

A LEG TO STAND ON, INC.

(A Nonprofit Organization)

Financial Statements

December 31, 2019

Together with Auditor's Report

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

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December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
A Leg To Stand On, Inc.

We have audited the accompanying financial statements of A Leg To Stand On, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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 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 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, Inc. as of December 31, 2019, 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.

Zelin & Associates CPA LLC

ZELIN & ASSOCIATES CPA LLC

New York, New York
November 16, 2020

A LEG TO STAND ON
(A Nonprofit Organization)
Statement of Financial Position
As of December 31, 2019

Assets:

Cash	\$	277,233
Accounts receivable		41,625
Pledges receivable		3,976
Investments		4,719
Prepaid expenses		418
Intangible assets, net of accumulated amortization of \$83		4,917
Furniture and equipment, net of accumulated depreciation of \$4,650		3,270
Security deposit		3,600

TOTAL ASSETS	\$	339,758
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Liabilities and Net Assets:

Accounts payable and accrued expenses	\$	79
Due to employees		780
Credit card liability		7,353

TOTAL LIABILITIES		8,212
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Net Assets:

Without donor restrictions		331,546
With donor restrictions		-

TOTAL NET ASSETS		331,546
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TOTAL LIABILITIES AND NET ASSETS	\$	339,758
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The accompanying notes are an integral part of these financial statements.

A LEG TO STAND ON
(A Nonprofit Organization)
Statement of Activities
For The Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Special events (net of direct costs of \$272,219)	\$ 567,462	\$ -	\$ 567,462
Corporate contributions	77,349	-	77,349
Individuals	52,967	-	52,967
Direct mailing campaign	20,166	-	20,166
Contributions - in kind	15,000	-	15,000
Combined federal campaign	12,679	-	12,679
Foundations	6,850	-	6,850
Investment return, net	1,874	-	1,874
TOTAL SUPPORT AND REVENUE	754,347	-	754,347
Expenses:			
Program services	485,346	-	485,346
Management and general	95,192	-	95,192
Fundraising	115,774	-	115,774
TOTAL EXPENSES	696,312	-	696,312
CHANGE IN NET ASSETS	58,035	-	58,035
Net Assets, beginning of year	273,511	-	273,511
Net Assets, end of year	\$ 331,546	\$ -	\$ 331,546

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

A LEG TO STAND ON
(A Nonprofit Organization)
Statement of Functional Expenses
For The Year Ended December 31, 2019

	Program Services	Management and General	Fundraising	Total Expenses
Staff salaries	\$ 199,823	\$ 43,067	\$ 45,955	\$ 288,845
Payroll taxes and employee benefits	60,459	13,904	14,558	\$ 88,921
Prosthetic and orthopedic products	158,174	-	-	158,174
Office supplies	1,683	1,082	3,804	6,569
Occupancy	7,255	7,255	7,255	21,765
Accounting fees	-	10,985	-	10,985
Consultants	25,040	775	-	25,815
Travel	8,741	682	13,997	23,420
Meetings and meals	105	885	383	1,373
Shipping, mailing and delivery	15,317	208	1,752	17,277
Direct mail service	-	-	6,859	6,859
Bank, payroll and processing fees	1,399	5,403	306	7,108
Software & subscriptions	4,212	3,660	4,198	12,070
Marketing	-	-	234	234
Printing	-	-	9,599	9,599
State registrations	-	-	4,097	4,097
Telephone	2,359	2,359	2,359	7,077
Insurance	-	2,111	-	2,111
Depreciation and amortization	-	817	-	817
Miscellaneous	779	1,999	418	3,196
Total Expenses	\$ 485,346	\$ 95,192	\$ 115,774	\$ 696,312

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

A LEG TO STAND ON
(A Nonprofit Organization)
Statement of Cash Flows
For The Year Ended December 31, 2019

Cash Flows From Operations

Change in net assets	\$ 58,035
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	817
Increase in fair values of investments	(1,722)
Changes in operating assets and liabilities:	
Decrease in accounts receivable	6,267
(Increase) in prepaid expenses	(418)
(Increase) in security deposit	(3,290)
(Decrease) in accounts payable and accrued expenses	(241)
Increase in amount due to employees	780
(Decrease) in credit card payable	(6,555)

NET CASH PROVIDED BY OPERATING ACTIVITIES **53,673**

Cash Flows From Investing Activities

Proceeds from sale of security	12
Cost of equipment purchases	(4,004)
Cash invested in intangible asset	(5,000)

NET CASH USED BY INVESTING ACTIVITIES **(8,992)**

NET INCREASE IN CASH **44,681**

Cash, beginning of year	232,552
Cash, end of year	\$ 277,233

Supplemental Disclosures of Cash Flow Information:

Cash paid during the year for:

Interest	\$ 663
Income taxes	\$ 1,236

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

A LEG TO STAND ON, INC.
(A Nonprofit Organization)
Notes to Financial Statements
For Year Ended December 31, 2019

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.

Financial Statement Presentation

ALTSO's policy is to prepare financial statements on the accrual basis of accounting using accounting principles generally accepted in the United States of America. Financial statement presentation follows the Financial Accounting Standards Board Accounting Standards Codification Topic 958 (FASB ASC 958). Under FASB ASC 958 (ASU No. 2016-14), The Organization is required to report information regarding its financial position and activities according to two classes of net assets, as applicable: net assets without donor restrictions and net assets with donor restrictions. The classification of net assets and related support, revenue and expenses are based on the presence or absence of donor-imposed restrictions.

These classifications are defined as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations and are available for the general operations of the Organization. All contributions are considered to be available for use without restrictions unless specifically restricted by the donor. 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.

Net assets with donor restrictions - Net assets which are subject to donor-imposed stipulations that will either be met by actions of the Organization, by the passage of time, by both actions of the Organization and the passage of time, or that neither expires with the passage of time nor can be fulfilled or removed by actions of the Organization. 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.

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.

A LEG TO STAND ON, INC.
(A Nonprofit Organization)
Notes to Financial Statements
For Year Ended December 31, 2019

**NOTE 1: SUMMARY OF ORGANIZATION, TAX AND ACCOUNTING POLICIES
(CONTINUED)**

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.

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.

ALTSO has no uncertain tax positions as of December 31, 2019 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 2016.

During 2019, ALTSO paid \$1,236 in taxes on unrelated business income to the United States Treasury and the New York State Department of Taxation and Finance. These taxes were based on qualified transportation fringe benefits paid in 2018 that were classified as unrelated business taxable income by the Tax Cuts and Jobs Act of 2017. The portion of that law that created the tax that the Organization paid was retroactively repealed in December 2019 and the Organization therefore had no income from activities unrelated to its exempt purpose in 2019.

Cash and Cash Equivalents

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

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. As of December 31, 2019, management considers all receivables to be collectable. As such, an allowance for doubtful accounts has not been established.

A LEG TO STAND ON, INC.
(A Nonprofit Organization)
Notes to Financial Statements
For Year Ended December 31, 2019

**NOTE 1: SUMMARY OF ORGANIZATION, TAX AND ACCOUNTING POLICIES
(CONTINUED)**

Investments and Fair Value Measurements

ALTSO's investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date.

The fair value measurements accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. ALTSO uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, ALTSO measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. There have been no changes in the methodologies used at December 31, 2019.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2019, are as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>
Common stocks	\$4,719	\$4,719
Total	<u>\$4,719</u>	<u>\$4,719</u>

ALTSO's investment return for the year ended December 31, 2019 consisted of:

Net appreciation in fair values of investments	\$1,722
Interest income	68
Dividends	<u>84</u>
	<u>\$1,874</u>

Furniture and Equipment

Furniture and equipment are 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 furniture and equipment of \$1,000 and above.

Planned maintenance activities are accounted for under accounting principles generally accepted in the United States of America. Repairs and maintenance are expensed when incurred, while renewals and betterments are capitalized. When furniture and equipment are retired, sold or otherwise disposed, the cost and accumulated depreciation are removed, and any gain or loss is recognized.

A LEG TO STAND ON, INC.
(A Nonprofit Organization)
Notes to Financial Statements
For Year Ended December 31, 2019

**NOTE 1: SUMMARY OF ORGANIZATION, TAX AND ACCOUNTING POLICIES
(CONTINUED)**

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.

During 2019, ALTSO received donated consultant services related to the design and implementation of product packaging for its prosthetic and orthopedic devices. These services were valued at \$15,000 market value of this is reflected in the accompanying statements of functional expenses as program expense. In addition, a substantial number of volunteers donated significant amounts of their time in the organization's program services, administration, and to its fundraising 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.

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 November 16, 2020, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through November 16, 2020 that would require disclosure in the financial statements.

A LEG TO STAND ON, INC.
(A Nonprofit Organization)
Notes to Financial Statements
For Year Ended December 31, 2019

NOTE 2: FURNITURE, EQUIPMENT AND INTANGIBLE ASSETS

As of December 31, 2019, furniture and equipment consisted of:

		<u>Estimated Useful Lives</u>
Computers	\$7,220	5 years
Furniture	<u>700</u>	5 years
Total	7,920	
Less: accumulated depreciation	<u>(4,650)</u>	
	<u>\$3,270</u>	

As of December 31, 2019, intangible assets consisted of:

		<u>Estimated Useful Life</u>
Computer software	\$5,000	5 years
Less: accumulated amortization	<u>(83)</u>	
	<u>\$4,917</u>	

The Organization incurred depreciation expense of \$734 and amortization expense of \$83 for 2019.

NOTE 3: COMMITMENTS

The Organization occupies office space in New York City on a month-to-month membership agreement with a commercial real estate company that provides flexible shared workspaces and office services. Total rent expense incurred pursuant this agreement in 2019 was \$21,765.

Effective February 1, 2020, the Organization entered into a 24-month commitment with this company for a larger workspace, expiring on January 31, 2022. The monthly membership fee is \$3,060 (\$5,100 less a stated discount of \$2,040), with a 3.5% increase after twelve months. This agreement was terminated, effective August 1, 2020, with the signing of a revised agreement. Future minimum lease payments through the termination date in 2020 are \$18,360.

Effective August 1, 2020, the February 1, 2020 agreement was replaced with a new agreement for six months, expiring on January 31, 2021. The stated monthly rent is \$1,150 per month, with stated discounts of \$862.50 per month for the first three months and \$287.50 for the final three months. Future minimum lease payments under this lease are \$2,588 for the year ended December 31, 2020 and \$862 for the year ended December 31, 2021.

A LEG TO STAND ON, INC.
(A Nonprofit Organization)
Notes to Financial Statements
For Year Ended December 31, 2019

NOTE 4: 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	\$277,233
Accounts receivable	41,625
Pledges receivable	3,976
Investments	<u>4,719</u>
Total	<u>\$327,553</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.