

Saint Louis, Missouri

Financial Statements with Independent Auditor's Report

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Year Ended August 31, 2012

Let's Start, Inc. Table of Contents

Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Activities and Change in Net Assets	3
Statement of Cash Flows	4
Statement of Functional Expenses.	5
Notes to Financial Statements	6-7



CATLETT & ASSOCIATES, LLC • CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors Let's Start, Inc. Saint Louis, Missouri

We have audited the accompanying statements of financial position of Let's Start, Inc. (a nonprofit organization) as of August 31, 2012, and the related statements of activities, cash flows and functional expenses for the year 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 Let's Start as of August 31, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Catlett & Associates, LLC

Saint Peters, Missouri January 9, 2013

Let's Start, Inc. Statement of Financial Position August 31, 2012

ASSETS	
Current Assets	
Cash and cash equivalents	\$ 203,942
Prepaid expense	 2,975
Total Current Assets	206,917
Property and Equipment	
Equipment	3,649
Accumulated depreciation	 (3,087)
Net Property and Equipment	562
TOTAL ASSETS	\$ 207,479
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accrued expense	\$ 977
Unearned income	 29,700
Total Current Liabilities	30,677
Net Assets	
Unrestricted	 176,802
Total Net Assets	176,802
TOTAL LIABILITIES & NET ASSETS	\$ 207,479

Let's Start, Inc. Statement of Activities Year Ended August 31, 2012

		Temporarily				
	Unrestricted		R	Restricted		Total
INCOME						
Grants	\$	20,000	\$	46,300	\$	66,300
Donations	7	16,890	т	5,341	т	22,231
Fund raising events		61,450		-		61,450
Other		4,074		-		4,074
Net assets released from restrictions		80,874		(80,874)		-
Total Income		183,288		(29,233)		154,055
EXPENSES						
Program		135,578		-		135,578
Management and general		26,300		-		26,300
Fundraising		40,707				40,707
Total Expenses		202,585				202,585
Income from operations		(19,297)		(29,233)		(48,530)
OTHER INCOME (EXPENSES)						
Other income		40		-		40
Interest income		1,890		-		1,890
Total Other Income		1,930		-		1,930
Change in net assets		(17,367)		(29,233)		(46,600)
Net assets, beginning of year		194,169		29,233		223,402
Net assets, end of year	\$	176,802	\$		\$	176,802

Let's Start, Inc. Statement of Cash Flows Year Ended August 31, 2012

CASH AT BEGINNING OF YEAR

CASH AT END OF YEAR

CASH FLOWS USED IN OPERATING ACTIVITIES	
Change in net assets	\$ (46,600)
Adjustments to reconcile net income to net	
Cash provided by operating activities:	
Depreciation	406
Change in operating assets & liabilities	
Decrease in other receivables	1,562
Increase in prepaid expense	(1,239)
Increase in unearned income	12,230
Decrease in accrued expense	 (880)
Net Cash Used In Operating Activities	 (34,521)
NET CHANGE IN CASH	(34,521)

238,463

203,942

\$

Let's Start, Inc. Statement of Functional Expenses Year Ended August 31, 2012

	Management							
Expenses	P	rogram	and	and General Fund Raising		Total		
Personnel Costs								
Salaries and wages	\$	82,311	\$	10,645	\$	23,272	\$	116,228
Payroll taxes		9,242		736		2,613		12,591
Employee benefits		5,692		1,195		1,609		8,496
Total Personnel Costs		97,245		12,576		27,494		137,315
Other Operating Disbursements								
Children trips and activities		7,955		-		-		7,955
Conferences and meetings		-		874		-		874
Consulting fees		18,389		-		-		18,389
Depreciation		-		406		-		406
Fundraising		-		-		13,213		13,213
Group sessions		5,473		-		-		5,473
Insurance		-		48		-		48
Office expense		-		4,221		-		4,221
Outreach		6,516		-		-		6,516
Professional fees		-		5,775		-		5,775
Rent		-		2,400				2,400
Total Other Operating Expenses		38,333		13,724		13,213		65,270
Total Expense	\$	135,578	\$	26,300	\$	40,707	\$	202,585

Let's Start, Inc. Notes to the Financial Statements August 31, 2012

NOTE A - ORGANIZATION

Let's Start, Inc. (the Organization), a non-profit organization led by and for formerly incarcerated women, was formed on July 25, 1991, to break the cycle of incarceration in families by using the personal experiences of its participants to support recovery, educate the community and inform policy. The Organization's programs consist of support groups, talks in the community by the Organization's participants, performances of dramatic presentations called Stories of Hope, advocating for changes in the systems affecting the lives of the Organization's participants and their children and providing bus trips to certain Missouri prisons for children of incarcerated mothers for visitation purposes. The Organization operates primarily within the city of Saint Louis, Missouri and surrounding areas.

Sources of revenue consist primarily of unrestricted or temporarily restricted grants and contributions

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

2. Basis of Presentation

Accounting principles generally accepted in the United States of America require that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions.

Net assets, revenues, expenses, gains and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

<u>Unrestricted net assets</u> – net assets that are not subject to donor-imposed stipulations.

<u>Temporarily restricted net assets</u> - net assets that are subject to donor-imposed stipulations that may be met either by actions of the Organization and/or the passage of time.

<u>Permanently restricted net assets</u> – net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. As of August 31, 2012, the Organization had no permanently restricted net assets.

3. Cash

For the purposes of the statement of cash flows, cash equivalents include savings accounts and all certificates of deposit that are not included in restricted funds.

4. Receivables

The Organization performs ongoing evaluations of the collectability of receivables. Receivables are written off when management deems them uncollectible.

5. Property and Equipment

The Organization's property and equipment consist of purchased equipment recorded at cost. Asset additions with a useful life greater than one year are capitalized and depreciated using the straight-line method over their useful lives. The estimated useful lives of depreciable assets are as follows:

Equipment 5 - 7 years

Depreciation expense charged to operations totaled \$406 during the year ended August 31, 2012.

Let's Start, Inc. Notes to the Financial Statements August 31, 2012

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Contributions

The Organization follows accounting principles generally accepted in the United States of America, whereby contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and nature of any externally (donor) imposed restrictions. When a stipulated restriction expires, either by the time restriction expiring or the purpose restriction being accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

7. Donated Services

The Organization records the value of donated goods or services when there is an objective basis available to measure their value. The Organization receives donated services from unpaid volunteers who assist in fundraising and other projects, but the services of volunteer workers are not assigned a value as no objective basis is available by which to measure the value of such services. Other than the service of volunteer workers, the Organization did not receive any donated goods or services during the year ended August 31, 2012, thus none were recorded.

8. Cost Allocation

Costs are charged on a direct functional basis whenever practical, and all other costs are allocated on the basis of the proportional use of the service provided.

9. Property Dispositions

Upon disposition of property and equipment, the asset costs and related accumulated depreciation are eliminated from the respective accounts. Any gain or loss is included in current operations. Expenditures for maintenance and repairs which do not materially extend the life of assets are included in operating expenses.

10. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, no provision for income taxes has been made in the financial statements.

11. Estimates

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

12. Credit Risk

Financial instruments that could potentially subject the Organization to credit risk consist principally of cash balances in excess of federally insured limits.

NOTE C – SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 9, 2012, the date the financial statements were available to be issued.