

ST. LOUIS INTERNSHIP PROGRAM

FINANCIAL STATEMENTS

For the Years Ended August 31, 2010 and 2009

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of St. Louis Internship Program (a nonprofit organization) as of August 31, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of 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 St. Louis Internship Program as of August 31, 2010 and 2009, 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.

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

December 22, 2010

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

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 73,082	\$ 402,004
Certificates of deposit	289,150	-
Other receivables	2,496	-
Supplies - uniforms	8,600	3,000
Property and equipment, net	<u>2,360</u>	<u>3,934</u>
Total assets	<u>\$ 375,688</u>	<u>\$ 408,938</u>
LIABILITIES		
Accounts payable	\$ 325	\$ -
Other liabilities	30,568	750
Deferred revenue	<u>30,694</u>	<u>63,291</u>
Total liabilities	<u>61,587</u>	<u>64,041</u>
NET ASSETS		
Unrestricted	298,159	323,767
Temporarily restricted	<u>15,942</u>	<u>21,130</u>
Total net assets	<u>314,101</u>	<u>344,897</u>
Total liabilities and net assets	<u>\$ 375,688</u>	<u>\$ 408,938</u>

See notes to financial statements

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

	<u>2010</u>	<u>2009</u>
UNRESTRICTED NET ASSETS		
Support and revenue		
Contributions	\$ 28,843	\$ 61,199
Grant-in-kind	57,500	56,700
Program service fees	242,095	227,323
Special events and other revenue	<u>8,098</u>	<u>9,291</u>
Total unrestricted support and revenue	336,536	354,513
Net assets released from restrictions		
Restrictions satisfied by payments	<u>131,592</u>	<u>96,129</u>
Total unrestricted support, revenue and reclassifications	<u>468,128</u>	<u>450,642</u>
Expenses		
Program services		
Internship program	<u>448,232</u>	<u>319,557</u>
Supporting services		
Administrative	33,608	42,185
Fund raising	<u>11,592</u>	<u>10,591</u>
Total supporting services	<u>45,200</u>	<u>52,776</u>
Total expenses	<u>493,432</u>	<u>372,333</u>
Increase (decrease) in unrestricted net assets	<u>(25,304)</u>	<u>78,309</u>
TEMPORARILY RESTRICTED NET ASSETS		
Support and revenue		
Contributions	126,100	99,981
Net assets released from restrictions		
Restrictions satisfied by payments	<u>131,592</u>	<u>96,129</u>
Increase (decrease) in temporarily restricted net assets	<u>(5,491)</u>	<u>3,852</u>
INCREASE (DECREASE) IN NET ASSETS	(30,796)	82,161
Net assets, beginning of year	<u>344,897</u>	<u>262,736</u>
NET ASSETS, END OF YEAR	<u>\$ 314,101</u>	<u>\$ 344,897</u>

See notes to financial statements

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

	<u>Program</u>	<u>Supporting Services</u>			<u>2010 Total Expenses</u>	<u>2009 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	\$ 265,515	\$ 12,830	\$ 2,910	\$ 15,740	\$ 281,255	\$ 204,318
Payroll taxes and employee benefits	33,204	2,194	611	2,805	36,009	24,695
	298,719	15,024	3,521	18,545	317,264	229,013
Other expenses:						
Training equipment	14,565	-	-	-	14,565	11,453
Insurance	2,331	920	-	920	3,251	4,911
Professional fees	1,654	9,596	6,813	16,409	18,063	18,105
Office supplies and expense	5,950	1,413	885	2,298	8,248	16,836
Office equipment expense	4,002	1,000	-	1,000	5,002	4,920
Rent	4,828	1,207	-	1,207	6,035	4,464
Transportation for interns	17,001	-	-	-	17,001	15,527
Alumni program	32,469	-	-	-	32,469	2,029
Pre-internship program	32,927	-	-	-	32,927	33,015
Uniforms for interns	22,570	-	-	-	22,570	15,825
Scholarships	2,500	-	-	-	2,500	1,500
Miscellaneous	7,458	4,133	373	4,506	11,964	13,068
Total expenses before depreciation	446,973	33,293	11,592	44,885	491,858	370,666
Depreciation	1,259	315	-	315	1,574	1,667
Total expenses	<u>\$ 448,232</u>	<u>\$ 33,608</u>	<u>\$ 11,592</u>	<u>\$ 45,200</u>	<u>\$ 493,432</u>	<u>\$ 372,333</u>

See notes to financial statements

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

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (30,796)	\$ 82,161
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	1,574	1,667
Change in operating assets and liabilities:		
Decrease in other prepaids	-	2,450
(Increase) decrease in grant receivable	-	7,500
(Increase) decrease in other receivables	(2,496)	1,336
(Increase) decrease in supplies - uniforms	(5,600)	4,850
Increase (decrease) in accounts payable	325	(18,746)
Increase in other liabilities	29,820	144
(Decrease) in deferred revenue	<u>(32,598)</u>	<u>(15,466)</u>
Net cash provided (used) by operating activities	<u>(39,772)</u>	<u>65,896</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of certificates of deposit	<u>(289,150)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(328,922)	65,896
Cash and cash equivalents, beginning of year	<u>402,004</u>	<u>336,108</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 73,082</u></u>	<u><u>\$ 402,004</u></u>

See notes to financial statements

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 Organization 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.

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

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. The Program has not received any support that would be classified as permanently restricted.

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.

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Program uses the allowance method to determine uncollectable unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. There was no allowance for uncollectable promises to give at August 31, 2010 and 2009.

ST. LOUIS INTERNSHIP PROGRAM
NOTES TO FINANCIAL STATEMENTS

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

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 \$57,500 and \$56,700 for the years ended August 31, 2010 and 2009, 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.

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. The allocation factors used to allocate costs among the various programs and supporting services of the Program is a significant estimate incorporated into the Program's financial statements. Accordingly, actual results could differ from those estimates.

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.

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.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Program expenses included both these allocated costs and the direct costs of providing each program or activity.

Subsequent Events

Management has evaluated subsequent events through December 22, 2010, the date the financial statements were available to be issued.

ST. LOUIS INTERNSHIP PROGRAM
NOTES TO FINANCIAL STATEMENTS

NOTE B - OTHER RECEIVABLES

Other receivables include, but are not limited to, program service fees. The Program used the allowance method to determine uncollectable program service fees. The allowance is based on prior years' experience and management's analysis. At August 31, 2010 and 2009 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 \$8,600 and \$3,000 at August 31, 2010 and 2009, 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 \$1,574 and \$1,667 for the years ended August 31, 2010 and 2009, respectively.

Property and equipment at August 31 consist of the following:

	<u>2010</u>	<u>2009</u>
Office Furniture	\$ 3,150	\$ 3,150
Computers and Equipment	<u>9,915</u>	<u>43,723</u>
	13,065	46,873
Less: accumulated depreciation	<u>(10,705)</u>	<u>(42,939)</u>
	<u>\$ 2,360</u>	<u>\$ 3,934</u>

NOTE E – DEFERRED REVENUE

Deferred revenue of \$30,694 and \$63,291 at August 31, 2010 and 2009 respectively, represent amounts received in advance for grants relating to the pre-internship program and a Missouri Department of Higher Education College Access Challenge Grant.

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, 2010 and 2009 are as follows:

	Balance <u>September 1, 2009</u>	Contributions Received/ <u>Receivable</u>	Restrictions <u>Satisfied</u>	Balance <u>August 31, 2010</u>
Contributions restricted for:				
Dedicated internships	\$ -	\$ 20,395	\$ 20,395	\$ -
Intern recognition		500	500	-
Youth Opportunities Program	7,145	38,300	45,445	-
Training & transportation	2,694	10,000	12,694	-
Intern salary	-	35,000	35,000	-
Scholarships	2,850	2,210	3,000	2,060
Capacity building	<u>8,441</u>	<u>20,000</u>	<u>14,559</u>	<u>13,882</u>
	<u>\$ 21,130</u>	<u>\$ 126,405</u>	<u>\$ 131,593</u>	<u>\$ 15,942</u>

	Balance <u>September 1, 2008</u>	Contributions Received	Restrictions <u>Satisfied</u>	Balance <u>August 31, 2009</u>
Contributions restricted for:				
National Center	\$ 3,412	\$ -	\$ 3,412	\$ -
Dedicated internships	-	37,316	37,316	-
Career planning	100	1,900	2,000	-
Youth Opportunities Program	-	12,250	5,105	7,145
Training & transportation	2,784	20,165	20,255	2,694
Technology	1,097	-	1,097	-
Scholarships	1,000	3,350	1,500	2,850
Capacity building	<u>8,884</u>	<u>25,000</u>	<u>25,443</u>	<u>8,441</u>
	<u>\$ 17,277</u>	<u>\$ 99,981</u>	<u>\$ 96,128</u>	<u>\$ 21,130</u>

The cash balance at August 31, 2010 and 2009 included the temporarily restricted net asset balance of \$15,942 and \$21,130, respectively.

NOTE G - 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.

ST. LOUIS INTERNSHIP PROGRAM
NOTES TO FINANCIAL STATEMENTS

NOTE H - CONCENTRATIONS

The Program maintains its cash balances in more than one financial institution. At times during the year, the Program maintained balances that exceeded the \$250,000 federally insured limit. As of August 31, 2010 and 2009, the Program's uninsured balance total was \$44,320 and \$382, respectively. At the financial statement date there were no cash balances in excess of the federally insured limit.

In addition, the Program maintained \$9,551 and \$109,262 at August 31, 2010 and 2009, respectively, in money market funds with a national brokerage firm that is insured by a private insurer.