



**Financial Statements**

**December 31, 2017**

# LIVE AND LEARN PROGRAM

December 31, 2017

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**Audit, Tax, Management Advisory,  
Forensic and Internal Control Consulting**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Live and Learn Program:

**Report on the Financial Statements**

I have audited the accompanying financial statements of Live and Learn Program (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and 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***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Live and Learn Program as of December 31, 2017, 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.

*Gregory Michael Coy, CPA, PLLC*

Gregory Michael Coy, CPA, PLLC

Phoenix, AZ

August 9 2018

Live and Learn Program  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2017

**2017**

**ASSETS**

ASSETS

Cash and cash equivalents	\$ 414,589
Pledges receivable	7,671
Prepaid expense and other assets	<u>585</u>
Total assets	<u>\$ 422,845</u>

**LIABILITIES AND NET ASSETS**

LIABILITIES

Accounts payable	\$ 2,301
Accrued expenses	<u>7,380</u>
Total liabilities	<u>9,681</u>

UNRESTRICTED NET ASSETS

362,777

TEMPORARILY RESTRICTED NET ASSETS

50,387

Total net assets 413,164

Total liabilities and net assets \$ 422,845

*See Accompanying Notes to Financial Statements*

Live and Learn Program  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED** December 31, 2017

	<b>2017</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>REVENUE AND OTHER SUPPORT</b>			
Contributions and grants	\$ 8,874	\$ 157,671	\$ 166,545
Donated materials, supplies and services	61,526	-	61,526
Interest and dividend income	172	-	172
Special event revenue	2,359	-	2,359
Direct donor benefits	(2,537)	-	(2,537)
Release of restrictions	323,343	(323,343)	-
	<u>393,737</u>	<u>(165,672)</u>	<u>228,065</u>
<b>EXPENSES</b>			
Program services	332,221	-	332,221
Supporting services			
Management and general	60,238	-	60,238
Fundraising	54,877	-	54,877
Total supporting services	<u>115,115</u>	<u>-</u>	<u>115,115</u>
Total expenses	<u>447,336</u>	<u>-</u>	<u>447,336</u>
<b>CHANGE IN NET ASSETS</b>	(53,599)	(165,672)	(219,271)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>416,376</u>	<u>216,059</u>	<u>632,435</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 362,777</u></u>	<u><u>\$ 50,387</u></u>	<u><u>\$ 413,164</u></u>

*See Accompanying Notes to Financial Statements*

Live and Learn Program  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED** December 31, 2017

	<u>Program Activities</u>	<u>Supporting Services</u>		<u>Total 2017</u>
	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	
Personnel Expenses:				
Salaries and Wages	\$ 137,459	\$ 29,456	\$ 29,455	\$ 196,370
Payroll taxes and benefits	11,072	2,373	2,373	15,818
Total personnel expenses	148,531	31,829	31,828	212,188
Client welfare	111,902	-	-	111,902
Donated materials, supplies and services	43,068	9,228	9,229	61,525
Rent	12,424	2,661	2,662	17,747
Staff development	3,252	-	-	3,252
Professional fees	1,380	12,245	-	13,625
Repairs and maintenance	70	14	15	99
Insurance	1,506	322	324	2,152
Supplies and materials	1,797	384	386	2,567
Telephone and internet	1,808	386	389	2,583
Printing and postage	620	132	134	886
Computer and IT	2,558	547	549	3,654
Fundraising expense	-	-	8,651	8,651
Other	3,305	2,490	710	6,505
Total expenses	<u>\$ 332,221</u>	<u>\$ 60,238</u>	<u>\$ 54,877</u>	<u>\$ 447,336</u>

*See Accompanying Notes to Financial Statements*

Live and Learn Program  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED** December 31, 2017

	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (219,271)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
(Increase) decrease in	
Pledges receivable	189,079
Prepaid expense and other assets	1,802
Increase (decrease) in	
Accounts payable	2,277
Accrued expenses	4,586
Total adjustments	<u>197,744</u>
Net cash provided by operating activities	<u>(21,527)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(21,527)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>436,116</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 414,589</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>	
Cash paid for taxes	<u>\$ -</u>
Cash paid for interest	<u>\$ -</u>

*See Accompanying Notes to Financial Statements*

Live and Learn Program  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED December 31, 2017

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**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

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Live and Learn Program (the Organization) is a not-for-profit organization incorporated in 2014 in Arizona. The Organization's primary purpose is help women impacted by poverty and violence. The Organization fulfils this mission by providing clients with a structured pathway to economic independence though personalized career planning, education, training, mentoring and financial assistance.

The significant accounting policies followed by the Organization are as follows:

***Basis of presentation***

The financial statement presentation follows *Financial Statements of Not-for-Profit Organizations*. Under this accounting standard, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At December 31, 2017, the Organization had no permanently restricted net assets.

***Contributions***

Contribution revenue is recognized at estimated fair value when the Organization is notified of the existence of an unconditional promise to give or receives a contribution. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a temporary restriction expires (when a stipulated time restriction ends or when a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

***Promises to Give***

Unconditional promises to give (pledges receivable) are recognized as revenues in the period the promise is received and as assets, decrease of liabilities or expenses depending on the form of the benefits received. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the status of individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable. At December 31, 2017, pledges receivable are considered by management to be fully collectible and, accordingly, an allowance for doubtful accounts has not been provided.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Discounts on those amounts are computed using rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution support. At December 31, 2017, all outstanding promises to give are due within one year, and accordingly, no discount is necessary on these promises to give. Conditional promises to give are not included as support until the conditions are substantially met. At December 31, 2017, the Organization has no conditional promises to give.

***Donated Services and Materials***

Donated (In-kind) materials and services are measured at their estimated values at the date of donation if they enhance the Organization's nonfinancial assets or require specialized skills that the Organization would normally purchase, if not provided by donation. Volunteers donate a significant amount of time to the Organization's program services. The amount of this volunteer time is not reflected in the accompanying financial statements for these services, since these services did not meet the recognition requirement under generally accepted accounting principles.



Live and Learn Program  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED** December 31, 2017

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***Cash and Cash Equivalents***

Cash includes cash and, at times, cash equivalents consisting of highly liquid financial instruments purchased with original maturities of three months or less. Deposits at cash institutions are insured in limited amounts by the Federal Deposit Insurance Corporation.

***Functional expenses***

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Management and general include those expenses that are not directly identifiable with any specific program, but provide for the overall support and direction of the Organization.

***Management's use of estimates***

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

***Income Taxes***

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, there is no provision for income taxes. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 of the code and has been classified as an organization that is not a private foundation. Income determined to be unrelated business taxable income (UBTI) would be taxable.

The Organization adopted guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This standard provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The standard also provides guidance on measurement, classification, interest and penalties, and disclosure. This standard had no material impact on the accompanying financial statements. The tax years ended 2014, 2015, and 2016 are still open to audit for both federal and state purposes. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; its group exemption; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

***Subsequent events***

The Organization evaluated subsequent events after the statement of financial position date of December 31, 2017 through August 9, 2018, which was the date the Organization's financial statements were available to be issued. No conditions, other than those noted below, were noted that did not exist as of December 31, 2017, but arose subsequent to that date:

- During August 2018, the Organization entered into an agreement with the Arizona Department of Economic Security to be a contractor for the Supplemental Nutrition Assistance Program Career Advancement Network (SNAP CAN). The Organization expects that approximately \$200,000 of revenue will be generated from this contract.

Live and Learn Program  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED** December 31, 2017

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**NOTE 2 - COMMITMENTS**

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The Organization leases its facility under an operating lease agreement. The rental expense related to these leases is recorded on a straight-line basis over the lease term. In the normal course of business, these operating leases are generally renewed or replaced by other leases.

Minimum future rental payments under non-cancellable operating leases having remaining terms in excess of one year at December 31, 2017, are as follows:

<u>Years Ending June 30,</u>	
2018	\$ 9,648
2019	9,648
2020	2,412
2021	-
2022	-
Thereafter	-
Total minimum future lease payments	<u>\$ 21,708</u>

**NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS**

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Temporarily restricted net assets consist of the following:

	<u>2017</u>
Purpose restrictions:	
Capacity building	\$ 42,716
Phoenix IDA	-
Aspen Institute	-
Time restrictions:	
Pledges receivable	<u>7,671</u>
Total temporarily restricted net assets	<u>\$ 50,387</u>

**NOTE 4 - CONCENTRATIONS OF CREDIT RISK**

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Cash at depository financial institutions is insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC). Typically, the Organization's depository accounts at financial institutions do not exceed the FDIC insurance amount.

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