

Legacy Mission Village

Financial Statements
For the Year Ended December 31, 2020

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Contents

Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9



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, 2020, 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, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

Blankenship CPA Group, PLLC
Brentwood, Tennessee
June 22, 2021

Legacy Mission Village
Statement of Financial Position
December 31, 2020

Assets

Current assets

Cash	\$ 575,357
Certificates of deposit	75,468
Total current assets	<u>650,825</u>

Property and equipment, net	47,274
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Deposits	<u>10,000</u>
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Total assets	\$ 708,099
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Liabilities and Net Assets

Accrued expenses	\$ 5,343
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Net assets without donor restrictions	<u>702,756</u>
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Total liabilities and net assets	\$ 708,099
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Legacy Mission Village
Statement of Activities
For the Year Ended December 31, 2020

Net Assets Without Donor Restrictions

Support and Revenues

Contributions	\$ 667,069
Grant revenues	165,478
Miscellaneous revenues	<u>305</u>
Total support and revenues	832,852

Expenses

Program services	483,807
Management and general	96,239
Fundraising	<u>82,650</u>
Total expenses	662,696

Change in net assets	170,156
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Net assets, beginning of year	<u>532,600</u>
Net assets, end of year	\$ 702,756

Legacy Mission Village
Statement of Functional Expenses
For the Year Ended December 31, 2020

	Overseas	Refugee assistance	Refugee programs	Total program services	Management and general	Fundraising	Total
Payroll, taxes and benefits	\$ 8,305	\$ 33,270	\$ 159,174	\$ 200,749	\$ 53,028	\$ 56,406	\$ 310,183
Contract services	-	-	11,950	11,950	-	-	11,950
Depreciation	-	-	9,825	9,825	-	-	9,825
Dues and subscriptions	-	-	-	-	3,223	-	3,223
Equipment rental and maintenance	-	-	851	851	-	-	851
Event	-	-	-	-	-	13,926	13,926
In-kind	-	54,422	-	54,422	-	-	54,422
Insurance	2,162	4,324	4,324	10,810	10,811	-	21,621
IT expenses	-	-	3,481	3,481	580	580	4,641
Loss on disposal of property and equipment	-	-	-	-	4,279	-	4,279
Mileage	-	349	872	1,221	-	523	1,744
Occupancy	-	12,160	30,400	42,560	9,120	9,120	60,800
Postage	-	-	-	-	1,247	1,247	2,494
Printing	-	-	-	-	847	848	1,695
Refugee	-	77,449	41,873	119,322	-	-	119,322
Scholarship fund	8,455	-	-	8,455	-	-	8,455
Special needs children's project	19,651	-	-	19,651	-	-	19,651
Supplies	-	-	510	510	7,095	-	7,605
Bank fees	-	-	-	-	4,004	-	4,004
Other	-	-	-	-	2,005	-	2,005
	\$ 38,573	\$ 181,974	\$ 263,260	\$ 483,807	\$ 96,239	\$ 82,650	\$ 662,696

Legacy Mission Village
Statement of Cash Flows
For the Year Ended December 31, 2020

Cash, beginning of year	\$ 423,937
Cash flows from operating activities	
Change in net assets	170,156
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	9,825
Gain (loss) on disposal of property	4,279
Change in:	
Accrued expenses	1,519
Net cash provided (used) by operating activities	185,779
Cash flows from investing activities	
Purchase of property	(34,359)
Net change in cash	151,420
Cash, end of year	\$ 575,357

Legacy Mission Village
Notes to Financial Statements
For the Year Ended December 31, 2020

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 statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Financial Statement Presentation

Financial statement presentation is reported in accordance with the Financial Accounting Standards Board Accounting Standards Codification for *Presentation of Financial Statements of 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.

Use of Estimates

The preparation of financial statements in conformity with US 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 and Depreciation

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 calculated 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 Ended December 31, 2020

Note 1. Summary of Significant Accounting Policies

PPP Loan

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and, on March 11, 2020, declared it to be a pandemic. The Organization received a loan in accordance with the Paycheck Protection Program (PPP) section of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). US GAAP provides organizations with two alternatives for reporting the loan and any future forgiveness: 1) proceeds can be treated as *debt* and future forgiveness recognized as income when the loan or any portion thereof is formally discharged; or 2) proceeds can be treated as a *conditional contribution* where they recognize a refundable advance and derecognize the liability, and recognize income, as the conditions for forgiveness are substantially met or explicitly waived. The Organization has elected to treat the PPP loan as a *conditional contribution*.

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 statement 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 expenses 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. US GAAP allows recognition of contributed services only if (a) the services create or enhance non-financial 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.

Legacy Mission Village
Notes to Financial Statements
For the Year Ended December 31, 2020

Note 2. Availability and Liquidity

The following represents the Organization's financial assets:

Financial assets	
Cash	\$ 575,357
Certificates of deposit	<u>75,468</u>
Total financial assets available to meet cash needs for general expenditures within one year	 \$ 650,825

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.

Note 3. Concentrations

The Organization had cash deposits in a financial institution in excess of the amount insured by the Federal Deposit Insurance Corporation in the amount of \$226,565 at December 31, 2020. 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

Property and equipment consist of the following:

Vehicles	\$ 43,439
Leasehold improvements	28,820
Less: accumulated depreciation	<u>(24,985)</u>
Property and equipment, net	\$ 47,274

Note 5. PPP Loan

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 Aid, Relief, and Economic Security Act (the CARES Act). Under this loan program, the entity was eligible for forgiveness of some portion of the loan up to 100%, if and when qualifying conditions were met. The Organization received formal notification of full forgiveness of the loan on November 4, 2020.

The Organization has elected to treat the PPP loan as a *conditional contribution* and presented it in grant revenues on the financial statements.

Legacy Mission Village
Notes to Financial Statements
For the Year Ended December 31, 2020

Note 6. Grant Revenues

Grant revenues recognized for the year, by grantor, are as follows at December 31, 2020:

Dollar General Literacy Foundation	\$ 10,000
Comcast	15,000
Hugh & Charlotte Maclellan Charitable	15,000
Jackson National Life Insurance Company	10,000
Maddox Charitable	25,000
Messer Construction Company	25,000
State of Tennessee	24,200
SBA PPP loan forgiveness	<u>41,278</u>
Total grant revenues	\$ 165,478

Note 7. In-kind Donations

The Organization receives donated items for use in its ongoing operations. Donated items are recorded as contributions in the accompanying statements at their estimated values at the date of receipt. For the year ended December 31, 2020, the Organization received donated goods valued at \$54,422.

Note 8. Subsequent Events

Management has evaluated subsequent events through June 22, 2021, the date on which the financial statements were available for issuance.