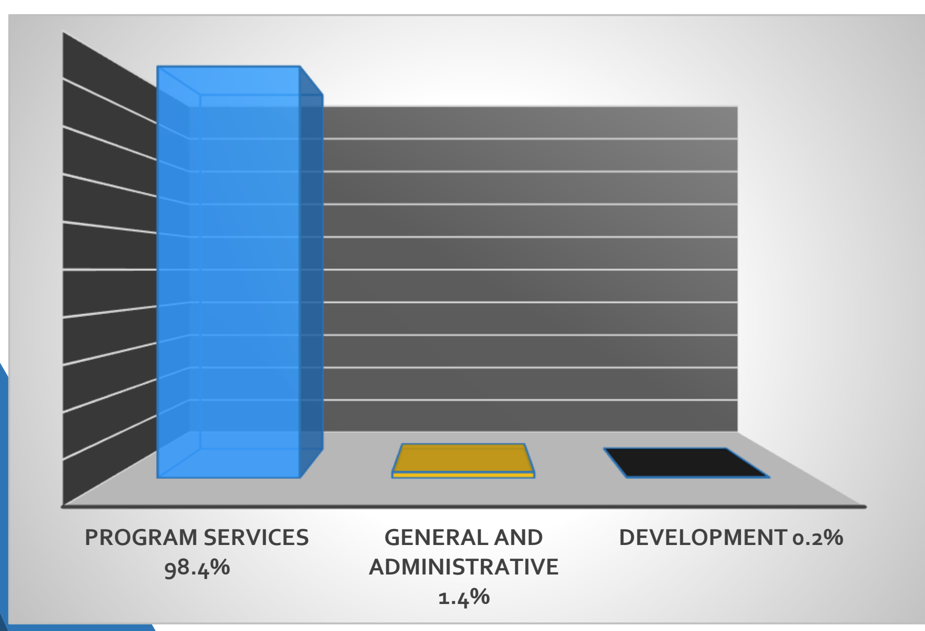
Equal Justice Initiative

Financial Highlights
For Year Ended September 30, 2021

EJI has experienced tremendous growth in the last couple of years while greatly expanding our work, especially huge capital expenditures that resulted in our opening a new, critically acclaimed *Legacy Museum* in September 2021. We have undertaken ambitious projects to host millions of people in the coming years. We expect people to come to Montgomery for a deeply immersive experience that examines America's history of racial injustice. We are working on a convening plaza, meeting spaces and building our capacity to provide critically important education on justice issues. We've simultaneously broadened our direct service work to people on death row who have been wrongly convicted or unfairly sentenced, our legal aid to children prosecuted as adults and our efforts to reduce over-incarceration and excessive punishment. We have also been extremely active on racial justice issues, distributing hundreds of thousands of calendars, reports and materials while producing online content that has been viewed by hundreds of thousands of people. We have additionally worked with over 100 communities across the country on truth and justice initiatives resulting in new memorialization of the history of racial violence and lynching.

We are proud to have devoted 98% of our revenue support to program and core activities in 2021. This past year, we took in $117 million dollars with an additional $17 million in pledged amounts for future work. We had expenditures of $114.5 million including over $20 million in capital costs related to the expansion of our sites. The $2.5 million we received in 2021 over costs, along with our pledged amounts will be directed to next year's budget which is set at $39 million dollars. We continue to be grateful to our donors for their generous support of our work.



Equal Justice Initiative, Inc.

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2021

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REPORT

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
901 Boll Weevil Circle
Suite 200
Enterprise, AL 36330

334.347.0088
334.348.1456 (fax)
CRIcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Equal Justice Initiative, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Equal Justice Initiative, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of September 30, 2021, and the related consolidated statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Equal Justice Initiative, Inc. as of September 30, 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. Our responsibilities under those standards are further described in the Auditors' 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are available to be issued.

Auditors' 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 auditors' 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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.

Carr, Riggs & Ingram, L.L.C.

Montgomery, Alabama
November 23, 2021

FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

September 30,		2021
Assets		
Current assets		
Cash and cash equivalents	$	**33,694,221**
Certificates of deposit, non-negotiable		**37,676,790**
Grants receivable		**9,458,332**
Accounts receivable		**204,320**
Accrued interest receivable		**353,493**
Inventory		**853,399**
Prepaid expenses		**608,694**
Total current assets		**82,849,249**
Investments		**123,704,768**
Certificates of deposit, negotiable		**20,174,076**
Certificates of deposit, non-negotiable		**34,304,975**
Grants receivable, net (less current portion)		**7,816,108**
Construction in process		**1,834,010**
Property and equipment, net		**65,869,014**
Total assets	$	**336,552,200**
Liabilities and net assets		
Current liabilities		
Accounts payable	$	**2,624,255**
Accrued liabilities		**33,625**
Performance obligation liability		**6,519**
Total current liabilities		**2,664,399**
Net assets		
Without donor restrictions		**333,887,801**
Total net assets		**333,887,801**
Total liabilities and net assets	$	**336,552,200**

The accompanying notes are an integral part of these financial statements.

Equal Justice Initiative, Inc.
Consolidated Statement of Activities

Year ended September 30,	2021		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Revenues and other support			
Contributions	$ 99,587,909	$ -	$ 99,587,909
Grants	28,264,084	-	28,264,084
Merchandise sales income	1,060,113	-	1,060,113
Service income	1,732,432	-	1,732,432
Net investment return	3,454,174	-	3,454,174
Other income	79,332	-	79,332
Total revenues and other support	134,178,044	-	134,178,044
Expenses			
Program services			
Legal assistance	24,164,127	-	24,164,127
Education	68,264,741	-	68,264,741
Total program services	92,428,868	-	92,428,868
Supporting services			
Management and general	1,337,970	-	1,337,970
Fundraising	186,232	-	186,232
Total supporting services	1,524,202	-	1,524,202
Total expenses	93,953,070	-	93,953,070
Change in net assets	40,224,974	-	40,224,974
Net assets, beginning of year, as restated - NOTE 14	293,662,827	-	293,662,827
Net assets, end of year	$ 333,887,801	$ -	$ 333,887,801

The accompanying notes are an integral part of these financial statements.

Year ended September 30, 2021	Program Services			Supporting Services			
	Legal Assistance	Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	2021 Totals
Advertising and promotion	$ -	$ 117,595	$ 117,595	$ -	$ -	$ -	$ 117,595
Community education and training	109,542	352,865	462,407	-	-	-	462,407
Contributions	10,000,000	50,000,000	60,000,000	-	-	-	60,000,000
Contract labor	77,419	13,662	91,081	60,721	-	60,721	151,802
Depreciation expense	1,531,392	3,903,206	5,434,598	7,947	1,445	9,392	5,443,990
Dues, fees and subscriptions	1,092,997	32,831	1,125,828	34,248	22,832	57,080	1,182,908
Employee benefits	648,538	642,062	1,290,600	180,799	14,727	195,526	1,486,126
Professional fees and experts	240,645	-	240,645	6,449	4,299	10,748	251,393
Insurance	199,228	22,161	221,389	17,660	2,506	20,166	241,555
Merchandise for resale	-	493,086	493,086	-	-	-	493,086
Other expenses	1,680	2,349	4,029	-	-	-	4,029
Payroll taxes	208,981	277,767	486,748	58,260	4,745	63,005	549,753
Printing, postage, publishing and media	3,930,833	7,007,430	10,938,263	-	52,392	52,392	10,990,655
Re-entry and client support	187,592	-	187,592	-	-	-	187,592
Rental expense	602,578	84,549	687,127	-	-	-	687,127
Repairs, maintenance and renovation	813,248	897,376	1,710,624	64,700	9,181	73,881	1,784,505
Salaries and payroll expenses	3,074,176	3,276,625	6,350,801	871,818	68,308	940,126	7,290,927
Supplies	109,421	109,690	219,111	12,024	-	12,024	231,135
Travel	142,515	8,438	150,953	2,895	2,895	5,790	156,743
Utilities, telephone and communication	1,193,342	1,023,049	2,216,391	20,449	2,902	23,351	2,239,742
Totals	$ 24,164,127	$ 68,264,741	$ 92,428,868	$ 1,337,970	$ 186,232	$ 1,524,202	$ 93,953,070

The accompanying notes are an integral part of these financial statements.

Years ended September 30,		2021
Operating Activities		
Change in net assets	$	40,224,974
Adjustments to reconcile change in net assets		
to net cash provided by operating activities:		
Depreciation expense		5,443,990
Contributed investments		(6,219,571)
Unrealized and realized gains on investments		(2,125,000)
Change in operating assets and liabilities		
Grants receivable		(8,774,884)
Accounts receivable		959,241
Accrued interest receivable		(64,897)
Inventory		(210,857)
Prepaid expenses		(358,214)
Accounts payable		2,301,700
Accrued liabilities		11,580
Performance obligation liability		(124)
Net cash provided by operating activities		31,187,938
Investing activities		
Construction in progress		(1,834,010)
Purchases of property and equipment		(20,530,072)
Proceeds from maturities of certificates of deposit		54,274,532
Purchases of investments		(106,007,751)
Proceeds from sales of investments		39,578,698
Purchases and reinvestments of certificates of deposit		(61,312,812)
Net cash used in investing activities		(95,831,415)
Net change in cash and cash equivalents		(64,643,477)
Cash and cash equivalents, beginning of year		98,337,698
Cash and cash equivalents, end of year	$	33,694,221

Note 1: NATURE OF OPERATIONS

Equal Justice Initiative, Inc. (EJI) (the Organization) is a non-profit law organization working to improve justice and fairness in America for the poor, disadvantaged, and incarcerated. EJI provides legal assistance to condemned prisoners, people wrongly convicted or unfairly sentenced, children in the criminal justice system, and the mentally ill and disabled facing imprisonment. EJI is actively engaged in efforts to improve conditions of confinement, provide legal aid to children and the disabled, assist condemned prisoners, and help the formerly incarcerated with re-entry, while also fighting to eliminate mass imprisonment, extreme punishments, and cruel sentencing practices. EJI also continues to expand and intensify work on race and poverty in America, and to bring increased knowledge and awareness of the connections between its nation's history of racial injustice and the current era of mass incarceration, disproportionate educational and economic opportunity, and police abuse of racial minorities. EJI remains committed to advocating for more hopeful solutions to the violence, powerlessness, and despair that plague many marginalized communities.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Consolidated Financial Statements

The financial statements of SCD Holdings, LLC have been consolidated with the Organization. The Organization is the sole member of SCD Holdings, LLC, an Alabama limited liability company. Intercompany accounts, transactions and earnings have been eliminated in consolidation. SCD Holdings, LLC was formed and organized in 2021 to hold title to property for the benefit of the Organization.

Use of Estimates

The presentation of 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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of amounts on deposit subject to immediate withdrawal. In presenting the statements of cash flows, the Organization considers all short-term, highly liquid investments to be cash equivalents that are readily convertible to known amounts of cash, and so near their maturities that they present insignificant risk of changes in value because of interest rates.

Certificates of Deposit

Non-negotiable certificates of deposit are carried at amortized cost.

Grants and Accounts Receivable

Grants and accounts receivable are measured at net realizable value and are recorded as receivable and revenue in the period in which the unconditional promise to give is made. The Organization considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Inventory

The Organization maintains an inventory of various publications available for distribution to its colleagues and other users in connection with its primary exempt purposes. The Organization also maintains an inventory of various merchandise, books and apparel available for sale from the EJI Café, Gift Shop and Bookstore. The cost of these items is recorded in program expenses once the items are distributed or sold. Inventory is stated at the lower of cost or net realizable value, with cost being determined by the first in, first out method.

Investments

The Organization reports investments in equity securities and exchange traded funds, including negotiable certificates of deposit, with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in Non-marketable Securities

Limited partnership interests are reported at estimated fair value as determined by the general partner. The Organization records its initial investment and subsequent contributions at cost and adjusts for its share of income/appreciation, losses/depreciation, and distributions received from the investments. The Organization believes that the carrying amount of these investments is a reasonable estimate of fair value as of September 30, 2021. Because these investments are not readily marketable, the estimated value is subject to uncertainty, and therefore may differ from the value that would have been used had a ready market for the investments existed and such difference could be material. These fair values are estimated by the general partner of each limited partnership using various valuation techniques. The fair values of these investments were $8,320,193 as of September 30, 2021.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures over $5,000 for major renewals and betterments that extend the useful life of an asset for more than one year are capitalized. These assets are depreciated using the straight line method with useful lives of three to forty years. The Organization capitalizes works of art that meet the definition of a collection in the statements of financial position. The Organization has elected to not depreciate the works of art.

Construction in Process

Construction in process is stated at cost and not depreciated. Property is transferred to property and equipment when completed and placed in service. There was $1,834,010 included in construction in process as of September 30, 2021, respectively.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in it corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Donor restricted resources that are received and spent in the same year are included in changes in net assets without donor restrictions.

Revenue Recognition and Performance Obligation Liabilities

Contributions and grants are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Merchandise sales income and service income are accounted for under ASC Topic 606, Revenue from Contracts with Customers (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, the Organization recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured.

Certain performance obligations are satisfied at a specific point in time, while others are satisfied over time. As of September 30, 2021, there is $6,519 of performance obligations yet to be satisfied, of which all is expected to be recognized in revenue during the year ended September 30, 2022.

Revenue for service income is recognized at a point in time. The Organization has an obligation to provide services at a specified time determined on the transaction date. The Organization considers the income to be earned at a point in time once the relevant performance obligation is satisfied.

Revenue for merchandise sales income relates to fees charged for goods. The Organization has an obligation to provide goods to customers who purchase them and recognizes revenue at a point in time when the purchase is made and the obligation is satisfied.

100% of non-contribution type revenue earned in the current year was at a point in time consisting of merchandise sales income and service income.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contract Balances

September 30,		**2021**
Performance obligation liabilities, beginning of year	**$**	**6,643**
Performance obligation liabilities, end of year	**$**	**6,519**

Non-cash Contributions

The Organization receives in-kind contributions from time to time (e.g. investment securities). These contributions are recognized at fair market value on the date of the contribution.

The Organization receives contributed materials and services from time to time that improve or contribute value to property and equipment. These contributed materials and services are recognized by the Organization at fair value on the date of the contribution.

Contributed Services

Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Functional Allocation of Expenses

Expenses that can be directly identified with a function are so classified. Payroll, occupancy, and related expenditures are distributed on a percentage basis determined from estimates of time and effort, square footage, and certain other factors that are adjusted for significant changes affecting a particular function.

Advertising

The Organization expenses advertising costs incurred. For the year ended September 30, 2021, advertising costs were $117,595, respectively.

Income Tax Status

The Organization is a tax-exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to income tax. The Organization's subsidiary, SDC Holdings LLC, is tax exempt under section 501(c)(3) as a single member LLC where the Organization is the single member. The Organization is required to file an annual information return on Federal Form 990.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status (Continued)

The Organization has not recognized any respective liability for unrecognized tax benefits as it has no known tax positions that would subject the Organization to any material income tax exposure. The tax years that remain subject to examination are the periods ending September 30, 2018 through 2021 for all major tax jurisdictions.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 23, 2021.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases.* Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. The Organization is currently evaluating the impact of the guidance on its financial statements.

Note 3: FINANCIAL ASSET AVAILABILITY

The Organization regularly monitors liquidity required to meet operating needs and other contractual commitments, while also striving to maximize the investment of available funds. The Organization has various sources of liquidity at their disposal, including cash and cash equivalents, grants and accounts receivables and operating investments. The Organization manages liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves.

The Organization operates with a cash positive budget and anticipates collecting sufficient revenues to meet current expenditures.

Note 3: FINANCIAL ASSET AVAILABILITY (Continued)

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

September 30,		2021
Cash and cash equivalents	$	33,694,221
Certificates of deposit		37,676,790
Grants receivable		9,458,332
Accounts receivable		204,320
Operating investments		47,388,373
	$	128,422,036

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in operating investments.

Note 4: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

September 30,		2021
Petty cash	$	4,500
Business checking and money market accounts		33,689,721
Total cash and cash equivalents	$	33,694,221

Note 5: GRANTS RECEIVABLE

Grants receivable as of September 30, 2021 is expected to be collected as follows:

September 30,	2021
Less than one year	$ 9,458,332
One year to five years	8,100,000
Total grants receivable	17,558,332
Less discount to net present value (discount rate 1.52%)	(283,892)
Present value of grants receivable	$ 17,274,440

Note 6: INVESTMENTS

The Organization's investments and negotiable certificates of deposit are stated at fair market value and consisted of the following:

September 30, 2021	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Certificates of deposit - negotiable	$ 20,172,128	$ 35,998	$ (34,050)	$ 20,174,076
U.S. Treasuries	314,989	2	-	314,991
Common stocks	17,983,856	3,246,277	(564,773)	20,665,360
Equity mutual funds	5,505,569	65,147	(70,904)	5,499,812
Fixed income mutual funds	3,246,094	836	(11,469)	3,235,461
Common investment fund - fixed income	5,000,000	-	(31,223)	4,968,777
Corporate bonds	48,364,640	579,874	(240,485)	48,704,029
Limited partnership interest	7,544,130	776,063	-	8,320,193
Asset-backed securities	5,277,728	18,486	(23,082)	5,273,132
Government securities	26,795,331	105,338	(177,656)	26,723,013
Total	$ 140,204,465	$ 4,828,021	$(1,153,642)	$ 143,878,844

Note 7: PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

September 30,		**2021**
Land	$	**6,055,328**
Buildings, museum, and memorial		**76,212,778**
Furniture and fixtures		**120,747**
Computer, office, and media equipment		**237,943**
Automobiles		**471,560**
Leasehold improvements		**438,536**
Total property and equipment at cost		**83,536,892**
Less accumulated depreciation		**(17,667,878)**
Property and equipment, net	$	**65,869,014**

Depreciation expense was $5,443,990 for the year ended September 30, 2021.

Note 8: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
  - observable; or
  - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Note 8: FAIR VALUE MEASUREMENTS (Continued)

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used for September 30, 2021.

Certificates of deposit: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Common stocks and mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

U.S. Treasuries, fixed income securities, corporate bonds, asset-backed securities and government securities: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

The Organization uses the net asset value (NAV) per share or its equivalent reported by the general partners as a practical expedient to estimate fair value for limited partnership interests. The NAV per share of its equivalent is applied to limited partnership interests that do not have readily determinable fair values unless it is probable that all or a portion of the investment will be sold for an amount different than NAV. As of September 30, 2021, the Organization had no plans or intentions to sell those investments at amounts different from NAV. While these investments may contain varying degrees of risk, the Organization's risk with respect to such transactions is limited to its capital balance in each investment and the amounts of any unfunded commitments.

Note 8: FAIR VALUE MEASUREMENTS (Continued)

Assets and liabilities measured at fair value on a recurring basis, are summarized for the year ended September 30, 2021:

	Based on:		
September 30, 2021	Level 1 inputs	Level 2 inputs	Level 3 inputs
Certificates of deposit - negotiable	$ -	$ 20,174,076	$ -
U.S. Treasuries	314,991	-	-
Common stocks	20,665,360	-	-
Equity mutual funds	5,499,812	-	-
Fixed income mutual funds	3,235,461	-	-
Common investment fund - fixed income	-	-	4,968,777
Corporate bonds	-	48,704,029	-
Asset-backed securities	-	5,273,132	-
Government securities	-	26,723,013	-
Total	$ 29,715,624	$ 100,874,250	$ 4,968,777

September 30, 2021	
Investments at net asset value (NAV):	
Limited partnership interest	$ 8,320,193

September 30, 2021

Description	Fair Value	Unfunded Commitments	Redemption requency (If Currently Eligible)	Redemption Notice Period
Limited partnership interest	$ 8,320,193	$ -	Quarterly	60 days

The changes in amounts valued as Level 3 are as follows:

	2021
Level 3, beginning of year	$ -
Purchases	5,000,000
Change in common investment fund - fixed income	(31,223)
Level 3, end of year	$ 4,968,777

Note 9: COMMITMENTS

A summary of the Organization's lease agreements in place during the year ended September 30, 2021 are as follows:

Type	Inception date	Initial Term	Monthly Payment	End Date	2021 Expense
Property	May 2017	63 month	$ 1,075	July 2022	$ 12,900
Property	January 2018	45 month	1,050	September 2021	12,600
Property	February 2018	45 month	4,600	October 2021	47,491
Copier	October 2018	36 month	95	September 2021	1,779
Copier	February 2019	48 month	371	January 2023	4,452
Property	July 2020	6 month	1,768	December 2020	21,161
Property	February 2021	60 month	4,060	January 2026	32,480

The future minimum payments required under the contracts are as follows:

Years ended September 30,	
2022	**$ 73,968**
2023	**50,204**
2024	**50,182**
2025	**50,182**
2026	**16,240**
Total future minimum lease payments	**$ 240,776**

Note 10: CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents and certificates of deposit balances maintained at financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures these balances up to a total of $250,000 at each institution. Cash and investment balances are also maintained in broker accounts that are insured up to $500,000 by the Securities Investors Protection Corporation (SIPC). For the year ended September 30, 2021, the Organization had a total of $221,305,260 in excess of insured amounts. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to these accounts.

Note 11: EMPLOYEE BENEFITS

The Organization has a 403(b) pension plan under which employees may defer a portion of their gross earnings. All full-time employees are eligible to participate. The plan is funded fully by employee contribution deferrals. During the year ended September 30, 2021, the Organization changed the 403(b) pension plan to be a discretionary matching plan. During the year ended September 30, 2021, the Organization funded $360,537 for employee pension. All full time employees are eligible and fully vested on day one. During the year ended September 30, 2021, the Organization paid $1,109,885 for employee health insurance.

Note 12: RELATED PARTY

The Legacy Foundation

Certain employees and board members also serve as board members of The Legacy Foundation (Foundation). The employees of the Organization administer the Foundation on a day-to-day basis and operations are conducted in common facilities that are owned by the Organization. During the year ended September 30, 2021, the Organization contributed $60,000,000 to the Foundation. No amounts were due to or from the Foundation at September 30, 2021.

Note 13: SIGNIFICANT EVENTS

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As of September 30, 2021, COVID-19 continues to be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

Note 14: PRIOR PERIOD ADJUSTMENT

During the year ended September 30, 2021, management determined that a grant receivable was not recognized in the proper reporting period. Accordingly, an adjustment was made to net assets to properly record the grant receivable in the proper reporting period.

The effects of the adjustment on the previously issued September 30, 2020 statement of activities was as follows:

September 30, 2020	As originally stated	Adjustment	As restated
Net assets, end of year	**$ 290,662,827**	**$ 3,000,000**	**$ 293,662,827**

The adjustment had no impact on net assets at September 30, 2021 or the change in net assets for the year ended September 30, 2021.