



FINANCIAL STATEMENTS  
Year Ended December 31, 2022

# LIVE AND LEARN PROGRAM

Year Ended December 31, 2022

## TABLE OF CONTENTS

	<b><i>Pages</i></b>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 – 16



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

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of *Live and Learn Program*:

**Opinion**

I have audited the accompanying consolidated financial statements of Live and Learn Program (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expense and cash flows for the year then ended, and the related notes to the financial statements (collectively referred to as the "financial statements").

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, 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.

**Emphasis of Matter**

As discussed in Note 2 to the financial statements, Live and Learn Program adopted the new accounting standards as required by FASB Accounting Standard Update (ASU) No. 2016-02, *Leases (Topic 842)* and by FASB ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements* and other applicable FASB ASUs related to Topic 842 and also adopted FASB ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. My opinion is not modified with respect to these matters.

**Basis for Opinion**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. 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 relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Responsibilities 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 Live and Learn Program'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 Responsibilities for the Audit of the Financial Statements**

My 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 my 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, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Live and Learn Program'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 consolidated financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Live and Learn Program's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

*Gregory Michael Coy, CPA, PLLC*

Gregory Michael Coy, CPA, PLLC  
Phoenix, AZ

March 30, 2023

## LIVE AND LEARN PROGRAM

Statement of Financial Position  
December 31, 2022

### ASSETS

	<u>2022</u>
CURRENT ASSETS	
Cash	\$ 574,318
Government grants receivable	172,579
Contributions receivable	35,000
Other receivables	2,698
Prepaid expenses	<u>9,364</u>
TOTAL CURRENT ASSETS	793,959
OPERATING LEASE RIGHT-OF-USE ASSETS	63,015
PROPERTY AND EQUIPMENT, net	<u>22,635</u>
TOTAL ASSETS	<u>\$ 879,609</u>

### LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable and accrued expenses	11,946
Refundable advances	5,000
Current portion of operating lease liabilities	31,486
Current portion of long-term debt	<u>3,962</u>
TOTAL CURRENT LIABILITIES	52,394
OPERATING LEASE LIABILITIES, NET OF CURRENT PORTION	32,427
LONG-TERM DEBT, NET OF CURRENT PORTION	<u>150,000</u>
TOTAL LIABILITIES	<u>234,821</u>
NET ASSETS	
Net assets without donor restrictions	584,599
Net assets with donor restrictions	<u>60,189</u>
TOTAL NET ASSETS	<u>644,788</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 879,609</u>

See Accompanying Notes to Financial Statements

## LIVE AND LEARN PROGRAM

Statement of Activities  
For the Year Ended December 31, 2022

	Net assets without donor restrictions	Net assets with donor restrictions	2022
<b>SUPPORT AND REVENUE</b>			
Contributions	219,732	\$ 272,000	\$ 491,732
Governmental grant revenue	363,977	-	363,977
Donated materials and supplies	24,931	-	24,931
Donated property and equipment	14,310	-	14,310
Donated services	6,220	-	6,220
Interest and dividend income	5,734	-	5,734
Other revenue	725	-	725
Total support and revenue before special events and net assets released from restrictions	<u>635,629</u>	<u>272,000</u>	<u>907,629</u>
Special events:			
Revenue from special events	16,664	-	16,664
Less costs of direct donor benefits	(6,105)	-	(6,105)
Donated auction items	6,050	-	6,050
Gain (loss on auction)	(3,899)	-	(3,899)
Gross profit (loss) on special events	12,710	-	12,710
Net assets released from restrictions	<u>462,229</u>	<u>(462,229)</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>1,110,568</u>	<u>(190,229)</u>	<u>920,339</u>
<b>EXPENSES</b>			
Program services	645,052	-	645,052
Supporting services:			
Management and general	115,383	-	115,383
Fundraising	99,391	-	99,391
Total supporting services	<u>214,774</u>	<u>-</u>	<u>214,774</u>
<b>TOTAL EXPENSES</b>	<u>859,826</u>	<u>-</u>	<u>859,826</u>
<b>CHANGE IN NET ASSETS</b>	250,742	(190,229)	60,513
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>333,857</u>	<u>250,418</u>	<u>584,275</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 584,599</u>	<u>\$ 60,189</u>	<u>\$ 644,788</u>

See Accompanying Notes to Financial Statements

## LIVE AND LEARN PROGRAM

### Statement of Functional Expenses For the Year Ended December 31, 2022

	Total Program Services	Supporting Services		Total Supporting Services	Total Expenses
		Management and General	Fundraising		2022
Personnel expenses:					
Salaries and wages	\$ 391,959	\$ 70,433	\$ 64,502	\$ 134,935	\$ 526,894
Payroll taxes and employee benefits	44,833	8,056	7,378	15,434	60,267
	<u>436,792</u>	<u>78,489</u>	<u>71,880</u>	<u>150,369</u>	<u>587,161</u>
Client welfare	124,030	-	-	-	124,030
Professional fees	18,198	25,769	9,397	35,166	53,364
Lease expense	24,176	4,344	3,979	8,323	32,499
Computer and technology	8,417	1,512	1,386	2,898	11,315
Telephone and internet	4,318	775	711	1,486	5,804
Dues and subscriptions	3,560	640	586	1,226	4,786
Bank and merchant fees	1,928	204	2,357	2,561	4,489
Small furniture & equipment	3,278	589	539	1,128	4,406
Supplies and materials	3,127	562	515	1,077	4,204
Fundraising	-	-	4,076	4,076	4,076
Staff development	2,987	27	837	864	3,851
Printing and postage	2,794	501	461	962	3,756
Insurance	2,474	444	408	852	3,326
Depreciation and amortization	2,071	371	342	713	2,784
Repairs and maintenance	1,158	208	191	399	1,557
Board expenses	-	-	855	855	855
Travel	613	27	26	53	666
Interest	2,469	443	407	850	3,319
Other expense	2,662	478	438	916	3,578
	<u>\$ 645,052</u>	<u>\$ 115,383</u>	<u>\$ 99,391</u>	<u>\$ 214,774</u>	<u>\$ 859,826</u>

See Accompanying Notes to Financial Statements

## LIVE AND LEARN PROGRAM

### Statement of Cash Flows For the Year Ended December 31, 2022

	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 60,513
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	2,784
Donated property and equipment	(14,310)
Amortization of right-of-use assets for operating leases	30,148
Interest accrual on Economic Disaster Recovery Loan	3,319
Changes in operating assets and liabilities:	
Decrease (increase) in:	
Governmental grants receivable	(147,172)
Contributions receivable	122,596
Other receivables	(2,698)
Prepaid expenses	(4,593)
Increase (decrease) in:	
Accounts payable and accrued expenses	7,956
Refundable advances	5,000
Operating lease liability	(29,250)
Net cash provided by operating activities	34,293
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of property and equipment	(11,109)
Net cash used in investing activities	(11,109)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Payments on long-term debt	(2,600)
Net cash used in investing activities	(2,600)
<b>NET CHANGE IN CASH</b>	20,584
<b>CASH, BEGINNING OF YEAR</b>	553,734
<b>CASH, END OF YEAR</b>	\$ 574,318
<b>SUPPLEMENTAL DISCLOSURES:</b>	
Cash paid for interest	\$ 2,600
Cash paid for income taxes	\$ -
Non-cash financing activities:	
Donated property and equipment	\$ 14,310
Interest accrual on Economic Disaster Recovery Loan	\$ 3,319

See Accompanying Notes to Financial Statements



## LIVE AND LEARN PROGRAM

### NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2022

(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 need to be maintained in perpetuity. At December 31, 2022, 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.

# LIVE AND LEARN PROGRAM

## NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2022

(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, 2022, 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, 2022, 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.

*Property and equipment and related depreciation* - Purchased property and equipment is valued at cost and donated property and equipment is recorded at the fair value at the date of the gift to the Organization. Maintenance and repairs are charged to operations when incurred. Betterments and renewals in excess of \$2,500 are capitalized. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations. Depreciation of property and equipment is computed on a straight-line basis over the following estimated useful lives:

Furniture	5 years
Software	3 years

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of the donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions absent donor stipulations regarding how long those donated assets must be maintained. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

*Refundable advances* – Refundable advances consist of advance payments of refundable conditional contributions. These advance payments are subject to return or refund to the donor if certain conditions are not met. These conditional contributions are recognized as support, either with or without donor restrictions, when donor-imposed conditions are substantially met (i.e., barriers are overcome).

## LIVE AND LEARN PROGRAM

### NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2022

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

*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.

*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.

*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.

*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.

## LIVE AND LEARN PROGRAM

### NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2022

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

*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, 2022, the Organization does not have any exchange transaction revenue.

*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, 2022, the Organization did not have any assets or liabilities subject to fair value measurement other than at initial recognition.

*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 2019, 2020, and 2021 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, 2022 through March 30, 2023, 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, 2022, but arose subsequent to that date.

## LIVE AND LEARN PROGRAM

### NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2022

#### (2) Adoption of accounting pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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. In July 2018, the FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*, which provides for transition relief on comparative reporting at adoption of Topic 842 (also known as "ASC 842"). The FASB has also issued various other pronouncements related to ASC 842. These new standards are effective for the Organization on January 1, 2022. The Organization has elected the practical expedient in ASC 842-10-65-1(f) and for leases that commenced before the effective date, has not reassessed whether any expired or existing contracts contain leases, has not reassessed the lease classification for expired or existing leases and has not reassessed initial direct costs for any existing leases. The Organization has elected the practical expedient in ASC 842-10-65-1(c)(2) and has adopted the standard retrospectively at January 1, 2022 through a cumulative-effect adjustment to beginning net assets. The Organization has one operating lease, a facility lease that renewed as of January 1, 2022. Accordingly, no cumulative effect adjustment was required. Due to adoption of this standard, the Organization recognized a right-of-use operating lease asset and operating lease liability in the amount of \$93,163, related to the facility leases that renewed on January 1, 2022 and that was previously treated as operating leases under ASC 840. The Organization expects the impact of the adoption of the new standard to be immaterial to changes in net assets on an ongoing basis.

In September 2020, the FASB issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new standard is effective for the Organization on January 1, 2021. Since the standard only modifies and increases the presentation and disclosure requirements for donated items (also known as Contributed Nonfinancial Assets), the adoption of this standard had no cumulative effect on net assets or the changes in net assets as compared with the previous guidance. The Organization expects the impact of the adoption of the new standard to be immaterial to changes in net assets on an ongoing basis. Adoption of the new standard did not result in any reclassifications or restatements to total net assets or changes in net assets.

#### (3) 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:

	2022
Cash and cash equivalents	\$ 574,318
Receivables due in the next 12 months	210,277
	784,595
Donor imposed time and purpose restrictions	(60,189)
Financial assets available to meet general expenditures	<u>\$ 724,406</u>

## LIVE AND LEARN PROGRAM

### NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2022

**(4) Property and equipment**

Property and equipment consist of:

	2022
Cost or donated value:	
Furniture	\$ 14,310
Software	11,109
Total cost or donated value	25,419
Accumulated depreciation	(2,784)
Net property and equipment	22,635

**(5) 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 under the Economic Injury Disaster Loan Program. The loan was in the amount of \$150,000 and bears interest at a fixed 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, 2022 is \$153,962. Due to the deferral period the current portion of the note is zero at December 31, 2022.

Future maturities of long-term debt are as follows:

Years Ending December 31,		
2023	\$	-
2024		3,846
2025		7,692
2026		7,692
2027		7,692
Thereafter		202,272
Total future payments on long-term debt		229,194
Less: Amount representing interest		(75,232)
Total minimum future lease payments	\$	153,962

**(6) Leases**

The Organization has elected the practical expedient in ASC 842-10-65-1(c)(2) and has adopted the new lease standard retrospectively at January 1, 2021, through a cumulative-effect adjustment to beginning net assets. Accordingly, leases during the year ended December 31, 2021, are treated in accordance with the previous requirements of ASC 840. In accordance with ASC 840, the Organization’s leases were classified as operating lease agreements. During the year ended December 31, 2021, 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. Total lease expense was \$1,999 for the year ended December 31, 2021.

## LIVE AND LEARN PROGRAM

### NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2022

#### (6) Leases (continued)

The Organization has entered into a lease for its facility which is classified as an operating lease, in accordance with ASC 842. The lease renewed as of January 1, 2022 and is treated as a new operating lease in 2022, under ASC 842 in the accompanying financial statements. The lease agreement expires in December 2024. The lease does not contain any renewal or extension options. The Organization has elected the practical expedient in ASC 842-20-50-10, and has used risk-free rates as the discount rates on these leases.

Minimum future lease payments under operating leases having remaining terms in excess of one year at December 31, 2022, are as follows:

<u>Years Ending December 31,</u>	
2023	\$ 32,948
2024	32,948
Total minimum future lease payments	<u>\$ 65,896</u>

Lease cost and other information for the year ended December 31, 2022, is as follows:

	<u>2022</u>
<u>Lease cost</u>	
Operating lease cost	<u>\$ 12,394</u>
Total lease cost	<u>\$ 12,394</u>

#### Other information

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows on operating leases \$ 898

Right of use assets obtained in exchange for new operating lease liabilities 93,163

Weighted average remaining lease term - operating leases 2 Years

Weighted average discount rate - operating leases 2.99%

#### (8) Contributed nonfinancial assets

Donated rent and facilities, material, supplies, and services (also known as contributed nonfinancial assets) 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.

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.

# LIVE AND LEARN PROGRAM

## NOTES TO FINANCIAL STATEMENTS Year Ended December 31, 2022

### (7) Contributed nonfinancial assets (continued)

Support from contributed nonfinancial assets for the year ended December 31, 2021 are as follows:

	<u>Revenue Recognized</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Furniture	\$ 14,310	All program services, management and general and fundraising activities	No associated donor restrictions	Contributed furniture is valued at the estimated retail values that would be received from selling similar products in the United States.
Small computer equipment	\$ 8,345	All program services, management and general and fundraising activities	No associated donor restrictions	Contributed computer equipment is valued at the estimated retail values that would be received from selling similar products in the United States.
Toys	\$ 4,801	All program services	No associated donor restrictions	Contributed toys are valued at the estimated average value of \$20 per toy. Average value is based upon the average retail value that would be received from selling similar products in the United States.
Special event auction items	\$ 6,050	Monetized during event auction	No associated donor restrictions	Contributed special event auction items are valued at the estimated retail values that would be received from selling similar products in the United States.
Accounting services	\$ 3,900	Management and general activities	No associated donor restrictions	Contributed accounting services are valued at the estimated fair value based upon current rates for similar services.
Small furniture and equipment	\$ 3,543	All program services, management and general and fundraising activities	No associated donor restrictions	Contributed small furniture and equipment are valued at the estimated retail values that would be received from selling similar products in the United States.
Program supplies	\$ 3,123	All program services	No associated donor restrictions	Contributed program supplies are valued at the estimated retail values that would be received from selling similar products in the United States.
Food	\$ 1,559	All program services	No associated donor restrictions	Contributed food is valued at the estimated retail values that would be received from selling similar products in the United States.
Flowers	\$ 1,525	Special event fundraising costs	No associated donor restrictions	Contributed flowers are valued at the estimated retail values that would be received from selling similar products in the United States.
Medical services	\$ 1,320	All program services	No associated donor restrictions	Contributed medical services are valued at the estimated fair value based upon current rates for similar services.
Toiletries	\$ 1,125	All program services	No associated donor restrictions	Contributed toiletries are valued at the estimated retail values that would be received from selling similar products in the United States.
Printing services	\$ 1,000	All program services	No associated donor restrictions	Contributed printing services are valued at the estimated fair value based upon current rates for similar services.
Clothing	\$ 650	All program services	No associated donor restrictions	Contributed clothing is valued at the estimated "Thrift shop value", along with estimated retail values that would be received from selling similar clothing items in the United States.
Special event food and supplies	\$ 260	Special event fundraising costs	No associated donor restrictions	Contributed food and supplies are valued at the estimated retail values that would be received from selling similar products in the United States.



## LIVE AND LEARN PROGRAM

### NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2022

#### (8) Net assets with donor restrictions and release of restrictions

Net assets with donor restrictions consist of the following:

	<u>2022</u>
Purpose restrictions:	
Client coordinator salary	\$ 15,667
Dental care	9,522
Time restrictions:	
Contributions receivable	35,000
Total restricted net assets	<u>\$ 60,189</u>

Net assets released from restrictions consist of the following:

	<u>2022</u>
Purpose restrictions:	
Women's Economic Empowerment program	\$ 213,146
Client coordinator salary	21,739
Medical coordinator salary	9,817
COVID-19 relief	7,500
Financial literacy	5,000
Dental care	1,527
Software project	1,000
Time restrictions:	
Contributions receivable	157,500
Other time restrictions	45,000
Total released from restrictions	<u>\$ 462,229</u>

#### (7) 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, 2022, the loan through the Small Business Association Federal under the Economic Injury Disaster Loan Program, and the related accrued interest, is approximately 66% of total liabilities.

During the year ended December 31, 2022, the Organization recognized revenue from a grant from the Arizona Department of Economic Security that is approximately 24% of total revenue and support.

#### (9) Related party transactions

The Board members and key employees periodically make contributions to the Organization. Contributions of approximately \$12,400 were made by Board members and of approximately \$13,000 were made by key employees during the year ended December 31, 2022.

## LIVE AND LEARN PROGRAM

### NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2022

**(10) Retirement plan**

The Organization has a retirement plan under section 401(k) of the internal revenue code. Employees who meet specified age and length of service requirements are eligible to participate in the plan. Employees may contribute up to the maximum amount allowable under IRS guidelines for each year. The Organization is allowed to make annual discretionary contributions. Participants are fully vested for employer matching and discretionary contributions after they meet the specified age and length of service requirements and become participants in the plan. The Organization made a contribution to the plan in the amount of \$2,072 for the year ended December 31, 2022.