

# LIMBS FOR LIFE FOUNDATION

Audited Financial Statements

December 31, 2019

# **BELL & RHODES, P.C.**

*Certified Public Accountants*

14220 Barbour Avenue

Oklahoma City, OK 73134

## **INDEPENDENT AUDITOR'S REPORT**

Ms. Lucy Fraser and the Board of Directors  
Limbs for Life Foundation  
9604 North May Avenue  
Oklahoma City, Oklahoma 73120

We have audited the accompanying amended and restated financial statements of Limbs for Life Foundation (a nonprofit organization) which comprise the amended and restated statements of financial position as of December 31, 2019 and 2018 and the related amended and restated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the amended and restated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these amended and restated 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 amended and restated 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 amended and restated 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 amended and restated financial statements referred to above present fairly, in all material respects, the financial position of Limbs for Life Foundation as of December 31, 2019 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.

## **Restatement of financial statements**

Without modifying our opinion, we draw attention to Note 12 to the amended and restated financial statements which explains that the amended and restated financial statements for the year ended December 31, 2019 have been restated from those which we originally reported on July 23, 2020.

## **Other Matters**

The financial statements of Limbs for Life Foundation as of December 31, 2018, and for the year then ended were audited by other auditors. These auditors expressed an unqualified opinion on those financial statements in their report dated June 14, 2019.

A handwritten signature in black ink that reads "Bill & Althea, P.C." in a cursive, flowing script.

July 23, 2020, except as to Note 12 which is as of November 18, 2020

**Limbs for Life Foundation**  
**Amended and Restated Statements of Financial Position**  
**As of December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 8,642,338	\$ 2,486,683
Restricted cash	58,428	64,896
Marketable securities	2,599,103	-
Prothetics inventory	213,636	189,785
Prepaid expenses	7,055	7,612
Deposits	<u>7,400</u>	<u>4,400</u>
Total Current Assets	11,527,960	2,753,376
Other Assets		
Beneficial interest in assets held by others	53,441	46,356
Beneficial interest in trust	<u>3,633,080</u>	<u>12,088,459</u>
Restricted assets	3,686,521	12,134,815
Property and equipment		
Computers and software	6,195	28,238
Furniture and fixtures	10,663	15,408
Leasehold improvements	<u>5,000</u>	<u>5,000</u>
	21,858	48,646
Accumulated depreciation	<u>(15,229)</u>	<u>(39,630)</u>
Net property and equipment	<u>6,629</u>	<u>9,016</u>
Total Assets	<u><u>\$ 15,221,110</u></u>	<u><u>\$ 14,897,207</u></u>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable	\$ 1,075	\$ 1,471
<b>Net Assets</b>		
Without donor restrictions	15,108,166	14,784,484
With donor restrictions		
Purpose	58,428	64,896
Time	<u>53,441</u>	<u>46,356</u>
Total donor restricted	<u>111,869</u>	<u>111,252</u>
Total Net Assets	<u>15,220,035</u>	<u>14,895,736</u>
Total Liabilities and Net Assets	<u><u>\$ 15,221,110</u></u>	<u><u>\$ 14,897,207</u></u>

**Limbs for Life Foundation**  
**Amended and Restated Statement of Activity and Changes in Net Assets**  
**For the Years Ended December 31, 2019 and 2018**

	2019			
	Without Donor Restriction	With Donor Restriction		Total
		Purpose	Time	
<b>Revenue and Other Support</b>				
Contributions	\$ 459,723	\$ 400	\$ -	\$ 460,123
Earnings from trust	530,678	-	-	530,678
Grants and sponsorships	88,541	25,000	-	113,541
Donated goods and services	79,748	-	-	79,748
Fundraising special event revenue	69,499	-	-	69,499
Cost of direct benefit to donors-fundraising	(21,374)	-	-	(21,374)
Interest and dividend income	198,474	332	-	198,806
Distribution income	4,285	-	-	4,285
Loss on disposition of assets	(581)	-	-	(581)
Net assets released from restrictions	32,200	(32,200)	-	-
Total Revenue and other Support	1,441,193	(6,468)	-	1,434,725
<b>Expenses</b>				
Program services:				
Patient Assistance	873,891	-	-	873,891
Community Education and Volunteer Recruitment	10,888	-	-	10,888
	884,779	-	-	884,779
Management & general	57,618	-	-	57,618
Fundraising	123,992	-	-	123,992
Total expenses	1,066,389	-	-	1,066,389
Change in net assets from operations	374,804	(6,468)	-	368,336
Unrealized change in market value	(51,122)	-	7,085	(44,037)
Change in net assets	323,682	(6,468)	7,085	324,299
Net assets at beginning of year	14,784,484	64,896	46,356	14,895,736
Net assets at end of year	\$ 15,108,166	\$ 58,428	\$ 53,441	\$ 15,220,035

**Limbs for Life Foundation**  
**Statement of Activities and Net Assets**  
**For the Years Ended December 31, 2019 and 2018**

	2018			
	Without Donor Restriction	With Donor Restriction		Total
		Purpose	Time	
<b>Revenue and Other Support</b>				
Contributions	\$ 204,514	\$ 3,060	\$ -	\$ 207,574
Grants and sponsorships	29,200	84,250	-	113,450
Fundraising special event revenue	134,038	-	-	134,038
Cost of direct benefit to donors-fundraising	-	-	-	-
Investment income	27,084	-	-	27,084
Gifts in kind	115,550	-	-	115,550
Net assets released from restrictions	99,545	(99,545)	-	-
Total Revenue and other Support	609,931	(12,235)	-	597,696
<b>Expenses</b>				
Program services:				
Patient assistance	1,022,015	-	-	1,022,015
Community education and volunteer recruitment	490	-	-	490
	1,022,505	-	-	1,022,505
Supporting services:				
Management & general	46,616	-	-	46,616
Fundraising	137,204	-	-	137,204
Depreciation	1,981	-	-	1,981
	185,801	-	-	185,801
Total Expenses	1,208,306	-	-	1,208,306
Change in net assets from operations	(598,375)	(12,235)	-	(610,610)
Unrealized change in market value	-	-	1,547	1,547
Change in net assets	(598,375)	(12,235)	1,547	(609,063)
Net assets at beginning of year	14,083,614	77,131	44,809	14,205,554
Net effect of correction of error in prior year	1,650	-	-	1,650
Net assets at end of year	<u>\$ 13,486,889</u>	<u>\$ 64,896</u>	<u>\$ 46,356</u>	<u>\$ 13,598,141</u>

**Limbs for Life Foundation**  
**Amended and Restated Statements of Cash Flows**  
**For the Years Ended December 31, 2019 and 2018**

	2019	2018
Cash Flows from Operating Activities		
Change in net assets from operations	\$ 368,336	\$ 688,532
Adjustments to reconcile change in net assets to cash provided by operating activities:		
net effect of prior period adjustment	-	1,650
Depreciation expense	2,444	1,981
Loss on disposition of assets	581	-
Change in value of beneficial interest in trust	(530,678)	(1,297,595)
Decrease in accounts receivable	-	5,010
Decrease (increase) in inventory	(23,851)	14,728
Decrease (increase) in prepaid expenses	557	(108)
Increase in deposits	(3,000)	(1,800)
Decrease in beneficial assets held by others	-	1,949
Increase (decrease) in accounts payable	(396)	820
Net cash applied to operating activities	(186,007)	(584,833)
Cash Flows from Investing Activities		
Cash distribution from trust	6,335,832	-
Purchase of equipment	(638)	(1,196)
Net cash provided by (applied to) investing activities	6,335,194	(1,196)
Net change in cash, restricted cash and cash equivalents	6,149,187	(586,029)
Cash, restricted cash and cash equivalents-beginning of year	2,551,579	3,139,155
Cash, restricted cash and cash equivalents-end of year	<u>\$ 8,700,766</u>	<u>\$ 2,553,126</u>
Cash and cash equivalents-Current Assets	\$ 8,642,338	\$ 2,486,683
Cash and cash equivalents-Restricted Assets	58,428	64,896
	<u>\$ 8,700,766</u>	<u>\$ 2,551,579</u>

**Supplemental Information:**

Interest expense paid	<u>\$ -</u>
Income taxes and penalties paid	<u>\$ 5,101</u>

**Limbs for Life Foundation**  
**Amended and Restated Statements of Functional Expenses**  
**For the Years Ended December 31, 2019 and 2018**

	Program			Support Activities		
	Community Education					
	Patient Assistance	and Volunteer Recruitment	Total Program	Management and General	Fundraising	Total Expenses
<b>For the year ended December 31, 2019</b>						
Health and welfare	\$ 698,622	\$ -	\$ 698,622	\$ -	\$ -	698,622
Salaries, benefits and taxes	129,853	-	129,853	31,549	76,532	237,934
Education & public awareness	-	10,888	10,888	-	-	10,888
Occupancy	19,270	-	19,270	4,895	11,932	36,097
Services	19,194	-	19,194	12,073	31,073	62,340
Office	6,014	-	6,014	1,398	3,574	10,986
Other	938	-	938	5,259	881	7,078
Depreciation	-	-	-	2,444	-	2,444
	<u>\$ 873,891</u>	<u>\$ 10,888</u>	<u>\$ 884,779</u>	<u>\$ 57,618</u>	<u>\$ 123,992</u>	<u>1,066,389</u>
Percentage of total expenses			83.0%	5.4%	11.6%	100%
<b>For the year ended December 31, 2018</b>						
Health and welfare	\$ 827,222	\$ -	\$ 827,222	\$ -	\$ -	\$ 827,222
Salaries, benefits and taxes	128,846	-	128,846	28,794	72,723	230,363
Occupancy	35,752	-	35,752	4,238	11,001	50,991
Services	30,022	490	30,512	13,569	52,896	96,977
Depreciation	-	-	-	1,981	-	1,981
Other	173	-	173	15	584	772
	<u>\$ 1,022,015</u>	<u>\$ 490</u>	<u>\$ 1,022,505</u>	<u>\$ 48,597</u>	<u>\$ 137,204</u>	<u>\$ 1,208,306</u>
Percentage of total expenses			84.6%	4.0%	11.4%	100%



**Limbs for Life Foundation**  
**Notes to Amended and Restated Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

1. Nature of Activities

Limbs for Life Foundation (LFL), a 501(c)(3) nonprofit organization, operates as a voluntary not-for-profit organization providing fully functional prosthetic care for individuals who cannot otherwise afford it, and raising awareness in the community of the challenges facing amputees. LFL was incorporated in the State of Oklahoma in 1995. LFL funding sources are from the private sector and include individuals, corporations, foundations, religious and other organizations.

2. Significant Accounting Policies

- a. Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other assets and liabilities. Revenue is recognized when earned and expenses are recognized when incurred, unless related to specific fundraising events. In that case, such expenses are recognized at the time of the fundraising event.

LFL adopted Accounting Standard Update (ASU) 2016-14 Not-For-Profit Entities (Topic 958), *Presentation of Financial Statements of Not-For-Profit Entities*. The new guidance simplifies and improves how not-for-profit entities classify net assets as well as the information presented in the financial statements and notes about liquidity, financial performance and cash flows.

- b. Basis of presentation – The financial statements report information regarding LFL'S financial position and activities according to two classes –net assets without donor restriction and net assets with donor restriction.
- c. Cash equivalents – LFL considers all highly liquid investments with a maturity, when purchased, of 90 days or less to be cash equivalents.
- d. Donated assets and services – Non-cash donations with readily determinable fair values are recorded as contributions at their estimated fair values at the date of the donation.

Individuals, businesses and other organizations donate prosthetic materials, consisting primarily of new and used componentry for prosthetic limbs, toward the fulfillment of care provided by LFL. To the extent that such donations are made under the control of LFL, are objectively measurable, and represent expenditures which would otherwise be incurred by LFL, they are reflected as contributions, inventory and program expense in the accompanying financial statements. These materials have been valued at their estimated fair market value as of December 31, 2019 and 2018.

LFL receives donated services from unpaid volunteers who assist in programs and special projects. No amounts have been recognized in the Statement of Activities because the criteria for recognition under accounting principles generally accepted in the United States of America has not been met.

**Limbs for Life Foundation**  
**Notes to Amended and Restated Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Significant Accounting Policies – continued

- e. Revenue recognition – Contributions of cash from donors are recognized as revenue when received. All contributions are available for unrestricted use unless specifically restricted by the donor. If a contribution stipulates its use, it is recorded as “with donor restrictions.” When the donor restriction expires, donor restricted net assets are reclassified to net assets “without donor restrictions,” and reported in the statement of activities as net assets released from donor restrictions.
- f. Investments – Investments in equity securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the Statement of Financial Position. Fair values are based on quoted market prices or otherwise determined as provided by financial institutions or fund managers, which approximates fair value. Investments in certificate of deposits are valued at cost plus earned and accrued interest. Investment income and gains and losses are reported as unrestricted unless a specific restriction applies.
- g. Property and equipment and leasehold improvements – Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. LFL’S capitalization threshold is \$500 for assets acquired with an economic life of greater than one year. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from three to five years. Leasehold improvements are amortized over the lesser of the life of the asset or the life of the lease. Depreciation expense was \$2,444 and \$1,981 in 2019 and 2018, respectively.
- h. Inventory consists of prosthetic materials comprised of new and used componentry which are used in providing prosthetic care. The value of the inventory is recorded using a percentage of nationwide average costs for componentry of prosthetic limbs, which approximates fair market value.
- i. Concentrations of credit and operating risk – LFL maintains cash in bank deposit accounts and certificate of deposits, which, at times, may exceed federally insured limits. As of December 31, 2018, LFL’s balances with financial institutions subject to FDIC coverage exceeded such coverage by \$111,000. LFL has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on such accounts.

LFL currently serves persons needing prosthetics throughout the United States. As a result, support of the organization is highly dependent upon the general economic conditions in this area. The risk of near term severe impact on the operations and mission of the organization as a result of this concentration is limited by the diversity of its supporters and donor base.

**Limbs for Life Foundation**  
**Notes to Amended and Restated Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Significant Accounting Policies - Continued

- j. Functional allocation of expenses – The costs of providing various programs and other activities have been summarized in the accompanying Statement of Functional Expenses. Costs, which are not direct, are allocated between Programs, Fundraising, and Management and General based on evaluations of those costs and the related activities benefitted. The joint costs of informational materials and activities that include a fund raising appeal are allocated between the program expenses, general and administrative, and fundraising expenses based upon the programs and supporting services benefitted. The principal programs of LFL are comprised of Patient Assistance, which provides fully functional prosthetic are for individuals who cannot otherwise afford it, and Community Education and Volunteer Recruitment, which raises awareness of the challenges facing amputees.
  - k. Advertising - Advertising costs are expensed as incurred and totaled \$9,582 and \$7,949 for the years ended December 31, 2019 and 2018, respectively.
  - l. Use of estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
  - m. Recent accounting pronouncements – In 2016, FASB issued ASU 2016-02 (Topic 842), Leases. This authoritative guidance, as amended, requires most leases to be recognized on the balance sheet and requires enhanced disclosures. This standard requires entities to account for leases previously classified as operating leases that were not on its Statement of Assets, Liabilities and Net Assets on such Statement, measuring this lease liability and right-to-use asset at its present value of remaining minimum rental payments. The effective date of the amended standard will begin in periods beginning after December 15, 2020. While this guidance will result in a change to the Statement of on Significant Accounting Policies - Continued Assets, Liabilities and Net Assets, management does not currently expect the adoption of this new standard to have a material impact the Statement of Activities of LFL.
3. Income tax status – LFL has qualified as a not-for-profit organization under Internal Revenue Code Section 501(c)(3) under a final ruling by the Internal Revenue Service dated May 1994, and is classified by the Internal Revenue Code as a publicly supported organization within the meaning of Code Section 509 (a)(1). LFL is not classified as a private foundation within the meaning as described in the Internal Revenue Code Sections 509(a)(1) and 170(b)(1)(A)(vi), and qualifies as a “60% limit” organization for charitable contribution deductions for individual donors.

**Limbs for Life Foundation**  
**Notes to Amended and Restated Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

**Note 3. Income Tax - continued**

LFL evaluates and accounts for its uncertain tax positions in accordance with ASC Top 740, "Income Taxes," including LFL's tax position as a not-for-profit entity. Through its evaluation of their uncertain tax positions, management has determined no uncertain tax positions existed as of December 31, 2019, which would require LFL to record a liability for the uncertain tax positions in its financial statements.

Interest and penalties, if any, resulting from any uncertain tax position required to be recorded by LFL would be presented in the supporting services expense in the statement of activities.

Federal and state income tax statutes dictate that tax returns filed in any of the previous three reporting periods remain open to examination. Currently, LFL has no open examinations with either the Internal Revenue Service or the Oklahoma Tax Commission.

As mentioned in Note 9, LFL is a beneficiary of a trust. In 2019 LFL received notice that in 2018 the trust generated some income that passed through to LFL as Unrelated Business Taxable Income (UBTI) which resulted in a tax liability of \$3,989 with penalties totaling \$1,112. LFL had no Unrelated Business Income in 2019.

**4. Financial Assets and Liquidity Resources**

As of December 31, 2019, LFL has assets available for general expenditures of \$8,642,338, with total liabilities of \$1,075. This leaves \$8,699,691 available for future operations. As of December 31, 2019, LFL does not have any debt requiring principal or interest payments. Financial commitments as of the December 31, 2019, consist only of facility rentals through December 31, 2022, requiring annual rental payments of \$48,600.

**5. Lease Commitments**

LFL leases its facility under an operating lease. Total rental expense incurred for the year ended December 31, 2019 and 2018, was \$48,600 and \$42,613, respectively. The minimum lease rental commitments for the next five years are as follows:

December 31, 2020	\$ 48,600
December 31, 2021	\$ 48,600
December 31, 2022	\$ 16,200

**6. Net Assets Restricted by Donors**

Net assets restricted by donors represent the following as of December 31:

	<u>2019</u>	<u>2018</u>
Oklahoma City Community Foundation	\$ 53,441	\$ 46,356
Donor restricted for componentry	<u>58,428</u>	<u>64,896</u>
Total	<u>\$ 111,869</u>	<u>\$ 111,252</u>

**Limbs for Life Foundation**  
**Notes to Amended and Restated Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

**7. Endowed Funds Held by Others**

Limbs for Life participates in an endowment fund through the Oklahoma City Community Foundation (OCCF). OCCF is a not-for-profit entity that provides for endowed contributions to be pooled to maximize return on investments for the benefit of area not-for-profit organizations. Contributions to the endowment fund are permitted by not-for-profit entities as well as individual donors in the community who designate the beneficiary of their contributions. Earnings on these endowed funds are paid annually based on OCCF's spending policy which is currently five percent of the average market value over the previous twelve quarters of all assets held for the benefit of LFL. OCCF retains variance power over these assets.

Accounting principles generally accepted in the United States of America provides that the value of reciprocal transfers to organizations raising or holding assets for others, such as community foundations, be recognized as assets in the financial statements of the transferor. The value of assets transferred by others to an organization, such as a community foundation, for a specified beneficiary are not recognized as assets of the beneficiary if the community foundation retains variance power.

The value of the funds contributed by LFL was \$53,441 on December 31, 2019 and \$46,356 on December 31, 2018. The value of funds donated and designated by others at December 31, 2019 and 2018 was \$48,368 and \$40,876 respectively, and are not reflected on LFL's financial statements.

**8. Beneficial Interest in Trust**

Limbs for Life was named as a beneficiary of a certain revocable trust in 2012. The settlor of the trust died in 2016, at which time the trust became irrevocable, and the trustee began to liquidate its assets. The trust contained stocks and bonds, real estate, loans and mortgages payable, and cash. LFL began receiving distributions from the trust in 2017. Distributions received in 2019 were \$9,031,370.

A final accounting for the year 2019 by the trustee was not available as of the date of this report; therefore, no adjustment was made to the carrying amount of the beneficial interest in the trust on the book of Limbs For Life Foundation at December 31, 2019.

**9. Fair Value Measurements**

LFL reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1. Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.

**Limbs for Life Foundation**  
**Notes to Amended and Restated Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Level 2. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, whether directly or indirectly. Level 2 inputs include:

- a. Quoted prices for similar assets or liabilities in active markets;
- b. Quoted prices for identical or similar assets in markets that are not active
- c. Observable inputs other than quoted prices for the assets or liability (for example, interest rates and yield curves); and
- d. Inputs derived principally from, or corroborated by, observable market data by correlation or other means.

Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

	Level 1		Level 2	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Oklahoma City Community Foundation	\$ -	\$ -	\$ 53,441	\$ 46,357
Beneficial Interest in Trust	-	-	1,804,807	10,790,864
Marketable Securities	<u>2,599,103</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,599,103</u>	<u>\$ -</u>	<u>\$ 1,858,248</u>	<u>\$ 10,837,221</u>

**10. Investment Income**

Investment income is comprised of the following at December 31, 2019:

	<u>Without Restriction</u>	<u>Donor Restricted</u>
Interest	\$ 35,812	\$ 332
Dividends	162,662	-
Change in value	<u>(51,122)</u>	<u>7,085</u>
Total	<u>\$ 147,352</u>	<u>\$ 7,417</u>

**11. Subsequent Events**

The Covid-19 has impacted all businesses, including not-for-profit organizations. LFL availed itself of the Paycheck Protection Plan loan and management expects to receive full forgiveness for the amount borrowed. Although management has adopted Covid-19 safety protocols and its staff has been able to continue work both in office and remotely without significant interruption, the full long-term impact of the pandemic on future donations and grants is not known at this time.

Management has evaluated subsequent events through July 22, 2020, the date the financial statements were available to be issued.

**Limbs for Life Foundation**  
**Notes to Amended and Restated Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

**12. Restatement of Financial Results**

Limbs for Life Foundation is a beneficiary of an individual's large estate. In 2018 and 2019 the information regarding LFL's share of the income earned by this estate was received after the audit had been completed and the report issued. Management has determined that a correction is required and has restated its previously reported financial statements as of and for the years ended December 31, 2019 and 2018 and all related disclosures. The impact of the correction is as follows:

- a. Increase the balance of the Beneficial interest in trust by \$1,828,273 and \$1,297,595 as of December 31, 2019 and 2018 respectively.
- b. Increase Earnings from Trust for the years ended December 31, 2019 and 2018 by \$530,678 and \$1,297, 595 respectively.
- c. Increase net assets without donor restrictions as of December 31, 2019 and 2018 by \$1,828,233 and \$1,297,595 respectively.

The detail of the restated financial statements is presented on the following pages:

**Limbs for Life Foundation**  
**Notes to Amended and Restated Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 12-continued

Statements of Financial Position

	Year Ended December 31, 2019			Year Ended December 31, 2018		
	As Previously		Restated	As Previously		Restated
	As Restated	Reported		As Restated	Reported	
<b>Assets</b>						
Current Assets						
Cash and cash equivalents	\$ 8,642,338	\$ 8,642,338	\$ -	\$ 2,486,683	\$ 2,486,683	\$ -
Restricted cash	58,428	58,428	-	64,896	64,896	-
Marketable securities	2,599,103	2,599,103	-	-	-	-
Prosthetics inventory	213,636	213,636	-	189,785	189,785	-
Prepaid expenses	7,055	7,055	-	7,612	7,612	-
Deposits	7,400	7,400	-	4,400	4,400	-
Total Current Assets	11,527,960	11,527,960	-	2,753,376	2,753,376	-
Other Assets						
Beneficial interest in assets held by others	53,441	53,441	-	46,356	46,356	-
Beneficial interest in trust	3,633,080	1,804,807	1,828,273	12,088,459	10,790,864	1,297,595
Restricted assets	3,686,521	1,858,248	1,828,273	12,134,815	10,837,220	1,297,595
Property and equipment						
Computers and software	6,195	6,195	-	28,238	28,238	-
Furniture and fixtures	10,663	10,663	-	15,408	15,408	-
Leasehold improvements	5,000	5,000	-	5,000	5,000	-
	21,858	21,858	-	48,646	48,646	-
Accumulated depreciation	(15,229)	(15,229)	-	(39,630)	(39,630)	-
Net property and equipment	6,629	6,629	-	9,016	9,016	-
Total Assets	\$ 15,221,110	\$ 13,392,837	\$ 1,828,273	\$ 14,897,207	\$ 13,599,612	\$ 1,297,595
<b>Liabilities</b>						
Current Liabilities						
Accounts payable	\$ 1,075	\$ 1,075	\$ -	\$ 1,471	\$ 1,471	\$ -
<b>Net Assets</b>						
Without donor restrictions	15,108,166	13,279,893	1,828,273	14,784,484	13,486,889	1,297,595
With donor restrictions						
Purpose	58,428	58,428	-	64,896	64,896	-
Time	53,441	53,441	-	46,356	46,356	-
Total donor restricted	111,869	111,869	-	111,252	111,252	-
Total Net Assets	15,220,035	13,391,762	1,828,273	14,895,736	13,598,141	1,297,595
Total Liabilities and Net Assets	\$ 15,221,110	\$ 13,392,837	\$ 1,828,273	\$ 14,897,207	\$ 13,599,612	\$ 1,297,595



**Limbs for Life Foundation**  
**Notes to Amended and Restated Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 12-continued

Statements of Activity

	Year Ended December 31, 2019			Year Ended December 31, 2018		
	As restated	As Previously Reported	Restated	As restated	As Previously Reported	Restated
<b>Revenue and Other Support</b>						
Contributions	\$ 460,123	\$ 460,123	\$ -	\$ 207,574	\$ 207,574	\$ -
Earnings from trust	530,678	-	(530,678)	1,297,595	-	(1,297,595)
Grants and sponsorships	113,541	113,541	-	113,450	113,450	-
Donated goods and services	79,748	79,748	-	134,038	134,038	-
Fundraising special event revenue	69,499	69,499	-	-	-	-
Cost of direct benefit to donors-fundraising	(21,374)	(21,374)	-	-	-	-
Interest and dividend income	198,806	198,806	-	27,084	27,084	-
Distribution income	4,285	4,285	-	115,550	115,550	-
Loss on disposition of assets	(581)	(581)	-	-	-	-
Total Revenue and other Support	1,434,725	904,047	(530,678)	1,895,291	597,696	(1,297,595)
<b>Expenses</b>						
Program services:						
Patient Assistance	873,891	873,891	-	1,022,015	1,022,015	-
Community Education and Volunteer Recruitment	10,888	10,888	-	490	490	-
	884,779	884,779	-	1,022,505	1,022,505	-
Management & general	57,618	57,618	-	46,616	46,616	-
Fundraising	123,992	123,992	-	137,204	137,204	-
Depreciation	-	-	-	1,981	1,981	-
Total expenses	1,066,389	1,066,389	-	1,208,306	1,208,306	-
Change in net assets from operations	368,336	(162,342)	(530,678)	686,985	(610,610)	(1,297,595)
Unrealized change in market value	(44,037)	(44,037)	-	1,547	1,547	-
Change in net assets	324,299	(206,379)	(530,678)	688,532	(609,063)	(1,297,595)
Net assets at beginning of year	14,895,736	13,598,141	(1,297,595)	14,205,554	14,205,554	-
Net effect of correction of error in prior year	-	-	-	1,650	1,650	-
Net assets at end of year	<u>\$ 15,220,035</u>	<u>\$ 13,391,762</u>	<u>\$ (1,828,273)</u>	<u>\$ 14,895,736</u>	<u>\$ 13,598,141</u>	<u>\$ (1,297,595)</u>

**Limbs for Life Foundation**  
**Notes to Amended and Restated Financial Statements**  
**December 31, 2019 and 2018**

**Note 12-Continued**

**Statements of Cash Flows**

	Year Ended December 31, 2019			Year Ended December 31, 2018		
	As Restated	As Previously Reported	Restated	As Restated	As Previously Reported	Restated
Cash Flows from Operating Activities						
Change in net assets from operations	\$ 368,336	\$ (162,342)	\$ 530,678	\$ 688,532	\$ (609,063)	\$ 1,297,595
Adjustments to reconcile change in net assets to cash provided by operating activities:						-
net effect of prior period adjustment	-	-	-	1,650	1,650	-
Depreciation expense	2,444	2,444	-	1,981	1,981	-
Loss on disposition of assets	581	581	-	-	-	-
Change in value of beneficial interest in trust	(530,678)	-	(530,678)	(1,297,595)	-	(1,297,595)
Decrease in accounts receivable	-	-	-	5,010	5,010	-
Decrease (increase) in inventory	(23,851)	(23,851)	-	14,728	14,728	-
Decrease (increase) in prepaid expenses	557	557	-	(108)	(108)	-
Increase in deposits	(3,000)	(3,000)	-	(1,800)	(1,800)	-
Decrease in beneficial assets held by others	-	-	-	1,949	1,949	-
Increase (decrease) in accounts payable	(396)	(396)	-	820	820	-
Net cash applied to operating activities	(186,007)	(186,007)	-	(584,833)	(584,833)	-
Cash Flows from Investing Activities						-
Cash distribution from trust	6,335,832	6,335,832	-	-	-	-
Purchase of equipment	(638)	(638)	-	(1,196)	(1,196)	-
Net cash provided by (applied to) investing activities	6,335,194	6,335,194	-	(1,196)	(1,196)	-
Net change in cash, restricted cash and cash equivalents	6,149,187	6,149,187	-	(586,029)	(586,029)	-
Cash, restricted cash and cash equivalents-beginning of year	2,551,579	2,551,579	-	3,139,155	3,139,155	-
Cash, restricted cash and cash equivalents-end of year	<u>\$ 8,700,766</u>	<u>\$ 8,700,766</u>	<u>\$ -</u>	<u>\$ 2,553,126</u>	<u>\$ 2,553,126</u>	<u>\$ -</u>
Cash and cash equivalents-Current Assets	\$ 8,642,338	\$ 8,642,338	\$ 8,642,338	\$ 2,486,683	\$ 2,486,683	\$ -
Cash and cash equivalents-Restricted Assets	58,428	58,428	58,428	64,896	64,896	-
	<u>\$ 8,700,766</u>	<u>\$ 8,700,766</u>	<u>\$ 8,700,766</u>	<u>\$ 2,551,579</u>	<u>\$ 2,551,579</u>	<u>\$ -</u>

**Supplemental Information:**

Interest expense paid	<u>\$ -</u>
Income taxes and penalties paid	<u>\$ 5,101</u>