

Legado, Inc.

Financial Report
December 31, 2021

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Independent Auditor's Report

Board of Directors
Legado, Inc.

Opinion

We have audited the financial statements of Legado, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2021, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization 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 (GAAS). 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 the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable).

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 GAAS 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 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 GAAS, 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 the Organization'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 the Organization'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.

Haley & Woods, LLP

Birmingham, Alabama
March 7, 2022

Legado, Inc.

Statement of Financial Position
December 31, 2021

Assets

Current assets:

Cash	\$ 337,836
Contributions receivable, net	77,639
Prepaid expenses	<u>6,922</u>
Total current assets	<u>422,397</u>

Contributions receivable, net	<u>133,491</u>
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Total assets	<u>\$ 555,888</u>
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Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 6,070
Accrued payroll and payroll expenses	<u>26,330</u>
Total current liabilities	<u>32,400</u>

Net assets:

Without donor restrictions:	
Undesignated	<u>523,488</u>
	<u>523,488</u>

Total liabilities and net assets	<u>\$ 555,888</u>
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See notes to financial statements.

Legado, Inc.

Statement of Activities
Year Ended December 31, 2021

Changes in net assets without donor restrictions:

Support and revenue:

Contributions and grants	\$ 700,568
Paycheck protection program grant	31,492
In-kind contributions	4,800
Other income	1,625
Interest income	739

739,224

Net assets released from restrictions

72,800

812,024

Expenses:

Program services	628,815
Supporting services:	
General and administrative	36,154
Fundraising	38,459

703,428

Change in net assets without donor restrictions

108,596

Changes in net assets with donor restrictions:

Support:

Grants	72,800
Net assets released from restrictions	(72,800)

(72,800)

Change in net assets with donor restrictions

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Change in net assets

108,596

Net assets:

Beginning of year 414,892

End of year \$ 523,488

See notes to financial statements.

Legado, Inc.

Statement of Functional Expenses
Year Ended December 31, 2021

		<u>Supporting Services</u>		
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries, benefits and payroll taxes	\$ 315,346	\$ 25,572	\$ 29,886	\$ 370,804
Consultants	153,457	-	-	153,457
Travel	57,887	-	-	57,887
Program expenses	29,809	-	-	29,809
Professional fees	20,672	7,000	1,256	28,928
Communications and media	24,550	2,124	2,137	28,811
Supplies	10,797	959	350	12,106
Contract labor	5,904	-	-	5,904
Office rent	4,082	331	387	4,800
Fundraising	-	-	4,083	4,083
Insurance	3,244	-	278	3,522
Bank fees	1,666	47	41	1,754
Business fees	1,201	105	23	1,329
Postage	200	16	18	234
Total expenses	\$ 628,815	\$ 36,154	\$ 38,459	\$ 703,428

See notes to financial statements.

Legado, Inc.

Statement of Cash Flows
Year Ended December 31, 2021

Cash flows from operating activities:	
Increase in net assets	\$ 108,596
Adjustments to reconcile increase in net assets to net cash used in operating activities:	
Discount on pledges receivable	18,870
Changes in assets and liabilities:	
Pledges receivable	(230,000)
Prepaid expenses	(6,922)
Accounts payable	(39,815)
Accrued payroll and payroll expenses	11,908
Net cash used in operating activities	<u>(137,363)</u>
Net decrease in cash	(137,363)
Cash:	
Beginning of year	<u>475,199</u>
End of year	<u><u>\$ 337,836</u></u>

See notes to financial statements.

Legado, Inc.

Notes to Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies

Nature of Organization: Legado, Inc. (Organization) is a nonprofit corporation organized under the laws of the State of Delaware. The Organization's mission is to offer a radical new approach for securing Thriving Futures for both people and the wild places they call home. The Organization's vision it to see a world in which individual choices lead to a collective legacy of Thriving People on a Thriving Planet.

Cash, cash equivalents and restricted cash: The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. There were no cash equivalents or restricted cash as of December 31, 2021.

The Organization maintains cash at financial institutions, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Contributions receivable: Contributions receivable or unconditional promises to give are recognized as revenue in the period received and are recorded at their discounted net present value less an estimate made for uncollectible contributions. Management determines the allowance for uncollectible contributions by identifying troubled contributions and by using historical experience. Contributions receivable are written off when deemed uncollectible. Recoveries of contributions receivable previously written off are recorded when received. Management believes that all of the contributions receivable included in the accompanying statement of financial position are collectible and no allowance for uncollectible contributions has been recorded as of December 31, 2021.

Net assets: Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and revenue recognition: The Organization is supported through corporate, foundation and individual contributions and grants. Contributions and grants are recognized when the donor or grantee makes a gift or a promise to give or grant to the Organization that is, in substance, unconditional. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. All public support and revenue are considered to be available for program or supporting services unless specifically restricted by the donor.

Donated services and in-kind contributions: Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by accounting principles generally accepted in the United States of America (GAAP).

Notes to Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. No significant contributions of such goods or services were received during the year ended December 31, 2021.

Functional allocation of expenses: The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries, benefits and payroll taxes and office rent, which are allocated on the basis of estimates of time and effort. All other expenses are either direct charges to program, general and administrative, or fundraising.

Income taxes: The Organization is organized as a Delaware non-stock non-profit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, it is subject to income tax on net income that is derived from business activities that are unrelated to the Organization's exempt purposes. The Organization has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent accounting pronouncement: In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. The term nonfinancial asset includes fixed assets, use of fixed assets or utilities, materials and supplies, intangible assets, services and unconditional promises of those assets. A not-for-profit entity also is required to disclose contributed nonfinancial assets received disaggregated by category that depicts the type of contributed nonfinancial assets as well as other expanded disclosures. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Organization is currently evaluating the impact the pending adoption of the new standard will have on its financial statements.

Subsequent events: Subsequent events have been evaluated through **March 7, 2022**, which is the date the financial statements were available for issuance.

Legado, Inc.

Notes to Financial Statements

Note 2. Liquidity

As of December 31, 2021, the Organization had financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, as follows:

Cash	\$	337,836
Contributions receivable, net		<u>77,639</u>
		415,475
Less those unavailable for general expenditures within one year		<u>-</u>
	\$	<u>415,475</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, operating revenue generated throughout the year is budgeted to cover general operating expenditures.

Note 3. Contributions Receivable

Unconditional contributions receivable are estimated to be collected as follows at December 31, 2021:

Contributions to be collected:		
Within one year	\$	80,000
In one to five years		<u>150,000</u>
		230,000
Less discount to net present value (3.25% discount rate)		(18,870)
Less current portion		<u>(77,639)</u>
	\$	<u>133,491</u>

At December 31, 2021, three donors account for 98% of total contributions receivable.

Note 4. In-kind Contributions

The Organization was provided office space at no charge. The fair value of this donated space is \$400 per month. The related rent expense was \$4,800 for the year ended December 31, 2021.

Note 5. Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures of certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Organization.