

LIFESTRIDERS, INC.
ANNUAL REPORT
FOR THE YEAR ENDED
NOVEMBER 30, 2010

LifeStriders, Inc.

Annual Report

November 30, 2010

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
LifeStriders, Inc.

We have audited the accompanying statements of financial position of LifeStriders, Inc. (a nonprofit organization) as of November 30, 2010 and November 30, 2009, and the related statements of activities, functional expenses, and cash flows for the years 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 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 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 LifeStriders, Inc. as of November 30, 2010 and November 30, 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.

Walkowicz Boczkiwicz & Co. S.C.

Waukesha, Wisconsin
August 5, 2011

LifeStriders, Inc.
Statements of Financial Position
November 30, 2010 and November 30, 2009

	<u>November 30,</u> <u>2010</u>	<u>November 30,</u> <u>2009</u>
<u>Assets:</u>		
Cash	\$ 101,273	\$ 53,073
Accounts receivable	4,100	2,060
Unconditional promises to give	450,000	-
Prepaid expenses	876	643
Deposit	40,000	-
Property and equipment	<u>17,923</u>	<u>21,966</u>
 Total Assets	 <u>\$ 614,172</u>	 <u>\$ 77,742</u>
<u>Liabilities:</u>		
Accounts payable	\$ 1,682	\$ 2,836
Accrued payroll	3,000	1,950
Accrued payroll taxes	230	149
Accrued expenses - other	<u>234</u>	<u>234</u>
 Total Liabilities	 <u>5,146</u>	 <u>5,169</u>
<u>Net Assets:</u>		
Unrestricted	56,826	72,573
Temporarily restricted	<u>552,200</u>	<u>-</u>
 Total Net Assets	 <u>609,026</u>	 <u>72,573</u>
 Total Liabilities and Net Assets	 <u>\$ 614,172</u>	 <u>\$ 77,742</u>

See notes to financial statements.

LifeStriders, Inc.
Statement of Activities
For the Year Ended November 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenue				
Special events	\$ 1,823	-	\$ -	\$ 1,823
Individuals	13,469	462,700	-	476,169
Corporations	1,776	-	-	1,776
Foundations	14,752	89,500	-	104,252
Program service fees	26,777	-	-	26,777
Total Public Support and Revenue	58,597	552,200	-	610,797
Expenses				
Program services	67,201	-	-	67,201
Management and general	3,556	-	-	3,556
Fundraising	3,586	-	-	3,586
Total Expenses	74,344	-	-	74,344
Change in Net Assets	(15,747)	552,200	-	536,453
Net Assets at Beginning of Year	72,573	-	-	72,573
Net Assets at End of Year	\$ 56,826	\$ 552,200	\$ -	\$ 609,026

See notes to financial statements.

LifeStriders, Inc.
Statement of Activities
For the Year Ended November 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenue				
Special events	\$ 1,623	-	\$ -	1,623
Individuals	17,737	-	-	17,737
Corporations	3,089	-	-	3,089
Foundations	16,000	-	-	16,000
Program service fees	29,750	-	-	29,750
Miscellaneous income	1,093	-	-	1,093
Total Public Support and Revenue	69,292	-	-	69,292
Expenses				
Program services	53,025	-	-	53,025
Management and general	9,202	-	-	9,202
Fundraising	5,469	-	-	5,469
Total Expenses	67,696	-	-	67,696
Change in Net Assets	1,596	-	-	1,596
Net Assets at Beginning of Year	70,977	-	-	70,977
Net Assets at End of Year	\$ 72,573	\$ -	\$ -	\$ 72,573

See notes to financial statements.

LifeStriders, Inc.
Statement of Functional Expenses
For the Year Ended November 30, 2010

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	
Bank fees	\$ -	\$ 303	\$ -	\$ 303
Building maintenance	3,035	160	-	3,195
Contract services	4,688	-	-	4,688
Consultants and professional services	1,788	199	-	1,987
Depreciation	3,841	202	-	4,043
Equipment and supply	6,158	-	-	6,158
Insurance	1,533	170	-	1,703
Licenses and certifications	1,005	-	-	1,005
Marketing	138	-	138	275
Office supplies	1,252	78	235	1,565
Payroll tax	3,126	174	174	3,474
Postage	-	4	83	87
Staff development	543	-	-	543
Salaries	38,710	2,151	2,151	43,011
Utilities	1,383	115	807	2,305
Total Expenses	<u>\$ 67,201</u>	<u>\$ 3,556</u>	<u>\$ 3,586</u>	<u>\$ 74,344</u>

See notes to financial statements.

LifeStriders, Inc.
Statement of Functional Expenses
For the Year Ended November 30, 2009

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	
Bank fees	\$ -	\$ 330	\$ -	\$ 330
Building maintenance	2,549	637	-	3,186
Contract services	6,986	-	-	6,986
Consultants and professional services	-	80	-	80
Depreciation	3,588	897	-	4,485
Equipment and supply	8,238	-	-	8,238
Insurance	1,083	-	-	1,083
Marketing	779	-	779	1,558
Office supplies	654	1,308	654	2,616
Payroll tax	1,954	391	260	2,605
Staff development	34	-	-	34
Salaries	26,739	5,348	3,565	35,652
Utilities	421	211	211	843
	<hr/>			
Total Expenses	<u>\$ 53,025</u>	<u>\$ 9,202</u>	<u>\$ 5,469</u>	<u>\$ 67,696</u>

See notes to financial statements.

LifeStriders, Inc.
Statements of Cash Flows
For the Years Ended November 30, 2010 and November 30, 2009

	<u>November 30, 2010</u>	<u>November 30, 2009</u>
Cash Flows From Operating Activities:		
Increase in Net Assets	\$ 536,453	\$ 1,596
Adjustments to reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	4,043	4,485
(Increase) Decrease in Assets:		
Accounts receivable	(2,040)	(1,930)
Unconditional promises to give	(450,000)	-
Prepaid expenses	(234)	(643)
Deposit	(40,000)	-
Inventory	-	678
Increase (Decrease) in Liabilities:		
Accounts payable	(1,154)	2,837
Accrued payroll	1,050	(348)
Accrued payroll taxes	81	(27)
Accrued expenses - other	-	(1,683)
Net Cash Provided by Operating Activities	<u>48,200</u>	<u>4,966</u>
 Net Increase in Cash	 48,200	 4,966
Cash - Beginning of Year	<u>53,073</u>	<u>48,107</u>
Cash - End of Year	<u>\$ 101,273</u>	<u>\$ 53,073</u>
 Supplementary Disclosures of Cash Flow Information:		
Cash Paid During the Year for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income Taxes	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

LifeStriders, Inc.
Notes to Financial Statements
November 30, 2010 and November 30, 2009

Note 1 - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements:

Nature of Activities

LifeStriders, Inc. is a non-profit corporation organized exclusively for charitable, scientific and educational purposes. The main purpose of the Organization is to provide therapeutic recreational opportunities for persons with special needs.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) ASC 958-205-05-05, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205-05-05, 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. Unrestricted net assets are those not subject to donor imposed restrictions. Temporarily restricted net assets reflect contributions with donor-imposed stipulations that will expire with the passage of time or purpose. The Organization has no permanently restricted net assets.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose could be subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

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.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are 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.

LifeStriders, Inc.
Notes to Financial Statements
November 30, 2010 and November 30, 2009

Note 1 - Summary of Significant Accounting Policies - Continued

Property and Equipment

Property and equipment are recorded at cost and depreciated over the estimated useful lives of the assets using the straight-line method. Donated capitalized property is recorded at fair market value at the date of donation. Additions and betterments are capitalized, whereas, costs of maintenance and repair are charged to expense as incurred.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

Functional Expense Allocation

Management has allocated functional expenses based on estimated use of each program or based on the budgets of the program.

Donated Services

Numerous volunteers have donated significant amounts of time to the Organization's expansion campaign and program services. No amounts have been reflected in the financial statements for these services since they do not meet the criteria for recognition under Financial Accounting Standards Board (FASB) ASC 958-605-25, *Accounting for Contributions Received and Contributions Made*.

Note 2 - Deposit

The Organization has a deposit of \$40,000 as of November 30, 2010. An offer to purchase for a new facility was prepared in November 2010 and at that time the Organization made a deposit of \$40,000 as earnest money. The closing of the purchase of the new facility was on December 30, 2010.

LifeStriders, Inc.
Notes to Financial Statements
November 30, 2010 and November 30, 2009

Note 3 - Property and Equipment

Property and equipment at November 30, 2010 and November 30, 2009, consisted of the following:

	2010	2009
Land improvements	\$ 2,500	\$ 2,500
Leasehold improvements	6,515	6,515
Machinery & equipment	22,557	22,557
Signs	112	112
 Total	 31,684	 31,684
Less: Accumulated depreciation	(13,761)	(9,718)
 Net Property and Equipment	 \$ 17,923	 \$ 21,966

Note 4 - Related Party Transactions

As of November 30, 2010 and 2009 there is a payable due to the Executive Director for \$1,682 for various expenses she is to be reimbursed for. The payable will be paid back within the next year.

Note 5 - Restrictions on Net Assets

Temporarily restricted net assets – The Organization has net assets temporarily restricted for the following purposes:

Expansion/New Facility	\$ 547,200
2011 Operating Expenses	5,000
	\$ 552,200

Note 6 - Subsequent Events

The Organization has reviewed the results of operations for the period of time from its year ended November 30, 2010 through August 5, 2011 and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor subsequent events have occurred, the nature of which would require disclosure.