



STUDENTS FOR LIBERTY

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

STUDENTS FOR LIBERTY, INC.

AUDITED FINANCIAL STATEMENTS

Years ended April 30, 2023 and 2022

STUDENTS FOR LIBERTY, INC.

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	3
Statement of Activities—2023	4
Statement of Activities—2022	5
Statement of Functional Expenses—2023	6
Statement of Functional Expenses—2022	7
Statements of Cash Flows	8
Notes to Financial Statements	9

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Students for Liberty, Inc.

Opinion

We have audited the accompanying financial statements of Students for Liberty, Inc. (the "Organization"), which comprise the statements of financial position as of April 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Students for Liberty, Inc. as of April 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Students for Liberty, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Students for Liberty, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Students for Liberty, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Students for Liberty, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Prior Period Comparative Financial Statements

The financial statements of the Organization, as of April 30, 2022, were audited by Jansen, Valk, Thompson, Reahm PC, who combined with UHY LLP as of October 25, 2022, and whose report dated October 12, 2022, expressed an unmodified opinion on those statements.

The logo for UHY LLP, featuring the letters 'UHY' in a large, stylized, handwritten font, with 'LLP' in a smaller, simpler font to the right.

Kalamazoo, Michigan
January 10, 2024

STUDENTS FOR LIBERTY, INC.
STATEMENTS OF FINANCIAL POSITION

	April 30,	
	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 3,369,372	\$ 3,023,632
Accounts receivable	-	3,761
Pledges receivable	1,611,268	2,047,986
Prepaid expenses	157,934	115,921
Digital assets	<u>14,065</u>	<u>6,332</u>
Total current assets	<u>5,152,639</u>	<u>5,197,632</u>
PROPERTY AND EQUIPMENT		
Equipment	11,000	-
Less: Accumulated depreciation	<u>367</u>	<u>-</u>
Property and equipment, net	<u>10,633</u>	<u>-</u>
Total assets	<u><u>\$ 5,163,272</u></u>	<u><u>\$ 5,197,632</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 135,521	\$ 155,681
Accrued expenses	81,948	44,213
Accrued federal income taxes	<u>-</u>	<u>100</u>
Total liabilities	<u>217,469</u>	<u>199,994</u>
NET ASSETS		
Without donor restrictions	1,464,612	1,983,479
With donor restrictions	<u>3,481,191</u>	<u>3,014,159</u>
Total net assets	<u>4,945,803</u>	<u>4,997,638</u>
Total liabilities and net assets	<u><u>\$ 5,163,272</u></u>	<u><u>\$ 5,197,632</u></u>

STUDENTS FOR LIBERTY, INC.
STATEMENT OF ACTIVITIES
Year ended April 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 3,926,558	\$ 1,413,322	\$ 5,339,880
Program fees	316,432	-	316,432
Interest income	90,987	-	90,987
In-kind contributions	106,798	-	106,798
Net loss on foreign currency exchange	(8,780)	-	(8,780)
Net assets released from restrictions	946,290	(946,290)	-
	<u>5,378,285</u>	<u>467,032</u>	<u>5,845,317</u>
Total support and revenues			
EXPENSES			
Program services	4,833,361	-	4,833,361
Management and general	553,278	-	553,278
Fundraising	510,513	-	510,513
	<u>5,897,152</u>	<u>-</u>	<u>5,897,152</u>
Total expenses			
CHANGE IN NET ASSETS	(518,867)	467,032	(51,835)
NET ASSETS - Beginning of year	<u>1,983,479</u>	<u>3,014,159</u>	<u>4,997,638</u>
NET ASSETS - End of year	<u>\$ 1,464,612</u>	<u>\$ 3,481,191</u>	<u>\$ 4,945,803</u>

STUDENTS FOR LIBERTY, INC.
STATEMENT OF ACTIVITIES
Year ended April 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 4,084,735	\$ 2,341,859	\$ 6,426,594
Program fees	331,045	-	331,045
Interest income	132	-	132
In-kind contributions	73,270	-	73,270
Advertising revenue	29,309	-	29,309
Other revenue	10,435	-	10,435
Net loss on foreign currency exchange	(4,760)	-	(4,760)
Net assets released from restrictions	280,708	(280,708)	-
	<u>4,804,874</u>	<u>2,061,151</u>	<u>6,866,025</u>
EXPENSES			
Program services	3,298,381	-	3,298,381
Management and general	479,298	-	479,298
Fundraising	596,677	-	596,677
	<u>4,374,356</u>	<u>-</u>	<u>4,374,356</u>
CHANGE IN NET ASSETS	430,518	2,061,151	2,491,669
NET ASSETS - Beginning of year	<u>1,552,961</u>	<u>953,008</u>	<u>2,505,969</u>
NET ASSETS - End of year	<u>\$ 1,983,479</u>	<u>\$ 3,014,159</u>	<u>\$ 4,997,638</u>

STUDENTS FOR LIBERTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended April 30, 2023

	Program Services	Support Services		Total
		Management and General	Fundraising	
Accounting and legal	\$ -	\$ 19,055	\$ -	\$ 19,055
Advertising	150,574	1,936	363	152,873
Bank fees	829	30,458	-	31,287
Conferences and travel	1,443,379	136,296	28,588	1,608,263
Consultants and contractors	1,854,881	76,216	17,086	1,948,183
Depreciation	-	367	-	367
Dues and subscriptions	118,049	50,894	5,715	174,658
Employee benefits	-	47,348	-	47,348
Employee wages	830,665	130,033	425,884	1,386,582
In-kind expenses	106,798	-	-	106,798
Insurance	-	7,903	-	7,903
Office supplies	7,433	15,191	433	23,057
Payroll taxes	60,027	9,428	30,078	99,533
Postage and delivery	2,259	402	432	3,093
Printing	56,514	585	1,809	58,908
Rent	2,005	-	-	2,005
Scholarships and stipends	123,941	8,840	-	132,781
Taxes and licenses	7,211	9,432	-	16,643
Technology	57,834	10	-	57,844
Utilities	5,202	3,297	-	8,499
Workers compensation	-	1,992	-	1,992
Miscellaneous	5,760	3,595	125	9,480
Total expenses	<u>\$ 4,833,361</u>	<u>\$ 553,278</u>	<u>\$ 510,513</u>	<u>\$ 5,897,152</u>

STUDENTS FOR LIBERTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended April 30, 2022

	Program Services	Support Services		Total
		Management and General	Fundraising	
Accounting and legal	\$ -	\$ 43,371	\$ -	\$ 43,371
Advertising	165,420	1,238	1,355	168,013
Bank fee	602	23,786	-	24,388
Conferences and travel	872,770	16,818	20,218	909,806
Consultants and contractors	1,302,022	58,642	100,786	1,461,450
Dues and subscriptions	94,062	51,129	39,191	184,382
Employee benefits	-	37,848	-	37,848
Employee wages	558,388	120,030	392,708	1,071,126
In-kind expenses	73,270	-	-	73,270
Income taxes	-	5,371	-	5,371
Insurance	-	9,051	-	9,051
Office supplies	1,574	9,666	1,382	12,622
Payroll taxes	41,056	9,200	27,303	77,559
Postage and delivery	2,250	164	1,685	4,099
Printing	44,113	2,621	11,883	58,617
Rent	-	190	-	190
Scholarships and stipends	9,584	13,554	-	23,138
Taxes and license	551	6,563	-	7,114
Technology	123,993	3,223	-	127,216
Uncollectible pledges	-	55,691	-	55,691
Utilities	3,048	3,074	20	6,142
Workers compensation	-	3,596	-	3,596
Miscellaneous	5,678	4,472	146	10,296
	<u>\$ 3,298,381</u>	<u>\$ 479,298</u>	<u>\$ 596,677</u>	<u>\$ 4,374,356</u>
Total expenses				

STUDENTS FOR LIBERTY, INC.
STATEMENTS OF CASH FLOWS

	<u>Year Ended April 30,</u>	
	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Change in net assets	\$ (51,835)	\$ 2,491,669
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	367	-
Changes in assets and liabilities:		
Accounts receivable	3,761	(3,761)
Pledges receivable	436,718	(1,474,669)
Prepaid expenses	(42,013)	(58,936)
Digital assets	(7,733)	(6,131)
Accounts payable	(20,160)	123,353
Accrued expenses	37,735	24,125
Accrued federal income taxes	(100)	(2,400)
Deferred event revenue	-	(260,299)
Net cash provided by operating activities	<u>356,740</u>	<u>832,951</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(11,000)</u>	<u>-</u>
NET CHANGE IN CASH	345,740	832,951
CASH , beginning of year	<u>3,023,632</u>	<u>2,190,681</u>
CASH , end of year	<u><u>\$ 3,369,372</u></u>	<u><u>\$ 3,023,632</u></u>

STUDENTS FOR LIBERTY, INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2023 and 2022

NOTE 1 – ORGANIZATION

Students for Liberty, Inc. (the “Organization”) located in McLean, Virginia, 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of certain accounting policies followed in the preparation of these financial statements. The policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Receivables and Allowance for Uncollectible Accounts

Receivables are stated at the amounts management expects to collect from balances outstanding at year-end. The Organization believes that all receivables will be fully collected. Accordingly, no allowance for doubtful accounts is required.

Property, Equipment and Depreciation

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, 2022 were fully depreciated and no depreciation expense was recorded for that fiscal year.

Digital Assets

The Organization uses digital assets, primarily Bitcoin, for certain operations abroad. The Organization classifies digital assets as an intangible asset, which initially is translated to US dollars and recorded at cost. Digital assets are tested annually for impairment.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

STUDENTS FOR LIBERTY, INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Net Assets (Continued)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is: when the stipulated time has lapsed; when the stipulated purpose for which the resources was restricted has been fulfilled; or both.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions, unless specifically restricted by the donor or by applicable state law.

Revenue Recognition

Program fees consist of event registrations and sponsorships. Revenue from program fees is recognized when control, consisting of the rights and obligations associated with the sale, passes to the purchaser. This typically occurs when the event is held. Revenue received for future programs is deferred and recognized in the applicable year.

Contributions are recognized as revenue 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 net assets without donor restrictions 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 net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement 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

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 statement of activities. The Organization had net foreign currency transaction losses of \$8,780 and \$4,760 for the years ended April 30, 2023 and 2022, respectively.

STUDENTS FOR LIBERTY, INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the various programs have been summarized on a functional basis in the statement of functional expenses. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated are compensation and benefits which are allocated on the basis of management's estimate of time and effort. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different amounts.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$152,873 in 2023 and \$168,013 in 2022.

Concentrations

Approximately 39% of the Organization's contributions for fiscal year 2023 and 42% for fiscal year 2022 were provided by two donors. On April 30, 2023, 98.9% of the contributions receivable balance represented receivables from two donors. On April 30, 2022, 99.8% of the contributions receivable balance represented receivables from one donor.

Income Taxes

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 (IRC). 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

NOTE 3 – CASH

The Organization maintains cash balances with various financial institutions. Balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. Money market funds of approximately \$3.1 million included in cash, are held at a brokerage firm and are not insured by the FDIC. Management does not consider uninsured cash to be a significant risk.

STUDENTS FOR LIBERTY, INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2023 and 2022

NOTE 4 – PLEDGES RECEIVABLE

Pledges receivable are summarized as follows:

	April 30,	
	2023	2022
Receivable in less than one year	\$ 1,150,232	\$ 1,416,505
Receivable in one year to five years	500,000	631,481
Total pledges receivable	<u>1,650,232</u>	<u>2,047,986</u>
Less discount to net present value	38,964	-
Total pledges receivable	<u>\$ 1,611,268</u>	<u>\$ 2,047,986</u>

Pledges receivable with due dates extending beyond one year are discounted using Treasury bill rates for similar term investments. The applicable rate on April 30, 2023 was 4.14%.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following purposes:

	April 30,	
	2023	2022
Alumni	\$ 5,249	\$ -
Applied Economics for Africa	-	3,893
European Students for Liberty Top Leadership Retreat	10,710	-
Fellowship for Freedom India	-	10,000
Free Market Climate Policy Education projects	47,000	-
Free Market Environmentalism	1,345,364	-
Learn Liberty	-	36,327
Marketing	14,157	18,854
New Frontiers of Objectivism	371,791	572,738
Prometheus Fellowship	1,681,920	2,307,493
Students for Liberty Academy	-	40,488
Socratic Camps	-	14,000
Speaking Classes	-	10,366
Travel Scholarships - Libertycon	5,000	-
Total net assets with donor restrictions	<u>\$ 3,481,191</u>	<u>\$ 3,014,159</u>

STUDENTS FOR LIBERTY, INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2023 and 2022

NOTE 6 – RELATED PARTY TRANSACTIONS

In 2020, the Organization spun off one of its programs into a separate IRC Section 501(c)(4) organization. The new entity is a related party due to a shared board member creating significant influence. As part of the transaction, the new entity received certain intellectual property valued at approximately \$660,000. The new entity pays 10% of its revenue to the Organization, on a quarterly basis, until the full amount is paid. The Organization has elected to treat these payments as unenforceable and will record any payments received as contributions. The Organization received \$300,000 and \$201,570 from this agreement during the years ended April 30, 2023 and 2022, respectively.

NOTE 7 – COMMITMENTS

The Organization has entered into a contract with an event center for its fiscal year 2024 convention. The agreement requires payment of specified amounts for cancelation of the contract. Cancellation charges range from \$95,002 to \$218,504 depending on how soon before the event the cancellation occurs.

NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consist of the following:

	April 30,	
	2023	2022
Financial assets		
Cash	\$ 3,369,372	\$ 3,023,632
Digital assets	14,065	6,332
Pledges receivable	1,611,268	2,051,747
Total financial assets	4,994,705	5,081,711
Less those unavailable for general expenditure within one year due to donor restrictions	(3,481,191)	(3,014,159)
Financial assets available to meet general expenditures within one year	<u>\$ 1,513,514</u>	<u>\$ 2,067,552</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests excess cash in investments that are readily liquid. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programs, as well as the conduct of services undertaken to support those programs, to be general expenditures.

STUDENTS FOR LIBERTY, INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2023 and 2022

NOTE 9 – SUBSEQUENT EVENTS

The financial statements and related disclosures include evaluation of events up through and including January 10, 2024, which is the date the financial statements were available to be issued. One matter was identified to be disclosed.

As of April 30, 2023 there was a \$1,000,000 pledge receivable due in two installments, one due September 30, 2023 and one due September 30, 2024. Subsequent to year end, the donor requested a revised payment schedule. The donor has lapsed on the new payment schedule, and the entirety of the \$1,000,000 is still outstanding.