

A LEG TO STAND ON, INC.

(A Nonprofit Organization)

Financial Statements

December 31, 2021

Together with Auditor's Report

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

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December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2021, and the related statements of activities and cash flows for the year 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 A Leg To Stand On, Inc. as of December 31, 2021, 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.

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 A Leg To Stand On, 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 A Leg To Stand On 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, including omissions, 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 A Leg To Stand On 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 A Leg To Stand On 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.

A handwritten signature in cursive script that reads "Zelin & Associates CPA LLC". The signature is written in black ink and is positioned above the printed name of the firm.

Zelin & Associates CPA LLC

New York, NY

November 9, 2022

A LEG TO STAND ON
(A Nonprofit Organization)
Statement of Financial Position
As of December 31, 2021

Assets:

Cash	\$ 437,546
Accounts receivable	30,000
Investments	15,012
Intangible assets, net of accumulated amortization of \$2,083	2,917
Furniture and equipment, net of accumulated depreciation of \$6,252	1,668
Security deposit	1,725

TOTAL ASSETS	\$ 488,868
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Liabilities and Net Assets:

Accounts payable and accrued expenses	\$ 21,950
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TOTAL LIABILITIES	21,950
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Net Assets:

Without donor restrictions	441,918
With donor restrictions	25,000

TOTAL NET ASSETS	466,918
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TOTAL LIABILITIES AND NET ASSETS	\$ 488,868
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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
As of December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Special events	\$ 282,321	\$ -	\$ 282,321
Individuals	167,930	-	167,930
Corporate contributions	57,225	-	57,225
Foundations	175,841	40,000	215,841
Contributions - in kind	19,473	-	19,473
Investment return, net	2,853	-	2,853
Other income	1,385	-	1,385
Net assets released from restrictions	15,000	(15,000)	-
TOTAL SUPPORT AND REVENUE	722,028	25,000	747,028
Expenses:			
Program services	451,460	-	451,460
Management and general	91,959	-	91,959
Fundraising	86,378	-	86,378
TOTAL EXPENSES	629,797	-	629,797
CHANGE IN NET ASSETS	92,231	25,000	117,231
Net Assets, beginning of year	349,687	-	349,687
Net Assets, end of year	\$ 441,918	\$ 25,000	\$ 466,918

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

A LEG TO STAND ON
(A Nonprofit Organization)
Statement of Functional Expenses
As of December 31, 2021

	Program Services	Management and General	Fundraising	Total Expenses
Staff salaries	\$ 209,992	\$ 39,624	\$ 39,105	\$ 288,721
Payroll taxes and employee benefits	63,595	12,000	11,842	87,437
Prosthetic and orthopedic support	144,911	-	-	144,911
Software and subscriptions	3,667	13,047	485	17,199
Shipping, mailing and delivery	15,856	-	683	16,539
Payroll processing fees	9,488	1,790	1,767	13,045
Event production	-	-	10,191	10,191
Accounting fees	-	10,000	-	10,000
Direct mail service	-	-	8,188	8,188
Bank and credit card processing fees	526	7,535	-	8,061
State registrations	-	-	5,616	5,616
Occupancy	1,735	1,734	1,734	5,203
Marketing	-	-	4,741	4,741
Telephone	1,289	1,289	1,289	3,867
Insurance	-	2,111	-	2,111
Depreciation and amortization	-	1,801	-	1,801
Miscellaneous	71	698	373	1,142
Office supplies	330	330	364	1,024
Total Expenses	\$ 451,460	\$ 91,959	\$ 86,378	\$ 629,797

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

A LEG TO STAND ON
(A Nonprofit Organization)
Statement of Cash Flows
As of December 31, 2021

Cash Flows From Operations

Change in net assets	\$	117,231
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization		1,801
Opening balance adjustment		(761)
Changes in operating assets and liabilities:		
Decrease in accounts receivable		(2,928)
Increase in accounts payable and accrued expenses		21,806
(Decrease) in loan payable		(69,685)
Increase in other liabilities		(4,552)
NET CASH PROVIDED BY OPERATING ACTIVITIES		62,913

Cash Flows From Investing

Change in investment		(5,529)
NET CASH PROVIDED BY INVESTING ACTIVITIES		(5,529)

NET INCREASE IN CASH **57,384**

Cash, beginning of year		380,162
Cash, end of year	\$	437,546

Supplemental Disclosures of Cash Flow Information:

Cash paid during the year for:

Income taxes		-
Interest		-

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, 2021

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. As of December 31, 2021 there was a total of \$25,000 recorded as net assets with donor restrictions restricted both for the year 2022, and by actions the Organization needs to take.

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, 2021

**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, 2021 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 2018.

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, 2021, 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, 2021

**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, 2021.

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, 2021, are as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>
Common stocks	<u>\$15,012</u>	<u>\$15,012</u>
Total	<u>\$15,012</u>	<u>\$15,012</u>

ALTSO's investment return for the year ended December 31, 2021 consisted of:

Net appreciation in fair value of investments	\$2,449
Dividends income	219
Interest income	146
Realized gain/loss	<u>39</u>
Total	<u>\$2,853</u>

A LEG TO STAND ON, INC.
(A Nonprofit Organization)
Notes to Financial Statements
For Year Ended December 31, 2021

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

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.

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 2021, ALTSO received donated supplies, and services that were comprised of:

Stock donations received	\$3,080
Crypto received	560
Wheelchairs Fair Value	11,248
Marketing Services	<u>4,585</u>
	<u>\$19,473</u>

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

New Accounting Pronouncements: ASU No. 2014-09

In May 2014, the FASB issued ASU NO. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU is the result of a joint project of the FASB and the IASB to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and IFRS. The guidance in this ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards.

The ASU provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should apply the following five-step process to recognize revenue:

Step 1: Identify the contract with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

For nonpublic entities, due to COVID-19 pandemic, the FASB voted to extend the effective dates for annual reporting periods beginning after December 15, 2020 and interim reporting periods within annual periods beginning after December 15, 2020. A Leg To Stand On, Inc. adopted the ASU No. 2014-09 and there has been no material impact.

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. ALTSO had restricted contributions as of December 31, 2021 of \$25,000.

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 9, 2022, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through November 9, 2022 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, 2021

NOTE 2: FURNITURE, EQUIPMENT AND INTANGIBLE ASSETS

As of December 31, 2021, furniture and equipment consisted of:

		<u>Estimated Useful Lives</u>
Computers	\$7,220	5 years
Furniture	700	5 years
Total	7,920	
Less: accumulated depreciation	<u>(6,252)</u>	
	<u>\$1,668</u>	

As of December 31, 2021, intangible assets consisted of:

		<u>Estimated Useful Life</u>
Computer software	\$5,000	5 years
Less: accumulated amortization	<u>(2,083)</u>	
	<u>\$2,917</u>	

The Organization incurred depreciation expense of \$801 and amortization expense of \$1,000 for the year ended December 31, 2021.

NOTE 3: COMMITMENTS

The Organization entered into a one-year operating lease for office space in New York that commenced in March 2022 and ends in February 2023. Monthly rents for the year were \$1,500 a month along with a monthly discount of \$225 a month. The agreement is set to increase by 3.5% at the end of each year. The Organization expects to continually renew the lease for the next 5 years, and therefore projected rent expense is as follows:

Calendar year 2022	\$14,460
Calendar year 2023	15,746
Calendar year 2024	16,297
Calendar year 2025	16,868
Calendar year 2026	17,458

Rent expense totaled \$5,203 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, 2021

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	\$437,546
Accounts receivable	30,000
Investments	<u>15,012</u>
Total	<u>\$482,558</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.

NOTE 5: CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject A Leg To Stand On, Inc. to concentration of credit risk consist of cash which has been placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. Management feels they have little risk and A Leg To Stand On, Inc. has not experienced any losses due to bank failure.

NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2021 were comprised of \$25,000 restricted for the purchase of wheelchair orthotics, Joshi Limbs, and Joshi sheets.

NOTE 7: 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 9, 2022, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through November 9, 2022 that would require disclosure in the financial statements.

NOTE 8: COVID-19 PANDEMIC

In March 2020, the World Health Organization (“WHO”) declared the coronavirus (COVID 19), a global pandemic and public health emergency. The WHO has recommended containment and mitigation measures worldwide and domestically, self-isolation and shelter in-place requirements have been or are being put in place.

At this point, A Leg To Stand On, Inc. cannot reasonably estimate the length or severity of this pandemic or the extent to which the disruption may impact the Organization’s financial statements and future results of operations. A Leg To Stand On, Inc. will continue to monitor and evaluate the nature and extent of the impact on our ongoing activities and potential effect on future contributions or funding and expenses, financial condition and liquidity.

Due to local shut-downs and restrictions from COVID-19 in the developing world, A Leg To Stand On’s ability to provide products and treatments were limited in 2021. These limitations caused a lower prosthetic and orthopedic support expense, and fewer children treated, which was outside of the control of the organization.