is insured by a private insurer.