

**The International Partnership
for Service-Learning and Leadership**

**FINANCIAL STATEMENTS AND REPORT
OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

April 30, 2010 and 2009



bishopfrench

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Report of Independent Certified Public Accountants

To the Board of Trustees
The International Partnership for Service-Learning and Leadership

We have audited the accompanying statements of financial position of The International Partnership for Service-Learning and Leadership (a nonprofit organization) as of April 30, 2010 and 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 audits 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 The International Partnership for Service-Learning and Leadership as of April 30, 2010 and 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.

Bishop French LLC

Portland, Oregon
July 20, 2010

The International Partnership for Service-Learning and Leadership

STATEMENTS OF FINANCIAL POSITION

April 30,

	<u>2010</u>	<u>2009</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 188,629	\$ 210,049
Accounts receivable, net	107,338	22,288
Other current assets	<u>19,881</u>	<u>13,694</u>
Total current assets	315,848	246,031
Property and equipment, net	24,550	11,861
Other assets	<u>2,394</u>	<u>2,033</u>
Total assets	<u>\$ 342,792</u>	<u>\$ 259,925</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 193,558	\$ 61,649
Accrued expenses	5,785	36,619
Deferred rent	5,639	1,651
Deferred revenue	<u>115,658</u>	<u>36,568</u>
Total current liabilities	320,640	136,487
NET ASSETS		
Unrestricted	<u>22,152</u>	<u>123,438</u>
Total net assets	<u>22,152</u>	<u>123,438</u>
Total liabilities and net assets	<u>\$ 342,792</u>	<u>\$ 259,925</u>

The accompanying notes are an integral part of these statements.

The International Partnership for Service-Learning and Leadership

STATEMENT OF ACTIVITIES

For the year ended April 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Operating revenues and other support			
Grant and contributions	\$ 5,412	\$ -	\$ 5,412
Student fees	1,153,119	-	1,153,119
Masters program fees	144,078	-	144,078
Software	12,450	-	12,450
Interest income	2,047	-	2,047
Other income	31,520	-	31,520
	<u>1,348,626</u>	<u>-</u>	<u>1,348,626</u>
Total revenues and other support			
Operating expenses			
Program services:			
International service learning	1,184,011	-	1,184,011
Advocacy for service learning	80,932	-	80,932
Management and general	184,969	-	184,969
	<u>1,449,912</u>	<u>-</u>	<u>1,449,912</u>
Total operating expenses			
Changes in net assets	<u>(101,286)</u>	<u>-</u>	<u>(101,286)</u>
Net assets at beginning of year	<u>123,438</u>	<u>-</u>	<u>123,438</u>
Net assets at end of year	<u>\$ 22,152</u>	<u>\$ -</u>	<u>\$ 22,152</u>

The accompanying notes are an integral part of this statement.

The International Partnership for Service-Learning and Leadership

STATEMENT OF ACTIVITIES

For the year ended April 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Operating revenues and other support			
Grant and contributions	\$ 4,493	\$ -	\$ 4,493
Student fees	1,453,379	-	1,453,379
Masters program fees	350,882	-	350,882
Interest income	1,206	-	1,206
Other income	17,958	-	17,958
Net assets released from restrictions	9,037	(9,037)	-
	<u>1,836,955</u>	<u>(9,037)</u>	<u>1,827,918</u>
Operating expenses			
Program services:			
International service learning	1,301,991	-	1,301,991
Advocacy for service learning	171,932	-	171,932
Management and general	188,742	-	188,742
	<u>1,662,665</u>	<u>-</u>	<u>1,662,665</u>
Changes in net assets	<u>174,290</u>	<u>(9,037)</u>	<u>165,253</u>
Net assets at beginning of year	<u>(50,852)</u>	<u>9,037</u>	<u>(41,815)</u>
Net assets at end of year	<u>\$ 123,438</u>	<u>\$ -</u>	<u>\$ 123,438</u>

The accompanying notes are an integral part of this statement.

The International Partnership for Service-Learning and Leadership

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended April 30, 2010

	Program Services				Advocacy for Service- Learning	Total Program Expenses	Management & General	Total Expenses
	International Service-Learning							
	Student Service- Learning	Masters Program	Recruitment	Software				
Salaries	\$ 92,141	\$ 44,584	\$ 11,889	\$ 11,890	\$ 43,781	\$ 204,285	\$ 92,141	\$ 296,426
Payroll taxes	8,705	4,212	1,123	1,123	4,212	19,375	8,705	28,080
Employee benefits	18,249	8,830	2,355	2,355	8,830	40,619	18,249	58,868
Consulting	3,263	2,363	20,562	-	-	26,188	1,014	27,202
Academic instruction and program costs	756,037	87,109	-	-	-	843,146	-	843,146
Travel, food & lodging	13,280	5,753	33,949	30	10,994	64,006	6,644	70,650
Accounting & legal fees	-	-	-	-	-	-	15,821	15,821
Advertising & website	4,348	3,746	-	-	-	8,094	-	8,094
Dues & subscriptions	546	546	465	200	1,612	3,369	963	4,332
Office	4,838	1,893	725	493	2,042	9,991	18,788	28,779
Insurance	1,638	792	211	211	792	3,644	6,396	10,040
Printing & mailing	10,487	437	79	96	3,132	14,231	1,570	15,801
Rent	9,685	4,687	1,250	1,250	4,687	21,559	9,685	31,244
Telephone	2,037	1,131	227	226	850	4,471	2,158	6,629
Miscellaneous	-	-	-	-	-	-	264	264
Depreciation	121	-	-	1,844	-	1,965	2,571	4,536
Total Expenses	<u>\$ 925,375</u>	<u>\$ 166,083</u>	<u>\$ 72,835</u>	<u>\$ 19,718</u>	<u>\$ 80,932</u>	<u>\$ 1,264,943</u>	<u>\$ 184,969</u>	<u>\$ 1,449,912</u>

The accompanying notes are an integral part of this statement.

The International Partnership for Service-Learning and Leadership

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended April 30, 2009

	Program Services			Management & General	Total Expenses		
	International Service-Learning			Advocacy for Service- Learning	Total Program Expenses		
	Student Service- Learning	Masters Program	Recruitment				
Salaries	\$ 83,408	\$ 44,537	\$ 42,387	\$ 72,527	\$ 242,859	\$ 78,112	\$ 320,971
Payroll taxes	4,166	4,166	7,440	7,143	22,915	6,844	29,759
Employee benefits	16,359	9,160	9,161	15,704	50,384	16,267	66,651
Consulting	10,400	4,612	1,031	7,065	23,108	22,993	46,101
Academic instruction and program costs	782,122	179,058	-	-	961,180	-	961,180
Travel, food & lodging	5,104	6,731	13,382	37,873	63,090	17,134	80,224
Accounting & legal fees	-	-	-	-	-	9,714	9,714
Advertising & website	814	1,170	6,171	4,337	12,492	3,710	16,202
Dues & subscriptions	-	-	1,224	250	1,474	210	1,684
Office	5,500	3,080	3,080	5,280	16,940	5,061	22,001
Insurance	2,322	1,812	1,300	2,229	7,663	7,943	15,606
Printing & mailing	4,045	2,836	9,101	11,239	27,221	3,395	30,616
Rent	6,789	3,802	3,802	6,517	20,910	7,901	28,811
Telephone	1,825	1,022	1,022	1,752	5,621	318	5,939
Miscellaneous	-	-	-	-	-	8,390	8,390
Depreciation	-	-	-	16	16	750	766
Bad debt	18,050	-	-	-	18,050	-	18,050
Total Expenses	\$ 940,904	\$ 261,986	\$ 99,101	\$ 171,932	\$ 1,473,923	\$ 188,742	\$ 1,662,665

The accompanying notes are an integral part of this statement.

The International Partnership for Service-Learning and Leadership

STATEMENTS OF CASH FLOWS

For the year ended April 30,

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (101,286)	\$ 165,253
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Depreciation	4,536	766
Bad debt expense	-	18,050
Change in:		
Other receivable	-	13,942
Pledges receivable	-	13,250
Accounts receivable, net	(85,050)	(38,986)
Other assets	(6,548)	(1,420)
Accounts payable	131,909	48,355
Accrued expenses	(30,834)	(47,832)
Deferred rent	3,988	(1,651)
Deferred revenue	79,090	(32,382)
Net cash provided (used) by operating activities	<u>(4,195)</u>	<u>137,345</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(17,225)</u>	<u>(12,627)</u>
Net cash used in investing activities	<u>(17,225)</u>	<u>(12,627)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(21,420)	124,718
Cash and cash equivalents, beginning of year	<u>210,049</u>	<u>85,331</u>
Cash and cash equivalents, end of year	<u>\$ 188,629</u>	<u>\$ 210,049</u>

The accompanying notes are an integral part of these statements.

The International Partnership for Service-Learning and Leadership

NOTES TO FINANCIAL STATEMENTS

April 30, 2010 and 2009

1. ORGANIZATION

The International Partnership for Service-Learning and Leadership, Inc. (“IPSL” or the “Organization”) is a not-for-profit consortium of colleges, universities, service agencies and related organizations united to foster and develop service-learning in higher education. IPSL is supported primarily through student fees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization maintains its books and prepares its financial statements on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of the Organization’s fund balances and transactions into three classes of net assets – unrestricted, temporarily restricted and permanently restricted, as follows:

- Unrestricted net assets represent net assets not subject to donor-imposed stipulations.
- Temporarily restricted net assets represent net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.
- Permanently restricted net assets represent net assets subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

The Organization has only unrestricted net assets at April 30, 2010 and 2009.

Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (where the donor-stipulated purpose has been fulfilled) are reported as net assets released from restrictions.

Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents.

The International Partnership for Service-Learning and Leadership

NOTES TO FINANCIAL STATEMENTS

April 30, 2010 and 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable is reported at the amount management expects to collect from outstanding balances. The allowance for uncollectible accounts is IPSL's best estimate of the amount of probable losses in the Organization's existing accounts receivable. The Organization determines the allowance based on historical write-off experience and current information. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The allowance for doubtful accounts was \$0 and \$62,850 at April 30, 2010 and 2009, respectively.

Property and Equipment

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair market value at the date of the donation. When assets are disposed of, the cost and related accumulated depreciation is removed from the accounts and any gain or loss is recorded in the statements of activities.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Equipment	5 years
Furniture	5 years
Computer Software	3-5 years

Contributions and Grants

Contributions are recognized in the period pledged as unrestricted contributions if specified for the current period and there are no donor-imposed restrictions. Contributions specified for future periods or with donor-imposed restrictions are recognized in the period pledged as temporarily restricted contributions. 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 statements of activities as net assets released from restrictions.

Unconditional promises to give are recognized as revenues in the period received as contributions and grants receivable. Promises to give without donor-imposed restrictions are recorded as unrestricted if specified for the current period. Promises to give with donor-imposed restrictions are specified for future periods are recorded as temporarily restricted. Conditional promises to give are only recognized when the conditions on which they depend are substantially met and the promises become unconditional.

NOTES TO FINANCIAL STATEMENTS

April 30, 2010 and 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition and Deferred Revenue

The Organization recognizes student fees in the period in which the related educational instruction is performed. Accordingly, student fees received for the next year are deferred until the programs commence.

The Company earns product license revenue derived from the sale of software licenses to end-users. Revenue from the sale of product licenses is recognized when evidence of an arrangement exists, fees are fixed and determinable, delivery has occurred, and when collection of the resulting receivable is reasonably assured.

The Company receives fees from customers for customer support and hosting services over a period of time. Such fees are deferred and recognized ratably over the term of the agreement.

The Company does not record allowances for sales returns as the customers do not have the right of return.

Program Services

Program services consist of the following:

International Service-Learning

IPSL designs and administers educational and graduate programs in twelve countries, which unite academic learning with volunteer service to the local community in an intercultural and international setting.

Advocacy for Service-Learning

IPSL convenes a symposium and promotes service-learning. The organization publishes a newsletter and has published several books on the subject of the benefits of study abroad programs.

In-Kind Contributions and Expenses

Donations of property, equipment, materials and other assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

The Organization recognizes 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. During the year ended April 30, 2010 and 2009, the Organization did not have in-kind contributions or expenses.

The International Partnership for Service-Learning and Leadership

NOTES TO FINANCIAL STATEMENTS

April 30, 2010 and 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Expenses

The Organization incurs advertising costs which are expensed as incurred. The accompanying statements of activities and functional expenses include a charge for advertising cost of \$8,094 and \$12,913 for the years ending April 30, 2010 and 2009, respectively.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization is organized as a nonprofit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes is made in the accompanying financial statements, as the Organization has no activities subject to taxable unrelated business income tax. The Organization is not a private foundation.

Use of 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 support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Instruments

The carrying value of the Organization's cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate market value as of April 30, 2010 and 2009 due to the short-term nature of the instruments.

The International Partnership for Service-Learning and Leadership

NOTES TO FINANCIAL STATEMENTS

April 30, 2010 and 2009

3. PROPERTY AND EQUIPMENT

Property and equipment at April 30th consist of the following:

	2010	2009
Equipment	\$ 6,950	\$ 6,950
Furniture	5,677	5,677
Computer software	17,225	-
	<u>29,852</u>	<u>12,627</u>
Less accumulated depreciation	5,302	766
	<u>\$ 24,550</u>	<u>\$ 11,861</u>

Amortization expense related to capitalized software was \$1,844 and \$0 for the years ending April 30, 2010 and 2009, respectively.

4. DEFINED CONTRIBUTION PLAN

IPSL provides employees an opportunity to participate in a tax-deferring annuity plan qualified under Section 403(b) of the Internal Revenue Code. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Organization makes contributions to the plan at a rate of 5% of salaries. Total contributions to the plan were \$8,789 and \$15,868 for the years ending April 30, 2010 and 2009, respectively.

5. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in bank accounts that, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash.

The International Partnership for Service-Learning and Leadership

NOTES TO FINANCIAL STATEMENTS

April 30, 2010 and 2009

6. COMMITMENTS

The Organization rents office space under an agreement expiring November 30, 2013. Minimum future lease payments at April 30, 2010 are as follows:

<u>Year ended</u>	
2011	\$ 30,420
2012	34,513
2013	36,958
2014	<u>21,612</u>
	<u>\$ 123,503</u>

In accordance with generally accepted accounting principles, the Organization recognizes the rent expense on a straight-line basis over the lease term, such that a monthly base rent charge of \$2,738 and \$2,367 for April 30, 2010 and 2009, respectively, is recognized.