

LIMBS FOR LIFE FOUNDATION

Audited Financial Statements

December 31, 2023 and 2022

BELL & RHODES, P.C.

Oklahoma City, Oklahoma

BELL & RHODES, P.C.
Certified Public Accountants
14220 Barbour Avenue
Oklahoma City, OK 73134

INDEPENDENT AUDITOR'S REPORT

Mr. Randy Titony and the Board of Directors
Limbs for Life Foundation
Oklahoma City, Oklahoma

Opinion

We have audited the accompanying financial statements of Limbs for Life Foundation (a nonprofit organization) which comprise the statement of financial position as of December 31, 2023 and 2022, and 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 financial statements referred to above present fairly, in all material respects, the financial position of Limbs for Life Foundation as of December 31, 2023 and 2022, 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 Limbs for Life Foundation 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.

Responsibility 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 Limbs for Life Foundation'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 Responsibility 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 Limbs for Life Foundation'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 Limbs for Life Foundation'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.

Bell & Albrecht, P.C.

August 7, 2024

Limbs for Life Foundation
Statements of Financial Position
As of December 31, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 516,795	\$ 281,549
Restricted cash	30,163	45,259
Contributions receivable	14,783	41,963
Marketable securities	11,817,788	11,372,184
Prosthetics inventory	345,965	140,855
Prepaid expenses	15,139	17,704
Deposits	4,050	4,050
Total Current Assets	12,744,683	11,903,564
Other Assets		
Right of use asset	17,000	68,000
Beneficial interest in assets held by others	55,043	49,959
Beneficial interest in trust	22,262	22,262
Total Other Assets	94,305	140,221
Property and equipment		
Computers and software	12,250	8,771
Furniture and fixtures	9,407	10,663
Leasehold improvements	5,000	5,000
	26,657	24,434
Accumulated depreciation	(15,995)	(20,252)
Net property and equipment	10,662	4,182
Total Assets	\$ 12,849,650	\$ 12,047,967
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 7,958	\$ 35,601
Right of use liability - current portion	17,000	51,000
Total Current Liabilities	24,958	86,601
Right of use liability	-	17,000
Total Liabilities	24,958	103,601
Net Assets		
Without donor restrictions	12,724,693	11,812,185
With donor restrictions		
Purpose	44,956	82,222
Time	55,043	49,959
Total donor restricted	99,999	132,181
Total Net Assets	12,824,692	11,944,366
Total Liabilities and Net Assets	\$ 12,849,650	\$ 12,047,967

Limbs for Life Foundation
Statement of Activity and Changes in Net Assets
For the Years Ended December 31, 2023 and 2022

	2023			
	Without Donor	With Donor Restriction		Total
	Restriction	Purpose	Time	
Revenue and Other Support				
Contributions	\$ 179,334	\$ 200	\$ -	\$ 179,534
Grants and sponsorships	118,696	5,650	-	124,346
Gifts in kind	215,259	-	-	215,259
Fundraising special event revenue	119,605	-	-	119,605
Cost of direct benefit to donors-fundraising	(27,669)	-	-	(27,669)
Investment income-net	(65,676)	-	-	(65,676)
Distribution from Oklahoma City Community Foundation	5,316	-	-	5,316
Loss on disposition of assets	(362)	-	-	(362)
Net assets released from restrictions	43,116	(43,116)	-	-
Total Revenue and other Support	<u>587,619</u>	<u>(37,266)</u>	<u>-</u>	<u>550,353</u>
Expenses				
Program services:				
Patient Assistance	784,247	-	-	784,247
Community Education and Volunteer Recruitment	12,942	-	-	12,942
	<u>797,189</u>	<u>-</u>	<u>-</u>	<u>797,189</u>
Management & general	109,692	-	-	109,692
Fundraising	204,208	-	-	204,208
Total expenses	<u>1,111,089</u>	<u>-</u>	<u>-</u>	<u>1,111,089</u>
Change in net assets from operations	(523,470)	(37,266)	-	(560,736)
Unrealized change in market value	1,435,981	-	5,084	1,441,065
Change in net assets	912,511	(37,266)	5,084	880,329
Net assets at beginning of year	11,812,182	82,222	49,959	11,944,363
Net assets at end of year	<u>\$ 12,724,693</u>	<u>\$ 44,956</u>	<u>\$ 55,043</u>	<u>\$ 12,824,692</u>

Limbs for Life Foundation
Statement of Activities and Net Assets
For the Years Ended December 31, 2023 and 2022

	2022			
	Without Donor	With Donor Restriction		Total
	Restriction	Purpose	Time	
Revenue and Other Support				
Contributions	\$ 192,537	\$ 580	\$ -	\$ 193,117
Grants and sponsorships	40,841	33,959	-	74,800
Fundraising special event revenue	130,432	-	-	130,432
Cost of direct benefit to donors-fundraising	(24,921)	-	-	(24,921)
Investment income - net	(374,637)	-	-	(374,637)
Gifts in kind	6,664	-	-	6,664
Other income	60	-	-	60
Net assets released from restrictions	45,557	(45,557)	-	-
Total Revenue and other Support	16,533	(11,018)	-	5,515
Expenses				
Program services:				
Patient assistance	1,401,083	-	-	1,401,083
Community education and volunteer recruitment	13,793	-	-	13,793
	1,414,876	-	-	1,414,876
Supporting services:				
Management & general	80,323	-	-	80,323
Fundraising	196,525	-	-	196,525
	276,848	-	-	276,848
Total Expenses	1,691,724	-	-	1,691,724
Change in net assets from operations	(1,675,191)	(11,018)	-	(1,686,209)
Unrealized change in market value	(2,145,625)	-	(12,406)	(2,158,031)
Change in net assets	(3,820,816)	(11,018)	(12,406)	(3,844,240)
Net assets at beginning of year	15,632,998	93,240	62,365	15,788,603
Net assets at end of year	\$ 11,812,182	\$ 82,222	\$ 49,959	\$ 11,944,363

Limbs for Life Foundation
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets from operations	\$ (560,736)	\$ (1,686,206)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation expense	2,832	1,657
Loss on disposal of assets	362	-
Decrease (Increase) in contributions receivable	27,180	(580)
(Increase) Decrease in inventory	(205,110)	27,194
Decrease (Increase) in prepaid expenses	2,565	(5,904)
Decrease in deposits	-	1,063
(Decrease) Increase in accounts payable	(27,643)	10,226
Net cash provided by (applied to) operating activities	(760,550)	(1,652,550)
 Cash Flows from Investing Activities		
Transfer from (to) investments	525,000	(10,000)
Distributed (Reinvested) earnings	455,701	310,318
Net cash provided by investing activities	980,701	300,318
 Net change in cash, restricted cash and cash equivalents	220,151	(1,352,232)
 Cash, restricted cash and cash equivalents-beginning of year	326,808	1,679,040
Cash, restricted cash and cash equivalents-end of year	\$ 546,959	\$ 326,808
 Cash and cash equivalents-Current Assets	\$ 516,795	\$ 281,549
Cash and cash equivalents-Restricted Assets	30,163	45,259
	\$ 546,958	\$ 326,808

Limbs for Life Foundation
Statements of Functional Expenses
For the Years Ended December 31, 2022 and 2021

	Program			Support Activities			Total Expenses
	Patient Assistance	Community Education and Volunteer Recruitment	Total Program	Management and General	Fundraising	Total	
For the year ended December 31, 2023							
Health and welfare	\$ 476,354	\$ -	\$ 476,354	\$ -	\$ -	\$ -	\$ 476,354
Salaries, benefits and taxes	261,250	-	261,250	81,051	136,466		478,767
Education & public awareness	-	12,942	12,942	-	944		13,886
Occupancy	24,234	-	24,234	4,907	11,796		40,937
Services	10,303	-	10,303	17,788	45,312		73,403
Office	7,726	-	7,726	1,559	3,766		13,051
Other	4,380	-	4,380	1,555	5,924		11,859
Depreciation	-	-	-	2,832	-		2,832
	<u>\$ 784,247</u>	<u>\$ 12,942</u>	<u>\$ 797,189</u>	<u>\$ 109,692</u>	<u>\$ 204,208</u>		<u>\$ 1,111,089</u>
Percentage of total expenses			71.75%	9.87%	18.38%		100%

For the year ended December 31, 2022							
Health and welfare	\$ 1,151,066	\$ -	\$ 1,151,066	\$ -	\$ -	\$ -	\$ 1,151,066
Salaries, benefits and taxes	207,277	-	207,277	64,382	131,616		403,275
Education & public awareness	-	13,793	13,793	-	1,128		14,921
Occupancy	22,890	-	22,890	4,495	10,966		38,351
Services	11,399	-	11,399	5,344	45,345		62,088
Office	6,331	-	6,331	2,764	3,021		12,116
Other	2,120	-	2,120	1,681	4,449		8,250
Depreciation	-	-	-	1,657	-		1,657
	<u>\$ 1,401,083</u>	<u>\$ 13,793</u>	<u>\$ 1,414,876</u>	<u>\$ 80,323</u>	<u>\$ 196,525</u>		<u>\$ 1,691,724</u>
Percentage of total expenses			83.64%	4.75%	11.62%		100%

Limbs for Life Foundation
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

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. Incorporated in 1995 in the State of Oklahoma, LFL funding sources are from the private sector and include individuals, corporations, foundations, religious and other organizations. In 2023, LFL provided 162 new prosthetic limbs for 154 amputees in the USA; 748 people received information and referral services; 281 in-kind donors, in 41 states, contributed 6,098 parts; 3421 parts were distributed to 26 states and over 15 countries, aiding an additional 1,112 amputees. Limbs for Life Foundation does not receive any state or federal funding.

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.
- 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, 2023 and 2022.

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 the Financial Statements
For the Years Ended December 31, 2023 and 2022

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.

Unconditional promised to give that are expected to be collected within one year are recorded at net realizable value. Promises to give deemed to be uncollectible are written off in the year they are determined to be worthless.

- 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 \$2,832 and \$1,657 in 2023 and 2022, 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. 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. 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 the Financial Statements
For the Years Ended December 31, 2023 and 2022

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 \$6,443 and \$7,764 for the years ended December 31, 2023 and 2022, 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. Restricted cash consists of funds donated specifically for a purpose, such as componentry for children or for state-specific patients.
2. 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.

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, 2023, 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.

Limbs for Life Foundation
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

6. 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 \$55,043 on December 31, 2023 and \$49,959 on December 31, 2022. The value of funds donated and designated by others at December 31, 2023 and 2022 was \$54,709 and \$48,527 respectively and are not reflected on LFL's financial statements.

7. 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. No distributions received in 2023 or 2022.

A final accounting for the year 2023 by the trustee was not available as of the date of this report. However, based on the most recent accounting there was approximately \$113,000 remaining in the trust and LFL is entitled to 20% of that amount.

8. 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 the Financial Statements
For the Years Ended December 31, 2023 and 2022

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		Level 3	
	2023	2022	2023	2022	2023	2022
Oklahoma City Community Foundation	\$ -	\$ -	\$ 55,043	\$ 49,959	\$ -	\$ -
Beneficial Interest in Trust	-	-	-	-	22,262	22,262
Marketable Securities	<u>11,817,788</u>	<u>11,372,184</u>	-	-	-	-
Total	<u>\$ 11,817,788</u>	<u>\$ 11,372,184</u>	<u>\$ 55,043</u>	<u>\$ 49,959</u>	<u>\$ 22,262</u>	<u>\$ 22,262</u>

The asset value for the Oklahoma City Community Foundation is based on the value reported by the OCCF at December 31, 2023.

The Beneficial interest in Trust value is based on the estimated value of the assets remaining in the trust multiplied by LFL's ownership percentage.

9. Investments and investment Income

Investment income is comprised of the following at December 31, 2023:

	Without Restriction	Donor Restricted	Total
Interest	\$ 45,195	\$ -	\$ 45,195
Dividends	249,839	-	249,839
OCCF Distribution	5,316	-	5,316
Realized gains (losses)	(290,478)	-	(290,478)
Investment fees	<u>(70,232)</u>	<u>-</u>	<u>(70,232)</u>
	(60,360)	-	(60,360)
Change in value	<u>1,435,981</u>	<u>5,084</u>	<u>1,441,065</u>
Total	<u>\$ 1,375,621</u>	<u>\$ 5,084</u>	<u>\$ 1,380,705</u>

Limbs for Life Foundation
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

9. Investments and investment Income - continued

Investments consist of the following:

	<u>2023</u>	<u>2022</u>
Equities	\$ 4,500,831	\$ 6,281,823
Fixed Income	1,836,947	2,321,754
Exchange Traded Funds	3,091,057	1,144,428
Mutual Funds	1,678,196	1,087,329
Government Securities	<u>710,757</u>	<u>536,850</u>
	<u>\$ 11,817,788</u>	<u>\$ 11,372,184</u>

10. Concentrations

LFL maintains a bank account for holding funds in excess of the FDIC insured limit. This is a sweep account, where funds are swept daily to other banks, ensuring that balances are kept under the FDIC limit.

11. Subsequent Events

Management has evaluated subsequent events through August 7, 2024, the date the financial statements were available to be issued.