Live&Learn

Financial Statements

December 31, 2019

LIVE AND LEARN PROGRAM

December 31, 2019

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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 (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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.

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.

Emphasis of Matter
As discussed in Note 2 to the financial statements, Live and Learn Program adopted the new nonprofit reporting standards as required by Financial Accounting Standards Board (FASB) Accounting Standard Update (ASU) No. 2014-09 and FASB ASU No. 2018-08. My conclusion is not modified with respect to this matter.

Gregory Michael Coy, CPA, PLLC

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Phoenix, AZ
August 4, 2020

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Live and Learn Program
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED December 31, 2019

	2019
ASSETS	
ASSETS	
Cash and cash equivalents	$ 232,128
Governmental grants receivable	32,747
Other receivables	4,201
Prepaid expense and other assets	638
Total assets	$ 269,714
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	$ 1,342
Accrued expenses	625
Total liabilities	1,967
NET ASSETS WITHOUT DONOR RESTRICTIONS	110,747
NET ASSETS WITH DONOR RESTRICTIONS	157,000
Total net assets	267,747
Total liabilities and net assets	$ 269,714

See Accompanying Notes to Financial Statements

Live and Learn Program
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED December 31, 2019

	2019		
	Net assets without Donor Restrictions	Net assets with Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Governmental grant revenue	$ 107,856	$ -	$ 107,856
Contributions	61,786	161,000	222,786
Donated materials, supplies and services	25,652	-	25,652
Interest and dividend income	55	-	55
Other income	1,436	-	1,436
Special event revenue	5,339	-	5,339
Direct donor benefits	(1,919)	-	(1,919)
Release of restrictions	161,462	(161,462)	-
Total revenue and support	361,667	(462)	361,205
EXPENSES			
Program services	252,710	-	252,710
Supporting services			
Management and general	47,042	-	47,042
Fundraising	32,743	-	32,743
Total supporting services	79,785	-	79,785
Total expenses	332,495	-	332,495
CHANGE IN NET ASSETS	29,172	(462)	28,710
NET ASSETS, BEGINNING OF YEAR	81,575	157,462	239,037
NET ASSETS, END OF YEAR	$ 110,747	$ 157,000	$ 267,747

Live and Learn Program
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED December 31, 2019

	Program Activities	Supporting Services		
	Program	Management and General	Fundraising	Total 2019
Personnel Expenses:				
Salaries and Wages	$ 121,270	$ 25,986	$ 25,985	$ 173,241
Payroll taxes and benefits	10,795	2,313	2,313	15,421
Total personnel expenses	132,065	28,299	28,298	188,662
Client welfare	72,470	-	-	72,470
Donated materials, supplies and services	25,652	-	-	25,652
Rent	6,950	1,489	1,489	9,928
Staff development	968	-	-	968
Professional fees	2,094	14,383	-	16,477
Insurance	2,387	511	513	3,411
Supplies and materials	1,076	231	231	1,538
Telephone and internet	1,762	377	380	2,519
Printing and postage	711	151	153	1,015
Computer and IT	5,792	1,240	1,242	8,274
Bank and merchant fees	-	106	-	106
Board expenses	-	88	-	88
Fundraising	-	-	269	269
Other	783	167	168	1,118
Total expenses	$ 252,710	$ 47,042	$ 32,743	$ 332,495

See Accompanying Notes to Financial Statements

Live and Learn Program
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED December 31, 2019

	2019
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 28,710
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
(Increase) decrease in	
Receivables	(26,814)
Prepaid expense and other assets	(29)
Increase (decrease) in	
Accounts payable	(1,589)
Accrued expenses	(3,228)
Total adjustments	(31,660)
Net cash provided by operating activities	(2,950)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,950)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	235,078
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 232,128
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	
Cash paid for taxes	$ -
Cash paid for interest	$ -

See Accompanying Notes to Financial Statements

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

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 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:

> <u>Net Assets without Donor Restrictions</u>
> 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.
>
> <u>Net Assets with Donor Restrictions</u>
> 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, 2019, the Organization had no restrictions required to be maintained in perpetuity.

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.

Contributions receivable
Unconditional promises to give (contributions receivable) are recognized as support in the period the promise is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional contributions receivable contain a donor-imposed condition that represents a barrier that must be overcome before the Organization is entitled to the assets promised. Failure to overcome the barrier gives the promisor a right of release from its obligation to transfer its assets. Conditional contributions receivable are recognized only when the conditions on which they depend are substantially met. Unconditional contributions receivable that are to be collected within one year are recorded at net realizable value. Unconditional contributions receivable 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 rates applicable to the years in which the promises are received. Receivables are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on their assessment of the current status of individual accounts. 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 receivables. Contributions receivable are considered by management to be collectible in full and, accordingly, an allowance for doubtful accounts is not considered necessary. At December 31, 2019, all contributions receivable were due within one year.

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, 2019, all governmental grants receivable were due within one year.

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 are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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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, 2019, the Organization does not have any exchange transaction revenue.

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.

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 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 2016, 2017, and 2018 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, 2019 through August 4, 2020, 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, 2019, but arose subsequent to that date:

- 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 may face 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. These financial statements do not consider the potential financial implications of the pandemic.

Subsequent events (continued)

- In connection with the COVID-19 pandemic, the Organization has entered into a promissory note (loan) with a financial institution dated May 4, 2020. The loan is through the Small Business Association Federal Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The loan is in the amount of $35,855 and bears interest at a rate of 1%. The loan is to be repaid in 18 monthly payments of principal and interest of $2,018 beginning November 1, 2020. The final payment of all outstanding principal and accrued interest is due on May 4, 2022. The loan will be forgiven for all payroll costs, covered mortgage interest, covered rent payments and covered utility payments incurred during the 8 week period beginning the date of the initial disbursement of the loan. Not more than 25% of the amount forgiven can be attributable to non-payroll costs. The Organization expects to incur sufficient payroll and other covered costs during the specified period to enable the entire loan balance to be forgiven.

NOTE 2 - ADOPTION OF ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606),* which requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The new standard applies to exchange transaction revenue and does not apply to contribution revenue (Topic 958-605). In August 2015, the FASB issued 2015-014, *Revenue from Contracts with Customers (Topic 606*), which deferred the effective date of the new revenue recognition standard for one year to years beginning after December 15, 2018. The Organization adopted the requirements of the new revenue recognition guidance as of January 1, 2019, utilizing the modified retrospective transition method. The initial application of this method was applied to all contracts as of the date of initial application. The Organization's revenue consists entirely of contribution revenue and, accordingly, 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.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies how entities will determine whether to account for a transfer of assets as an exchange transaction or a contribution. The distinction is important because contributions are accounted for under Accounting Standards Codification (ASC) 958-605 *Not-For-Profit Entities - Revenue Recognition*, while exchange transactions are accounted for under other guidance such as ASC 606, *Revenue from Contracts with Customers*. The guidance also clarifies how entities will determine whether a contribution is conditional. The timing of revenue and expense recognition depends upon whether a contribution is conditional or unconditional. The Organization adopted the requirements of the new standard as of January 1, 2019. Certain revenue that was recognized as exchange transaction revenue under previous guidance was determined to be conditional contribution revenue under the new standard. The cumulative effect of applying the new standard did not have a material effect on the recognition of revenue, changes in net assets or on the opening balance of net assets as compared with the previous guidance The adoption of the new standard did not result in any reclassifications or restatements to contribution revenue, total net assets or changes in net assets.

NOTE 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, accounts receivable and unrestricted 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 investing excess cash in interest bearing cash 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:

	2019
Unrestricted cash & cash equivalents	$ 232,128
Receivables due in the next 12 months	36,948
	269,076
Donor imposed restrictions	(157,000)
Financial assets available to meet general expenditures within one year	$ 112,076

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

	2019
Purpose restrictions:	
Career track training	$ 150,000
Year up	5,000
Care1st Pilot Program	2,000
Time restrictions:	
Contributions receivable	-
Total temporarily restricted net assets	$ 157,000

NOTE 4 -NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets released from restrictions consist of the following:

	2019
Purpose restrictions:	
Career track training	$ 150,000
Year up	5,000
Workforce development	2,462
Equipped for success	2,000
Early childhood career pathway	2,000
Time restrictions:	
Contributions receivable	-
Total temporarily restricted net assets	$ 161,462

NOTE 5 - LEASE COMMITMENTS

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, 2019, are as follows:

Years Ending June 30,	
2020	$ 12,337
2021	13,233
2022	13,233
2023	3,308
Total minimum future lease payments	$ 42,111

NOTE 6 - 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.

During 2019, the Organization received a contribution from a donor that is approximately 42% of total revenue and support.

NOTE 7 - NEW ACCOUNTING PRNOUNCEMENTS

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820*), which modifies the disclosure requirements on fair value measurements in Topic 820. The new standard is effective for the Organization January 1, 2020. The Organization is evaluating the effect that ASU No. 2018-13 will have on its financial statements and related disclosures.

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, 2021. The Organization is evaluating the effect that ASU No. 2016-02 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.

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