

# **Legacy Mission Village**

Financial Statements  
For the Year Ending December 31, 2019

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Financial Statements  
For the Year Ending December 31, 2019

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## Independent Auditor's Report

Board of Directors  
Legacy Mission Village

### Report on the Financial Statements

We have audited the accompanying financial statements of Legacy Mission Village, which comprise the statement of financial position as of December 31, 2019, 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 Legacy Mission Village 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.

A handwritten signature in blue ink that reads "Blankenship CPA Group, PLLC".

Blankenship CPA Group, PLLC  
Brentwood, Tennessee  
October 15, 2020

**Legacy Mission Village**  
Statements of Financial Position  
December 31, 2019

**Assets**

Cash	\$ 423,937
Certificates of deposit	75,468
Property and equipment, net	27,019
Deposits	<u>10,000</u>
Total assets	<u>\$ 536,424</u>

**Liabilities and Net Assets**

Accrued expenses	\$ 3,825
Net assets	
Without donor restrictions	<u>532,599</u>
Total liabilities and net assets	<u>\$ 536,424</u>

**Legacy Mission Village**  
Statement of Activities  
For the Year Ending December 31, 2019

**Net assets without donor restrictions**

**Support and revenue**

Contributions	\$ 473,490
Special event	48,000
Grants	17,250
Miscellaneous	697
Total support and revenue	<u>539,437</u>

**Expenses**

Program Services	367,494
Management and general	50,642
Fundraising	71,968
Total expenses	<u>490,103</u>

Change in net assets	49,334
Net assets, beginning of year	<u>483,265</u>
Net assets, end of year	<u><u>\$ 532,599</u></u>

**Legacy Mission Village**  
Statement of Functional Expenses  
For the Year Ending December 31, 2019

	<u>Overseas</u>	<u>Refugee Assistance</u>	<u>Refugee Programs</u>	<u>Total Program Services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Bank fees	\$ -	\$ -	\$ -	\$ -	\$ 1,310,000	\$ -	\$ 1,310,000
Contract services	-	-	10,669	10,669	-	-	10,669
Depreciation	-	-	3,526	3,526	-	-	3,526
Dues and subscriptions	-	-	-	-	2,860	-	2,860
Equipment rental and maintenance	-	-	3,934	3,934	-	-	3,934
Event	-	-	-	-	-	8,311	8,311
Insurance	1,837	3,673	3,673	9,183	9,183	-	18,366
In-Kind	-	60,900	-	60,900	-	-	60,900
IT expenses	-	-	3,221	3,221	537	537	4,295
Mileage	-	465	1,163	1,628	-	698	2,326
Mission trips	6,516	-	-	6,516	-	-	6,516
Occupancy	-	9,492	23,730	33,222	7,119	7,118	47,459
Payroll taxes and benefits	4,572	28,354	114,115	147,041	22,861	53,776	223,677
Postage	-	-	-	-	1,316	1,316	2,632
Printing	-	-	-	-	213	212	425
Refugee	-	27,641	30,385	58,026	-	-	58,026
Scholarship fund	7,581	-	-	7,581	-	-	7,581
Special needs children's project	6,800	-	-	6,800	-	-	6,800
Supplies	-	-	15,247	15,247	5,243	-	20,490
	<u>\$ 27,306</u>	<u>\$ 130,525</u>	<u>\$ 209,663</u>	<u>\$ 367,494</u>	<u>\$ 50,642</u>	<u>\$ 71,968</u>	<u>\$ 490,103</u>

**Legacy Mission Village**  
Statement of Cash Flows  
For the Year Ending December 31, 2019

**Cash flows from operating activities**

Change in net assets	\$ 49,334
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities	
Depreciation	3,526
Interest earned and reinvested in certificates of deposit	(468)
Changes in	
Accounts receivable	20,000
Accrued expenses	516
Net cash provided (used) by operating activities	<u>72,908</u>
Net change cash	72,908
Cash, beginning of year	<u>351,029</u>
Cash, end of year	<u><u>\$ 423,937</u></u>

**Legacy Mission Village**  
Notes to Financial Statements  
For the Year Ending December 31, 2019

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**Note 1: Summary of Significant Accounting Policies**

*Nature of Activities*

The mission of Legacy Mission Village (the Organization) is to engage families, churches, and communities in a mutual transformation through services across cultures. The Organization desires to serve as a bridge between families, churches and local organizations identifying opportunities of services among communities. The Organization abides with the needs of refugees, orphans, vulnerable children, widows, HIV/AIDS patients and victims of poverty.

*Basis of Accounting*

The accompanying financial statement has been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

*Financial Statement Presentation*

Financial statement presentation is reported in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification for Presentation of Financial Statements, Not-for-Profit Entities. Under those provisions, net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

*Net Assets With Donor Restrictions* – Net assets subject to stipulations imposed by donor and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the organization or by the passage of time.

*Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Certificates of Deposit*

The Organization holds two certificates of deposit with maturities greater than three months.

*Property and Equipment*

Property and equipment are recorded at acquisition cost, if purchased, or the fair value on the date received, if donated. The cost of routine maintenance and repairs is expensed as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from 5 to 15 years.



**Legacy Mission Village**  
Notes to Financial Statements  
For the Year Ending December 31, 2019

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**Note 1: Summary of Significant Accounting Policies**

*Contributions*

The Organization is funded primarily through contributions from the general public. Contributions, including unconditional promises to give, are recorded as made. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates to the years in which the promises are to be received.

*In-Kind Donations*

The Organization periodically receives contributions in a form other than cash. If the Organization receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of the gift, provided the value of the asset and its estimated useful life meets the Organization's capitalization policy. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. Donated supplies are recorded as contributions at the date of gift and as expense when the donated items are placed into service or distributed. The Organization benefits from personal services provided by volunteers. Those volunteers have donated significant amounts of time and services in the Organization's program operations. U.S. GAAP allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

*Functional Allocation of Expenses*

The costs of providing program services have been summarized on a functional basis in the statement of activities. The costs have been charged using the time and effort allocation method as determined by management.

*Income Taxes*

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation.

**Note 2: Availability and Liquidity**

The following represents the Organization's financial assets:

Financial assets	
Cash and cash equivalents	\$ 423,937
Certificates of deposit	75,468
Deposits	<u>10,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 509,405</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures and other obligations come due. The Organization's strategic goal is to build a cash balance that will support six months of operating expenses. The Organization's primary income is from contributions.

**Legacy Mission Village**  
Notes to Financial Statements  
For the Year Ending December 31, 2019

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**Note 3: Concentrations**

The Organization had cash deposits in a financial institution in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$203,963 at December 31, 2019. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk related to cash.

**Note 4: Property and Equipment**

Furniture and equipment consists of the following:

Vehicles	\$ 17,104
Leasehold improvements	28,820
Less: accumulated depreciation	<u>(18,905)</u>
Property and equipment, net	<u>\$ 27,019</u>

**Note 5: Grant Revenue**

Grant revenue recognized for the year by grantor is as follows:

Dollar General Literacy Foundation	\$ 15,000
Miscellaneous	<u>2,250</u>
Total grant revenue	<u>\$ 17,250</u>

**Note 6: In-Kind Donations**

The Organization receives donated items for use in its ongoing operations and are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. For the year ended December 31, 2019, the Organization received donated goods valued at \$60,900.

**Legacy Mission Village**  
Notes to Financial Statements  
For the Year Ending December 31, 2019

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**Note 7: Subsequent Events**

Management has evaluated subsequent events after the statement of financial position through the date of the independent auditor's report.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 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 for certain types of public places and businesses. The coronavirus and actions taken to mitigate 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. It is still unknown the extent to which the Organization will be adversely impacted.

On April 30, 2020, the Organization received a loan in the amount of \$41,278 in accordance with the Paycheck Protection Program section of the Coronavirus Air, Relief, and Economic Security Act (the CARES Act). Under this loan program, the entity may be eligible for forgiveness of some portion of the loan up to 100%, if and when qualifying conditions are met. Accounting for the loan and any future forgiveness could have an impact on future financial reporting. As of the report date, management is actively monitoring qualifying conditions to maximize future loan forgiveness and has expended 100% on potential qualifying costs as defined by the legislation.