

A LEG TO STAND ON, INC.

(A Nonprofit Organization)

Financial Statements

December 31, 2018

Together With Auditor's Report

A LEG TO STAND ON, INC.
(A Nonprofit Organization)

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December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
A Leg To Stand On
New York, New York

We have audited the accompanying financial statements of A Leg To Stand On (a nonprofit organization), which comprise the statement of financial position as of December 31, 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.

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.

Auditor's 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 of 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 entity'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 entity'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 financial statements referred to above present fairly, in all material respects, the financial position of A Leg To Stand On as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Zelin & Associates CPA LLC

Zelin & Associates CPA LLC
New York, New York
May 1, 2019

A LEG TO STAND ON, INC.
(A Nonprofit Organization)
Statement of Financial Position
As of December 31, 2018

Assets:

Cash and cash equivalents	\$	232,638
Investments		2,923
Accounts receivable		47,892
Pledges receivable		3,976
Equipment, net of accumulated depreciation amounting to \$9,689		-
Security deposit		310

TOTAL ASSETS		287,739
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Liabilities and Net Assets:

Liabilities:

Accounts payable and accrued expenses		320
Credit card payable		13,908

TOTAL LIABILITIES		14,228
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Net Assets:

Without donor restrictions		273,511
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TOTAL NET ASSETS		273,511
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TOTAL LIABILITIES AND NET ASSETS	\$	287,739
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The accompanying notes are an integral part of these financial statements.

A LEG TO STAND ON, INC.
(A Nonprofit Organization)
Statement of Activities
For The Year Ended December 31, 2018

	Without Donor Restrictions
Support and Revenue:	
Special events, net of costs of direct benefit to donors of \$379,114	\$ 357,146
In-kind support	17,500
Contributions from individuals	169,086
Corporate contributions	26,235
Combined federal campaign	1,710
Foundation contributions	2,000
Investment income (loss), net	902
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TOTAL SUPPORT AND REVENUE	574,578
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Expenses:	
Program services	544,100
Management and general	79,706
Fundraising	87,614
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TOTAL EXPENSES	711,420
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CHANGE IN NET ASSETS	(136,842)
Net Assets, beginning of year	410,353
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Net Assets, end of year	\$ 273,511

The accompanying notes are an integral part of these financial statements.

A LEG TO STAND ON, INC.
(A Nonprofit Organization)
Statement of Functional Expenses
For The Year Ended December 31, 2018



	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total Expenses</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 198,067	\$ 32,373	\$ 46,246	276,686
Payroll taxes and employee benefits	56,625	9,255	13,221	79,101
Payroll processing fees	-	2,508	-	2,508
Orthopedic product purchases	83,796	-	-	83,796
Cash allocations to program partners	75,235	-	-	75,235
Wheelchair allocations to program partners	54,368	-	-	54,368
Field-based CPO consultant	12,000	-	-	12,000
Travel	28,181	-	-	28,181
Occupancy	8,160	8,160	8,160	24,480
Professional fees	15,357	11,920	1,920	29,196
Supplies and printing	4,574	4,038	4,038	12,650
Small fundraisers	-	-	1,072	1,072
Direct mail	-	-	8,276	8,276
Online marketing	-	-	421	421
Membership payments	-	-	959	959
Rocktoberfest	-	-	379,114	379,114
State registrations	1,233	1,233	2,466	4,932
Bank and merchant processing fees	1,143	4,007	-	5,150
Telephone	1,765	3,529	-	5,294
Insurance	1,055	1,055	-	2,110
Local meetings	568	568	567	1,703
Postage and delivery	1,973	533	267	2,772
Miscellaneous	-	527	-	527
Subtotal	544,100	79,706	466,728	1,090,532
Less: Costs of direct benefits to donors reflected on the statement of activities	-	-	(379,114)	(379,114)
Total Expenses	\$ 544,100	\$ 79,706	\$ 87,614	\$ 711,418



The accompanying notes are an integral part of these financial statements.

A LEG TO STAND ON, INC.
(A Non Profit Organization)
Statement of Cash Flows
For the Year ended December 31, 2018

Cash Flows From Operating Activities

Change in net assets	\$	(136,841)
Adjustments to reconcile change in net assets to net cash used in operating activities:		-
Changes in operating assets and liabilities:		
Decrease in accounts receivable		64,512
Unrealized gains/loss on investments		(796)
Increase in accounts payable and accrued expenses		12,573
Net cash used in operating activities		(60,551)
Net change in cash	\$	(60,551)
Cash and cash equivalents, beginning of year		293,190
Cash and cash equivalents, end of year	\$	232,638

The accompanying notes are an integral part of these financial statements.

NOTE 1: SUMMARY OF ORGANIZATION, TAX AND ACCOUNTING POLICIES

Organization

A Leg to Stand On ("ALTSO" or "the Organization") was incorporated on April 23, 2002 in the State of New York and is committed to helping transform the lives of children with limb disabilities in developing countries by offering them the physical capabilities and self-esteem required to access education, work, and other community opportunities. ALTSO works in partnership with the local communities. ALTSO transforms the lives of disabled children through the use of corrective surgery and the provision of prosthetic limbs.

Income Tax Status

In December 2002, ALTSO received approval to be treated as a nonprofit organization under Section 501(c) (3) of the Internal Revenue Code and therefore is exempt from federal income taxes on related income. As such, no provisions for income taxes have been made in the financial statements.

Financial Statement Presentation

ALTSO's policy is to prepare financial statements on the accrual basis of accounting using U.S. Generally Accepted Accounting Principles.

Adoption of New Accounting Pronouncement: ASU No. 2016-14

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. This ASU is a result of the recommendations developed by FASB's Not-for-Profit Advisory Committee and FASB's ongoing review of Generally Accepted Accounting Principles (GAAP) standards to improve existing standards to meet the evolving needs of a dynamic financial reporting environment.

The ASU provides for changes in financial statement presentation that effect classification of net assets, presentation of expenses, investment returns and presentation of operating cash flows. It also calls for enhanced disclosures of board designated funds, underwater endowment funds, methods used to allocate costs among functions, and liquidity and availability of resources. The ASU affects all not-for-profit organizations including charities, foundations, colleges and universities, health care providers, religious organizations, trade associations, and cultural institutions, among others.

The amendments of ASU No. 2016-14 are effective for annual financial statements issued for periods beginning after December 15, 2017.

The Organization adopted ASU No. 2016-04 for the year ended December 31, 2018. As a result of adopting this standard, there was no effect on the Organization's total net assets.

Cash and Cash Equivalents

ALTSO considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

A LEG TO STAND ON, INC.
(A Nonprofit Organization)
Notes to Financial Statements
For Year Ended December 31, 2018

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. ALTSO considers receivables past due or delinquent when payments have not been received in a timely manner, and receivables are written off when management deems the possibility of collecting amounts due as completely unlikely. ALTSO closely monitors outstanding balances for all receivables and adheres to a standard set of protocols for collection activities to be undertaken at certain times based upon delinquency status. At December 31, 2018, management considers all receivables to be collectible. As such, an allowance for doubtful accounts has not been established.

Equipment

Equipment is recorded at cost for financial reporting purposes and depreciated using the straight-line method over the estimated economic useful lives of the assets. These amounts do not purport to represent replacement or net realizable values. ALTSO has a policy to capitalize all purchases of equipment in excess of \$1,000.

Planned maintenance activities are accounted for under U.S. Generally Accepted Accounting Principles. Repairs and maintenance are expensed when incurred, while renewals and betterments are capitalized. When equipment is retired, sold or otherwise disposed of, the cost and accumulated depreciation are removed, and any gain or loss is recognized.

Functional Allocation of Expenses

The costs for providing various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services that benefited. These expenses include salaries for all staff, payroll taxes and employee benefits except the program manager whose salary, payroll taxes and benefits are confined to programs. Compensation for other staff is allocated based on estimates of time and effort. Other allocated expenses are Occupancy which is allocated by square footage; Organization Strategy and Development included in Professional fees (though grouped with the Audit expense which is solely assigned to Management) is allocated based on estimates of time and effort. State registrations, Insurance and Local meetings are based on estimated utility whilst Telephone and Bank and Merchant Processing are based on actual expenses.

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 judgments that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

Fair value measurements are based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into 3 levels:

Level 1: valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets and liabilities. The fair value hierarchy gives the highest priority to level 1 inputs.

A LEG TO STAND ON, INC.
(A Nonprofit Organization)
Notes to Financial Statements
For Year Ended December 31, 2018

Level 2: valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3: valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to level 3 inputs. Valuation techniques include market approach, cost approach and the income approach.

Management has reviewed securities for more than temporary declines. As of December 31, 2018, these declines have not affected the financial statements.

ALTSO's marketable securities would be considered a level 1 input that has a quoted market price in an active market with identical assets. The investments reported in the accompanying statement of financial position have been classified as net assets without donor restrictions.

ALTSO adopted the provisions of the Fair Value measurement standards. Under this standard, ALTSO reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the book value amount of the assets, ALTSO recognizes an impairment loss.

Donated Materials and Services

Donated materials and services are reflected as in-kind support in the accompanying statement of activities at their estimated values at the date of receipt. Donated services of specialized skill that would be purchased in the absence of this donation are recorded at the estimated market rate for the corresponding hours spent.

In 2018 ALTSO received donated services for Organization Strategy and Development; the market value of this is reflected in the accompanying Statement of functional expenses. The entire services were valued at \$17,500; eighty percent of this was allocated to Program Services and Management and General and Fundraising were both allocated ten percent. In addition, a substantial number of volunteers have donated significant amounts of their time in the organization's program services, administration, and in its fund-raising campaigns.

Contributions

All contributions are considered to be available for use without restrictions unless specifically restricted by the donor. Amounts received that are restricted by the donor for use in future periods or for specific purposes are recorded as support with donor restrictions that increases that net asset class. 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. Restricted contributions whose restrictions are met within the same fiscal year are reported as contributions without donor restrictions. Similarly, gains and investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the gains and income are recognized. Contributions are recorded at their fair value on the date of receipt. Unconditional promises to contribute are recorded at the fair value of the property to be contributed on the date the promise is made.

A LEG TO STAND ON, INC.
(A Nonprofit Organization)
Notes to Financial Statements
For Year Ended December 31, 2018

Tax Status

ALTSO has no uncertain tax positions as of December 31, 2018 in accordance with Accounting Standards Codification Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions. ALTSO is no longer subject to federal or state and local income tax examinations by tax authorities for years before 2015.

Subsequent events

Management has evaluated, for potential recognition and disclosure, events and transactions that occurred subsequent to the date of the statement of financial position through May 1, 2019 the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through May 1, 2019 that would require disclosure in the financial statements.

NOTE 2: INVESTMENTS

Investments consist of marketable securities as of December 31, 2018. Investments are subject to market volatility that could change their carrying value in the near term.

Investments - Stocks:

Value of Stocks at December 31, 2017	\$ 2,287
Realized gains	<u>636</u>
Total Value of Stocks at December 31, 2018	<u>\$ 2,923</u>

NOTE 3: FURNITURE AND EQUIPMENT

As of December 31, 2018, equipment consisted of:

		Estimated Useful Lives
Computers	\$ 8,289	5 Years
Furniture	<u>1,400</u>	5 Years
Total	9,689	
Less: Accumulated depreciation	<u>(9,689)</u>	
Net book value	<u>\$ -</u>	

There was no depreciation expense for the year ended December 31, 2018. All assets were fully depreciated in 2017 and no depreciable assets were acquired in 2018.

NOTE 4: COMMITMENTS

ALTSO is obligated under a month to month membership agreement with Wework at 401 Park Avenue South, New York, NY for office space. The minimum monthly payment is \$2,400 a month. The lease includes rent,

A LEG TO STAND ON, INC.
(A Nonprofit Organization)
Notes to Financial Statements
For Year Ended December 31, 2018

telephone, utilities, internet access, printing and photocopying, and janitorial services. The total occupancy expense for 2018 was \$24,480.

NOTE 5: LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$ 232,638
Investments	2,923
Accounts receivable	47,892
Pledges receivable	<u>3,976</u>
Total	<u>\$ 287,429</u>

Liquidity is managed based upon actual results of previous years, as well as forecasts of spending through the end of the fiscal year. Fundraising activities, which have historically generated a predictable return, are planned and scheduled accordingly. With an annual budget below \$1,100,000 and monthly expenses less than \$100,000, the Organization meets its liquidity needs for operational costs through regular unrestricted and operational grants, especially individual donations. The majority of grants and donations, as well as expenditures, have been operational, enabling the Organization to match expenditures against corresponding funding. Expenses are not incurred against grants and donations with donor restrictions until the corresponding funding has been received.