



FINANCIAL STATEMENTS
Year Ended December 31, 2021

LIVE AND LEARN PROGRAM

Year Ended December 31, 2021

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

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Live and Learn Program:

I have reviewed the accompanying financial statements of Live and Learn Program (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

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.

Accountant's Responsibility.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

I am required to be independent of Live and Learn Program and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my review.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be 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

July 27, 2022

LIVE AND LEARN PROGRAM

Statement of Financial Position
December 31, 2021

2021

ASSETS

ASSETS

Cash and cash equivalents	\$ 553,734
Contributions receivable	157,596
Governmental grants receivable	25,407
Prepaid expense and other assets	<u>4,771</u>
Total assets	<u>\$ 741,508</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 3,990
Accrued interest on long-term debt	3,243
Long-term debt	<u>150,000</u>
Total liabilities	<u>157,233</u>

NET ASSETS WITHOUT DONOR RESTRICTIONS 333,857

NET ASSETS WITH DONOR RESTRICTIONS 250,418

Total net assets 584,275

Total liabilities and net assets \$ 741,508

See Accompanying Notes to Financial Statements and Independent Accountant's Review Report

LIVE AND LEARN PROGRAM

Statement of Activities
For the Year Ended December 31, 2021

	2021		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Contributions	\$ 348,096	\$ 366,100	\$ 714,196
Governmental grant revenue	154,374	-	154,374
Donated materials, supplies and services	23,711	-	23,711
Interest and dividend income	1,988	-	1,988
Other income	365	-	365
Special event revenue	2,224	-	2,224
Direct donor benefits	(2,836)	-	(2,836)
Release of restrictions	129,326	(129,326)	-
	657,248	236,774	894,022
EXPENSES			
Program services	448,700	-	448,700
Supporting services			
Management and general	72,799	-	72,799
Fundraising	68,598	-	68,598
Total supporting services	141,397	-	141,397
	590,097	-	590,097
CHANGE IN NET ASSETS	67,151	236,774	303,925
NET ASSETS, BEGINNING OF YEAR	266,706	13,644	280,350
NET ASSETS, END OF YEAR	\$ 333,857	\$ 250,418	\$ 584,275

See Accompanying Notes to Financial Statements and Independent Accountant's Review Report

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Statement of Functional Expenses
For the Year Ended December 31, 2021

	<u>Program</u>	<u>Supporting Services</u>		<u>Total 2021</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Personnel Expenses:				
Salaries and Wages	\$ 279,406	\$ 40,440	\$ 47,792	\$ 367,638
Payroll taxes and benefits	<u>29,637</u>	<u>4,290</u>	<u>5,069</u>	<u>38,996</u>
Total personnel expenses	309,043	44,730	52,861	406,634
Client welfare	88,556	-	-	88,556
Professional fees	14,907	21,766	2,213	38,886
Rent	13,435	1,944	2,298	17,677
Fundraising	-	-	7,039	7,039
Telephone and internet	3,798	550	650	4,998
Computer and IT	3,005	434	515	3,954
Dues and subscriptions	2,958	428	507	3,893
Small equipment	2,858	414	489	3,761
Insurance	1,827	263	314	2,404
Staff development	1,478	579	-	2,057
Bank and merchant fees	1,022	242	735	1,999
Printing and postage	1,160	167	199	1,526
Supplies and materials	1,094	158	188	1,440
Board expenses	-	627	-	627
Repairs and maintenance	304	44	52	400
Travel	125	-	3	128
Other	<u>3,130</u>	<u>453</u>	<u>535</u>	<u>4,118</u>
Total expenses	<u>\$ 448,700</u>	<u>\$ 72,799</u>	<u>\$ 68,598</u>	<u>\$ 590,097</u>

See Accompanying Notes to Financial Statements and Independent Accountant's Review Report

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Statement of Cash Flows
For the Year Ended December 31, 2021

	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 303,925
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Forgiveness of Economic Injury Disaster Loan	(4,728)
(Increase) decrease in	
Receivables	(147,907)
Prepaid expense and other assets	3,825
Increase (decrease) in	
Accounts payable and accrued expenses	2,025
Total adjustments	<u>(146,785)</u>
Net cash provided by operating activities	<u>157,140</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from issuance of long-term debt	<u>150,000</u>
Net cash provided by investing activities	<u>150,000</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	307,140
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>243,351</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 550,491</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid for taxes	<u>\$ -</u>
Cash paid for interest	<u>\$ -</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:	
Forgiveness of Economic Injury Disaster Loan	<u><u>\$ 4,728</u></u>

See Accompanying Notes to Financial Statements and Independent Accountant's Review Report

LIVE AND LEARN PROGRAM

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2021

(1) **Organization purpose and summary of significant accounting policies**

Organizational purpose – Live and Learn Program (the Organization) is a not-for-profit organization incorporated in 2014 in Arizona. The Organization's primary purpose is to help women impacted by poverty and violence. The Organization fulfills this mission by providing clients with a structured pathway to economic independence through personalized career planning, education, training, mentoring and financial assistance. The Organization's support is generated primarily from contributions and governmental grant programs.

COVID-19 pandemic - At the time of this report's release, citizens and the economies of the United States and other countries have been impacted by the coronavirus (COVID-19) pandemic. The World Health Organization declared a Public Health Emergency on January 30, 2020. The evolution of the virus, the extent of its economic impact and the results of steps taken and yet to be taken by governments and financial institutions are unknown. Governments, businesses and non-profit organizations have faced supply chain disruptions, labor shortages, revenue declines, an increase in bad debts, reduced cash flow, difficulties meeting loan covenants, goodwill and inventory impairment, credit difficulties, and other financial implications. Furthermore, the financial markets have experienced significant levels of volatility as a result of the pandemic. The significance and the duration of the pandemic's financial impact are indeterminable.

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

Basis of accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other assets and liabilities.

Basis of presentation - The financial statement presentation reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may be need to be maintained in perpetuity. At December 31, 2021, the Organization had no restrictions required to be maintained in perpetuity.

Managements' 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 financial institutions are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC). From time to time, these deposits may exceed the insurance amounts provided by the FDIC.

See Accompanying Notes to Financial Statements and Independent Accountant's Review Report

LIVE AND LEARN PROGRAM

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2021

(1) **Organizational purpose and summary of significant accounting policies (continued)**

Governmental grants receivable - Governmental grants receivable consists of unconditional contributions receivable from local government agencies under grant agreements. The grant agreements contain significant donor-imposed conditions and were initially conditional contributions. Governmental grants receivable are not recognized until the donor-imposed conditions are substantially met. Governmental grants receivable are considered by management to be collectible in full and, accordingly, an allowance for doubtful accounts is not considered necessary. At December 31, 2021, all governmental grants receivable were due within one year.

Contributions receivable - Unconditional promises to give (pledges) are recognized as revenues in the period the promise is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. 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. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are 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 current 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 credit to contributions receivable. At December 31, 2021, all contributions receivable were due in less than one year and are deemed to be fully collectible by management. Accordingly, no discount or allowance was recorded in the accompanying financial statements.

Impairment of long-lived assets – the Organization accounts for long-lived assets in accordance with the provisions of *Accounting for the Impairment of Long-Lived Assets*. This accounting standard requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future cash flows to be expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management believes that no long-lived assets have any impairment of value.

Fair value measurements – The Organization utilizes a valuation framework that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value measurements. The Organization measures fair value based on a three-level hierarchy of inputs, of which the first two are considered observable and the last unobservable. For the years ended December 31, 2021, the Organization did not have any assets or liabilities subject to fair value measurement other than at initial recognition.

Contributions - Contributions received are recorded as support with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions or without donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions on unconditional contributions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

See Accompanying Notes to Financial Statements and Independent Accountant's Review Report

LIVE AND LEARN PROGRAM

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2021

(1) **Organizational purpose and summary of significant accounting policies (continued)**

Conditional contributions – Conditional contributions contain a donor-imposed condition that represents a barrier that must be overcome before the Organization is entitled to the assets transferred or promised. Failure to overcome the barrier gives the donor a right of return of the assets it has transferred or gives the promisor a right of release from its obligation to transfer its assets. Conditional contributions are recognized as support, either with or without donor restrictions, when donor-imposed conditions are substantially met (i.e. barriers are overcome). Restrictions on conditional contributions that are met in the same reporting period as the revenue is recognized are reported in the statement of activities as support within net assets without donor restrictions.

Governmental grant revenue - Governmental grant revenue consists of donor restricted contributions received from local governmental agencies. The grant agreements contain substantial conditions that must be met prior to recognition of the support. The donor-imposed conditions primarily consist of qualifying expenditures that must be incurred by the Organization before the governmental agency will reimburse those expenditures. Conditional contributions are recognized as support, either with or without donor restrictions, when donor-imposed conditions are substantially met (i.e. barriers are overcome). These contributions are restricted by the agency to support certain programs. Donor restrictions are also satisfied when qualifying expenditures are incurred for the donor-specified program. Accordingly, governmental grant revenue is reported as support within net assets without donor restrictions.

Exchange transaction revenue recognition - Exchange transaction revenue is measured based on a consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Organization recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. For the year ended December 31, 2021, the Organization does not have any exchange transaction revenue.

Special events revenue – The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the accompanying consolidated statement of changes in net assets. All proceeds received in excess of the direct costs are recorded as special events contributions in the accompanying statement of changes in net assets.

Donated materials and services - Donated materials and services are recorded at their estimated values if they enhance the Organization's nonfinancial assets or require specialized skills that the Organization would normally purchase, if not provided by donation. Donated services of \$14,000 consists primarily of donated professional fees utilized for program and administrative purposes. Donated services are valued using comparable fair values for similar types of services. Donated materials and supplies of \$9,711 consists of various materials and supplies utilized for program and administrative purposes. Donated materials and supplies are valued using comparable fair values for similar types of materials and supplies. The Organization utilizes and depends on the services of volunteers to perform a variety of tasks that assist the Organization with specific programs and fundraising. No amounts have been reflected in the financial statements for these services, since they did not meet the recognition requirements under generally accepted accounting standards.

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LIVE AND LEARN PROGRAM

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2021

(1) Organizational purpose and summary of significant accounting policies (continued)

Functional allocation of expenses - The costs of providing programs and other activities have been presented on a functional basis in the statements of activities and functional expenses. Directly identifiable expenses are charged to programs and supporting services. Certain costs have been allocated among the program and supporting services benefited based on management's estimate of time and effort devoted to each activity.

Income tax status – The Organization is organized as an Arizona non-profit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) and has been determined not to be a private foundation under Sections 509(a)(1) and 170(b)(1)(A)(vi). Accordingly, contributions to the Organization qualify for the charitable contribution deduction under Section 170. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is generally subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. Management has determined the Organization has no taxable unrelated business income related to the Organization's activities and it has not filed the Exempt Organization Business Income Tax Return (IRS Form 990-T), or its Arizona equivalent, Form 99-T. The tax years ended 2018, 2019, and 2020 are still open to audit for both federal and state purposes. Management believes that it has appropriate support for any income tax positions taken, and, as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Subsequent events - the Organization evaluated subsequent events after the statement of financial position date of December 31, 2021 through July 27, 2022, which was the date the Organization's financial statements were available to be issued. No conditions were noted that did not exist as of December 31, 2021, but arose subsequent to that date.

(2) Liquidity and availability of financial assets

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal, including cash & cash equivalents and current contributions receivable. The Organization structures its financial assets to be available to meet general expenditures, liabilities and other obligations as they come due. The Organization manages its liquid resources by depositing cash in interest-bearing bank accounts. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization prepares and operates within an annual budget.

Financial assets available to meet general expenditures within one year:

	2021
Unrestricted cash & cash equivalents	\$ 553,734
Receivables due in the next 12 months	25,407
	579,141
Donor imposed restrictions	(250,418)
Financial assets available to meet general expenditures within one year	<u>\$ 328,723</u>

See Accompanying Notes to Financial Statements and Independent Accountant's Review Report

LIVE AND LEARN PROGRAM

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2021

(3) Lease commitments

The Organization leases its facility under an operating lease agreement. The rental expense related to this lease is recorded on a straight-line basis over the lease term. In the normal course of business, 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, 2021, are as follows:

<u>Years Ending December 31,</u>	
2022	\$ 32,948
2023	32,948
2024	32,948
Total minimum future lease payments	<u>\$ 98,844</u>

(4) Long-term debt

The Organization entered into a promissory note (loan) with a financial institution dated March 19, 2021. The loan is through the Small Business Association Federal under the Economic Injury Disaster Loan Program. The loan was in the amount of \$150,000 and bears interest at a rate of 2.75%. The loan is to be repaid in 342 monthly payments of principal and interest of \$641, which will begin 18 months from the date of the note (the "deferral period"). The note matures and all outstanding principal and accrued interest are due March 19, 2051. Interest will continue to accrue during the deferral period. The note is secured by all tangible and intangible assets of the Organization and the loan proceeds must be used for working capital. The outstanding balance of the note at December 31, 2021 is \$150,000. Due to the deferral period the current portion of the note is zero at December 31, 2021.

Future maturities of long-term debt are as follows:

<u>Years ended December 31,</u>	
2022	\$ -
2023	-
2024	1,794
2025	3,662
2026	3,764
Thereafter	<u>140,780</u>
Total annual maturities of long-term debt	<u>150,000</u>

(5) Concentrations

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.

At December 31, 2021, the loan through the Small Business Association Federal under the Economic Injury Disaster Loan Program, and the related accrued interest, is approximately 97% of total liabilities.

During the year ended December 31, 2021, the Organization recognized contribution support from a single donor that is approximately 22% of total revenue and support.

See Accompanying Notes to Financial Statements and Independent Accountant's Review Report

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NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2021

(5) **Concentrations (continued)**

During the year ended December 31, 2021, the Organization recognized revenue from a grant from the Arizona Department of Economic Security that is approximately 17% of total revenue and support.

(6) **Net assets with donor restrictions and release of restrictions**

Net assets with donor restrictions consists of the following:

	<u>2021</u>
Purpose restrictions:	
Client coordinator salary support	\$ 33,406
Medical coordinator salary support	9,817
Dental care	3,049
Women Thriving	1,646
Time restrictions:	
Contributions receivable	157,500
Other time restrictions	<u>45,000</u>
Total net assets with donor restrictions	<u>\$ 250,418</u>

Net assets released from restrictions consists of the following:

	<u>2021</u>
Purpose restrictions:	
Medical coordinator salary support	\$ 45,183
Client coordinator salary support	29,594
Supplemental support/training	22,000
Workforce development	10,000
Women Thriving	8,354
Care1st Pilot Program	5,000
Dental care	551
Time restrictions:	
Contributions receivable	<u>8,644</u>
Total released from restrictions	<u>\$ 129,326</u>

(7) **Related party transactions**

The Board members and key employees periodically make contributions to the Organization. Donations of approximately \$18,000 were made by Board members and key employees during the year ended December 31, 2021.

(8) **New accounting pronouncements**

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires recognition of rights and obligations from lease contracts longer than one year as assets and liabilities on the balance sheet. The new standard is effective for the Organization January 1, 2022. The Organization is evaluating the effect that ASU No. 2016-02 will have on its financial statements and related disclosures

See Accompanying Notes to Financial Statements and Independent Accountant's Review Report

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NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2021

(8) New accounting pronouncements (continued)

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard modifies and increases the presentation and disclosure requirements for donated (in-kind) items. The new standards are effective for the Organization January 1, 2022. The Organization is evaluating the effect that ASU No. 2020-07 will have on its financial statements and related disclosures.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which modifies how expected credit losses on financial instruments are developed. In November 2018, the FASB issued ASU No. 2018-19, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses (Topic 326)* which provides amendments to ASU No. 2016-13 and defers the effective date to years beginning after December 15, 2021. The new standards are effective for the Organization January 1, 2022. The Organization is evaluating the effect that ASU No. 2016-13 and ASU No 2018-19 will have on its financial statements and related disclosures.

See Accompanying Notes to Financial Statements and Independent Accountant's Review Report