

STRIVE FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Strive Foundation
Los Angeles, California

We have audited the accompanying statement of financial position of Strive Foundation (a non-profit organization) as of December 31, 2009 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 Strive Foundation as of December 31, 2009, and the results of its activities, functional expenses and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Joel S. Morse, CPA

Los Angeles, California
October 15, 2010

STRIVE FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009

ASSETS

| | |
|--|------------------------------|
| Cash in bank - Unrestricted (note 3) | \$ 180,715 |
| Investments in Securities (note 5) | 7,276 |
| Property and Equipment, net of Depreciation (note 4) | 663,368 |
| Start Up Fees | <u>1,950</u> |
| TOTAL ASSETS | <u><u>\$ 853,309</u></u> |

LIABILITIES

| | |
|--|-----------------|
| Accounts payable & Credit Card Payable | <u>\$ 1,835</u> |
| TOTAL LIABILITIES | 1,835 |

NET ASSETS

| | |
|--------------------------------------|------------------------------|
| Unrestricted | 851,474 |
| Restricted | <u>0</u> |
| TOTAL NET ASSETS | <u><u>851,474</u></u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 853,309</u></u> |

See accompanying notes.

STRIVE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total</u> |
|---|---------------------|-------------------|-------------------|
| PUBLIC SUPPORT & REVENUE | | | |
| Contributions | \$ 306,522 | \$ - | \$ 306,522 |
| Student Registration Fees | 4,676 | | 4,676 |
| Dividend/Interest Income | 976 | | 976 |
| Gain on Sale of Investments | 36 | | 36 |
| In-Kind Donations | 2,400 | | 2,400 |
| TOTAL PUBLIC SUPPORT & REVENUE | <u>314,611</u> | <u>-</u> | <u>314,611</u> |
| EXPENSES | | | |
| Program Services | 241,960 | 9,638 | 251,598 |
| Management and General | 68,521 | | 68,521 |
| TOTAL EXPENSES | <u>310,482</u> | <u>9,638</u> | <u>320,120</u> |
| INCREASE IN NET ASSETS | 4,129 | (9,638) | (5,509) |
| NET ASSETS, BEGINNING | <u>847,345</u> | <u>9,638</u> | <u>856,983</u> |
| NET ASSETS, ENDING | <u>\$ 851,474</u> | <u>\$ -</u> | <u>\$ 851,474</u> |

See accompanying notes.

STRIVE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

| PERSONNEL COSTS | <u>Program Services</u> | <u>General & Administrative</u> | <u>TOTAL EXPENSES</u> |
|--------------------------------------|-----------------------------|---|---------------------------|
| Salaries | | | |
| Executive director | \$ 22,500 | \$ 22,500 | \$ 45,000 |
| Program Director | 47,000 | 0 | 47,000 |
| Academic Instructors | 68,889 | 0 | 68,889 |
| Cleaning Staff | 3,062 | 765 | 3,827 |
| Total Personnel | 141,451 | 23,265 | 164,716 |
| Payroll Taxes & Payroll Costs | 14,839 | 2,440 | 17,279 |
| Total Personnel and Payroll taxes | 156,290 | 25,704 | 181,994 |
| OTHER COSTS | | | |
| Program service expenses | 25,644 | 0 | 25,644 |
| Fund raising costs | 0 | 4,409 | 4,409 |
| Other costs (see statement 1) | 60,027 | 38,407 | 98,435 |
| TOTAL EXPENSES | <u>\$ 241,960</u> | <u>\$ 68,521</u> | <u>\$ 310,482</u> |

See accompanying notes.

STRIVE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
STATEMENT 1
FOR THE YEAR ENDED DECEMBER 31, 2009

| | Program Services | General & Administrative | TOTAL EXPENSES |
|------------------------------|---------------------|-----------------------------|-------------------|
| Accounting costs | \$ 0 | \$ 7,500 | \$ 7,500 |
| Auto costs | 1,831 | 1,831 | 3,662 |
| Bank service charges | 0 | 41 | 41 |
| Charitable Contribution | 0 | 106 | 106 |
| Depreciation | 12,332 | 3,083 | 15,415 |
| Dues & subscriptions | 0 | 50 | 50 |
| Employment Costs | 0 | 1,930 | 1,930 |
| Gardening and birds | 0 | 3,581 | 3,581 |
| In Kind Donation Expense | 0 | 2,400 | 2,400 |
| Independent Instructors | 20,515 | 0 | 20,515 |
| Insurance | 15,261 | 3,815 | 19,077 |
| Internet Services/Website | 0 | 4,262 | 4,262 |
| Office supplies | 0 | 2,816 | 2,816 |
| Permits | 0 | 30 | 30 |
| Postage & delivery | 0 | 977 | 977 |
| Printing & duplicating | 0 | 218 | 218 |
| Property Taxes | 765 | 191 | 955 |
| Repairs | 3,118 | 780 | 3,898 |
| Security | 339 | 85 | 425 |
| Taxes & Licenses | 0 | 187 | 187 |
| Telephone | 0 | 2,915 | 2,915 |
| Travel & meals | 0 | 142 | 142 |
| Utilities and Waste Disposal | 5,865 | 1,466 | 7,332 |
| TOTAL OTHER COSTS | \$ 60,027 | \$ 38,407 | \$ 98,435 |

See accompanying notes.

STRIVE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total</u> |
|---|---------------------|-------------------|-------------------|
| CASH FLOW FROM OPERATING ACTIVITIES: | | | |
| INCREASE IN UNRESTRICTED NET ASSETS | \$ 4,129 | \$ (9,638) | \$ (5,509) |
| ADJUSTMENTS RECONCILING NET INCOME TO NET CASH PROVIDED IN OPERATING ACTIVITIES: | | | |
| Depreciation | 15,415 | 0 | 15,415 |
| Accrued Expenses | 1,129 | 0 | 1,129 |
| TOTAL ADJUSTMENTS | <u>16,544</u> | <u>0</u> | <u>16,544</u> |
| NET CASH FLOW FROM OPERATIONS | 20,673 | -9,638 | 11,035 |
| CASH FLOW FROM INVESTING ACTIVITIES: | | | |
| Payment for Capital expenditures | (5,336) | 0 | (5,336) |
| Increase in Investment in Securities | (7,278) | 0 | (7,278) |
| NET CASH FLOW FROM INVESTING ACTIVITIES: | <u>8,059</u> | <u>-9,638</u> | <u>(1,579)</u> |
| TOTAL NET CASH FLOW | 8,059 | -9,638 | (1,579) |
| CASH BALANCE, BEGINNING | <u>172,656</u> | <u>9,638</u> | <u>182,294</u> |
| CASH BALANCE, ENDING | <u>\$ 180,715</u> | <u>\$ -</u> | <u>\$ 180,715</u> |
| INTEREST PAID | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

See accompanying notes.

STRIVE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1 - ORGANIZATION AND OPERATIONS

Strive Foundation (the "Foundation") is a not-for-profit voluntary health and welfare organization incorporated in California in 1991. Its purpose is to provide exemplary academic and guidance to children, youth and their families in the Watts community of Los Angeles. Strive Foundation provides education, support and development in reading, writing and English literacy; math and cognitive skills; computer and information literacy; culinary and arts; protégé resources; development of the moral, creative and entrepreneurial spirit.

The Foundation's support is derived from individuals, foundations and corporate donor contributions. The Foundation does not seek and has not received government funds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Organization have been prepared on the accrual basis of accounting. The significant accounting policies of the Organization are summarized as follows:

Financial Statement Presentation

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 116, "*Accounting for Contributions Received and Contributions Made*", and No. 117 "*Financial Statement of Not-for-Profit Organizations*." Under SFAS No. 116 and 117, 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. There were no temporarily restricted net assets at December 31, 2009.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

STRIVE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Public Support and Revenue

Annual campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are not recorded at their fair values in the period received.

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentration of credit risk are primarily cash and cash equivalents.

The Foundation places its cash and cash equivalent deposits with what management believes are high-credit, quality financial institutions. Balances in the Foundation's cash accounts have not exceeded insurance limits as of the financial statement date. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash as the Foundation is insured through the Federal Deposit Insurance Corporation and Securities Investor and Protection Corporation. The amount in excess of the FDIC Insured amount of \$250,000 is zero

Income Taxes

The Internal Revenue Service has classified the Organization as exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

STRIVE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 3 – CASH AND CASH EQUIVALENTS - UNRESTRICTED

Cash is composed of Unrestricted Cash in the amount of \$180,715

The Foundation considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

Cash and Cash Equivalents – Restricted

Restricted Cash at December 31, 2009 is \$0. During 2009, the Foundation spent \$9,638 in fulfilling a 2008 Grant. The \$9,638 was used exclusively for specific program improvements.

NOTE 4 – PROPERTY & EQUIPMENT

Property, leasehold improvements, furniture and equipment are capitalized at cost. It is the Foundation's policy to capitalize expenditures for these items in excess of \$500. Lesser amounts are expensed. Leasehold improvements are being amortized over estimated useful lives of thirty-nine years using a straight-line method. Furniture and fixtures are being depreciated over seven years and machinery and equipment over five years.

Donated property and equipment is presented on the balance sheet at fair market value at the time of donation or appraised value. These assets are not subject to depreciation. The Property & Equipment are as follows:

| | |
|---------------------------------------|-------------------------|
| Land & Buildings | \$256,938 |
| Improvements | 471,451 |
| Equipment, Computers & Furnishings | 34,188 |
| Automobile | <u>21,672</u> |
| Total Property & Equipment | 784,249 |
| Accumulated Depreciation | <u><120,881 ></u> |
| Net Property & Equipment | <u>\$663,368</u> |

STRIVE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 5 – INVESTMENTS IN SECURITIES

Investments in marketable securities are carried at cost and are summarized as follows at December 31, 2010:

| Available-for-sale securities: | Cost | Fair Value | Gross Unrealized Gain |
|--------------------------------|---------|---------------|-----------------------------|
| Common Stock | \$7,276 | \$9,927 | \$2,651 |