



# STUDENTS FOR LIBERTY

A F R E E R F U T U R E

Financial Statements

**Students for Liberty, Inc.**

*Years ended April 30, 2018 and 2017*



**JANSEN VALK THOMPSON REAHM PC**  
*Certified Public Accountants and Consultants*

# Students For Liberty, Inc.

Years ended April 30, 2018 and 2017

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## Report of Independent Auditors

To the Board of Directors  
Students For Liberty, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Students For Liberty, Inc., which comprise the statement of financial position as of April 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. The April 30, 2017 financial statements of Students For Liberty, Inc. were audited by other auditors whose report dated September 6, 2017 expressed an unmodified opinion on those statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the 2018 financial statements referred to above present fairly, in all material respects, the financial position of Students For Liberty, Inc. as of April 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Prior Period Financial Statements***

The financial statement of Students For Liberty, Inc. as April 30, 2017, were audited by other auditors whose report dated September 6, 2017, expressed an unmodified opinion on those statements.

*Janice Vall Thompson, CPA, Reahm PC*

September 10, 2018

## Students For Liberty, Inc.

### Statements of Financial Position

	April 30	
	2018	2017
<b>Assets</b>		
Cash	\$ 371,090	\$ 781,628
Digital currency	68	676
Pledges receivable	182,795	73,247
Prepaid expenses	16,381	20,367
Investments	345,750	511,423
Security deposits	36,762	31,737
Total assets	<u>\$ 952,846</u>	<u>\$ 1,419,078</u>
<b>Liabilities</b>		
Accounts payable	\$ 86,185	\$ 120,779
Accrued expenses	13,935	51,324
Security deposit	9,047	-
Deferred rent	1,924	19,262
Total liabilities	<u>111,091</u>	<u>191,365</u>
<b>Net Assets</b>		
Unrestricted	821,305	1,147,887
Temporarily restricted	20,450	79,826
Total net assets	<u>841,755</u>	<u>1,227,713</u>
Total liabilities and net assets	<u>\$ 952,846</u>	<u>\$ 1,419,078</u>

See accompanying notes to financial statements.

## Students For Liberty, Inc.

Statement of Activities  
Year ended April 30, 2018

	Unrestricted	Temporarily Restricted	Total
<b>Support and revenue:</b>			
Contributions	\$ 3,274,227	\$ -	\$ 3,274,227
Program fees	526,786	-	526,786
Investment earnings, net of fees of \$5,608	6,678	-	6,678
Gain on investments	30,911	-	30,911
Change in fair value of digital currency	(1,467)	-	(1,467)
Rental income	98,005	-	98,005
In-kind contributions	7,729	-	7,729
Other revenue	5,884	-	5,884
Total support and revenue	3,948,753	-	3,948,753
<b>Net assets released from restrictions:</b>			
Satisfaction of purpose restriction	4,376	(4,376)	-
Satisfaction of time restriction	55,000	(55,000)	-
Total support, revenue and reclassifications	4,008,129	(59,376)	3,948,753
<b>Expenses:</b>			
Program services	3,339,574	-	3,339,574
Management and general	546,978	-	546,978
Fundraising	448,159	-	448,159
Total expenses	4,334,711	-	4,334,711
Change in net assets	(326,582)	(59,376)	(385,958)
Net assets, beginning of year	1,147,887	79,826	1,227,713
Net assets, end of year	\$ 821,305	\$ 20,450	\$ 841,755

*See accompanying notes to financial statements.*

## Students For Liberty, Inc.

Statement of Activities  
Year ended April 30, 2017

	Unrestricted	Temporarily Restricted	Total
<b>Support and revenue:</b>			
Contributions	\$ 3,433,598	\$ 55,000	\$ 3,488,598
Program fees	377,185	-	377,185
Investment earnings, net of fees of \$4,981	51,239	-	51,239
Change in fair value of digital currency	2,661	-	2,661
In-kind contributions	52,675	-	52,675
Other revenue	10,293	-	10,293
Total support and revenue	3,927,651	55,000	3,982,651
Net assets released from restrictions:			
Satisfaction of purpose restriction	226,672	(226,672)	-
Total support, revenue and reclassifications	4,154,323	(171,672)	3,982,651
<b>Expenses:</b>			
Program services	2,958,793	-	2,958,793
Management and general	447,067	-	447,067
Fundraising	515,772	-	515,772
Total expenses	3,921,632	-	3,921,632
Change in net assets	232,691	(171,672)	61,019
Net assets, beginning of year	915,196	251,498	1,166,694
Net assets, end of year	\$ 1,147,887	\$ 79,826	\$ 1,227,713

*See accompanying notes to financial statements.*

## Students For Liberty, Inc.

### Statement of Functional Expenses

Year ended April 30, 2018

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 732,896	\$ 123,572	\$ 210,978	\$ 1,067,446
Payroll taxes	56,510	10,562	15,353	82,425
Employee benefits	14,359	32,171	-	46,530
Accounting and legal	-	82,333	-	82,333
Advertising	43,317	411	2,000	45,728
Bank fees	481	34,267	116	34,864
Conferences and travel	1,183,262	13,266	63,784	1,260,312
Dues and subscriptions	38,898	5,710	6,422	51,030
In-kind expenses	7,729	-	-	7,729
Insurance	-	20,842	-	20,842
Office supplies	6,460	8,135	3,335	17,930
Postage and delivery	29,111	191	9,917	39,219
Printing	180,538	24,675	851	206,064
Professional services	983,718	11,779	134,911	1,130,408
Rent	-	166,717	-	166,717
Scholarships	34,450	70	-	34,520
Taxes and licenses	5,072	3,517	-	8,589
Technology	18,853	2,455	374	21,682
Utilities	585	2,767	63	3,415
Miscellaneous	3,335	3,538	55	6,928
<b>Total</b>	<b>\$ 3,339,574</b>	<b>\$ 546,978</b>	<b>\$ 448,159</b>	<b>\$ 4,334,711</b>

*See accompanying notes to financial statements.*



## Students For Liberty, Inc.

### Statement of Functional Expenses

Year ended April 30, 2017

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	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and wages	\$ 722,973	\$ 67,444	\$ 162,017	\$ 952,434
Payroll taxes	56,630	5,308	11,037	72,975
Employee benefits	524	20,000	60	20,584
Accounting and legal	427	81,222	-	81,649
Advertising	33,745	-	657	34,402
Bank fees	-	19,875	-	19,875
Conferences and travel	1,030,457	9,895	111,200	1,151,552
Depreciation	-	19,419	-	19,419
Dues and subscriptions	60,909	21,584	6,466	88,959
In-kind expenses	52,675	-	-	52,675
Insurance	-	13,406	-	13,406
Office supplies	3,657	4,766	1,393	9,816
Postage and delivery	32,080	136	51,206	83,422
Printing	184,371	1,616	69,821	255,808
Professional services	699,176	26,112	97,665	822,953
Rent	-	133,100	-	133,100
Scholarships	50,191	-	-	50,191
Taxes and licenses	832	2,184	-	3,016
Technology	14,101	13,920	2,873	30,894
Utilities	1,105	5,190	984	7,279
Miscellaneous	14,940	1,890	393	17,223
Total	<u>\$ 2,958,793</u>	<u>\$ 447,067</u>	<u>\$ 515,772</u>	<u>\$ 3,921,632</u>

See accompanying notes to financial statements.

## Students For Liberty, Inc.

### Statements of Cash Flows

	Year ended April 30	
	2018	2017
<b>Operating activities</b>		
Change in net assets	\$ (385,958)	\$ 61,019
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	-	19,419
Net realized and unrealized gains on investments	(30,911)	(46,248)
Change in fair value of digital currency	1,467	(2,661)
Changes in operating assets and liabilities:		
Digital currency	(859)	1,985
Pledges receivable	(109,548)	26,753
Prepaid expenses	3,986	(1,915)
Accounts payable	(34,594)	(44,391)
Accrued expenses	(37,389)	9,295
Security deposits, net	4,022	-
Deferred rent	(17,338)	(13,610)
Total adjustments	(221,164)	(51,373)
Net cash provided by (used in) operating activities	(607,122)	9,646
<b>Investing activities</b>		
Purchase of investments	(278,742)	(215,874)
Proceeds from sales of investments	475,326	570,919
Short-term investments, net	-	(53,241)
Net cash provided by investing activities	196,584	301,804
Net increase (decrease) in cash	(410,538)	311,450
Cash and cash equivalents, beginning of year	781,628	470,178
Cash and cash equivalents, end of year	\$ 371,090	\$ 781,628

*See accompanying notes to financial statements.*

# Students For Liberty, Inc.

## Notes to Financial Statements

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### Note A—Summary of Accounting Policies

#### Organization

Students For Liberty, Inc. (the “Organization”), located in Arlington, VA, is a not-for-profit organization whose mission is to provide a unified, student-driven forum of support for students and student organizations dedicated to liberty. The Organization endorses the principles that comprise liberty; economic freedom to choose how to provide for one’s life; social freedom to choose how to live one’s life; and intellectual and academic freedom.

#### Basis of Accounting

The accompanying financial statements of the Organization are prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

#### Basis of Presentation

The Organization follows net asset accounting methods, whereby revenues are classified for accounting and reporting purposes into one of three net asset classes:

- Unrestricted net assets—net assets which are not subject to donor-imposed restrictions.
- Temporarily restricted net assets—net assets subject to donor-imposed restrictions that may or will be met either by actions of the Organization, the passage of time, or both.
- Permanently restricted net assets—net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. The Organization has no permanently restricted net assets.

#### Use of Estimates

Management uses estimates and assumptions in preparing the Organization’s financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

# Students For Liberty, Inc.

## Notes to Financial Statements (continued)

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### Note A—Summary of Accounting Policies (continued)

#### Digital Currencies Translations and Remeasurements

During the year ended April 30, 2017, the Organization started using digital currency, primarily Bitcoins, for certain operations abroad. The Organization classifies digital currency as an operating asset, which initially is translated to US dollars and recorded at cost, and subsequently remeasured at each reporting date based on the current fair value. The Organization considers this a Level 1 determination of fair value as the equivalency rate represents a generally well recognized quoted price in an active market for Bitcoins, which is accessible to the Organization on an ongoing basis. Realized gains and losses are determined on the basis of the cost of specific units sold and are presented net with unrealized gains and losses in the change in fair value of digital currency in the accompanying statements of activities. Bitcoins value at April 30, 2018 was equivalent to \$68 and April 30, 2017 was equivalent to \$676.

In addition, the Organization maintains a Coinbase USD Wallet Account, which is linked to one of the Organization's bank accounts and enables the Organization to store US dollar balances on Coinbase for instant Bitcoin transactions. At April 30, 2018 and 2017, the Coinbase USD Wallet Account balance was \$392 and \$8,160, respectively, which is included in cash and cash equivalents in the accompanying statements of financial position.

#### Pledges Receivable

Pledges receivable are stated at amounts management expects to collect from outstanding balances. Management believes all balances are collectible and accordingly has not recorded a valuation allowance.

#### Investments

Investments of the Organization are maintained with an outside investment management company. Investments are stated at their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values of exchange trade funds are determined by reference to quoted net asset values in active markets for identical assets, which is Level 1 of the fair value hierarchy established under the accounting standard for fair value measurements. Realized gains and losses are computed using the specific identification method. Unrealized gains and losses are included in the change in net assets.

# Students For Liberty, Inc.

## Notes to Financial Statements (continued)

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### **Note A—Summary of Accounting Policies (continued)**

#### **Property and Equipment**

Property and equipment valued at greater than \$500 with a useful life of more than one year is recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Expenditures for maintenance and repairs that do not extend the useful life of the equipment are expensed when incurred. All assets as of April 30, 2018 and 2017 have been fully depreciated.

#### **Revenue Recognition**

Contributions are recognized as revenue when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the fiscal year in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

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 recorded at their fair values in the period received.

A substantial number of unpaid volunteers have made significant contributions of their time to the Organization. The value of this time cannot be determined objectively and therefore is not reflected in the accompanying financial statements.

#### **Foreign Currency Transactions**

The Organization has certain contracts that are denominated in foreign currencies. The net foreign currency transaction gains or losses resulting from exchange rate fluctuations on transactions denominated in a currency other than the US dollar are included in the accompanying statements of activities. The Organization had a net foreign currency transaction loss of \$1,467 for the year ended April 30, 2018 and loss of \$1,435 for the year ended April 30, 2017.

# Students For Liberty, Inc.

## Notes to Financial Statements (continued)

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### Note A—Summary of Accounting Policies (continued)

#### Functional Allocation of Expenses

The costs of providing the various programs 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. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different amounts.

#### Income Tax Status

The Internal Revenue Service has determined that the Organization is exempt from income tax under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies as a charitable organization as described in Section 170(c) and has been classified under Section 170(b)(1)(A)(vi) as an organization that is not a private foundation.

#### Subsequent Events

Subsequent events were evaluated through September 10, 2018, which is the date the financial statements were available to be issued.

#### Note B—Cash

The Organization maintains all of its cash balances in various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Company's cash balances are at times in excess of the \$250,000 insured limit. Management does not consider uninsured cash to be a significant risk.

#### Note C—Investments

Investments consist of as of April 30:

	<b>2018</b>	<b>2017</b>
Exchange traded funds:		
Equities	\$ 241,594	\$ 346,440
Fixed income	96,194	155,201
Total mutual funds	<b>337,788</b>	501,641
Cash	<b>7,962</b>	9,782
	<b>\$ 345,750</b>	<b>\$ 511,423</b>

## Students For Liberty, Inc.

### Notes to Financial Statements (continued)

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#### Note D—Temporarily Restricted Net Assets

Temporarily restricted net assets were restricted for the following purposes at April 30:

	<u>2018</u>	<u>2017</u>
Program restricted—RTX and CA Project	\$ 20,450	\$ 24,826
Time restricted	—	55,000
Total temporarily restricted net assets	<u>\$ 20,450</u>	<u>\$ 79,826</u>

#### Note E—Operating Leases

On April 1, 2013, the Organization entered into an operating lease agreement for office space in Washington, D.C., which expires on May 31, 2018. The lease contains rent abatement for the first five months and scheduled fixed rent increases for future periods. The Organization records monthly rent expense, net of deferred rent amortization, in the accompanying financial statements. From June 1, 2017 through May 31, 2018, the Organization subleased this office space to another organization. The sublease calls for a monthly payment to the Organization of \$9,047.

On June 1, 2017, the Organization entered into an operating lease agreement for new office space in Arlington, Virginia on a month-to-month basis. The terms of the lease call for a monthly payment of \$2,848.

Total rent expense under operating leases for the years April 30, 2018 and 2017, was \$68,712 (net of sublease rental income of \$98,005) and \$133,100, respectively.

#### Note F—Advertising

Advertising costs are expensed as incurred. Advertising expense was \$45,728 in 2018 and \$34,402 in 2017.

#### Note G—Risks and Uncertainties

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonable possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment amounts reported in the statements of financial position.