

LifeLabKids Foundation

Financial Statements

December 31, 2019

# Richard J. Boyse, CPA, PC

*Certified Public Accountant*

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
LifeLabKids Foundation  
3178 Hilton Rd  
Ferndale, MI 48220  
248-629-4600

We have audited the accompanying financial statements of LifeLabKids Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LifeLabKids Foundation as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Richard J. Boyse, CPA, PC  
Rochester, MI  
March 23, 2020

**LifeLabKids Foundation**  
**Statement of Financial Position**

	December 31, 2019	As of December 31, 2018
<b>Assets</b>		
<b>Current Assets</b>		
Checking - Comerica 274	\$ 13,704.31	\$ 3,835.85
Checking - Comerica 663	15,453.73	6,228.99
Accounts Receivable	34,202.37	0.00
Grants Receivable	<u>25,000.00</u>	<u>55,000.00</u>
<b>Total Current Assets</b>	<u>88,360.41</u>	<u>65,064.84</u>
<b>Property and Equipment</b>		
Leasehold Improvements	270,250.07	99,250.15
Less Accumulated Depreciation	<u>(5,485.85)</u>	<u>0.00</u>
<b>Net Property and Equipment</b>	<u>264,764.22</u>	<u>99,250.15</u>
<b>Total Assets</b>	<u><u>\$ 353,124.63</u></u>	<u><u>\$ 164,314.99</u></u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Credit Card Payable - American Express	\$ 1,110.42	\$ 11,965.17
Credit Card Payable - Citi	<u>1,153.24</u>	<u>0.00</u>
<b>Total Current Liabilities</b>	<u>2,263.66</u>	<u>11,965.17</u>
<b>Long-Term Liabilities</b>		
<b>Total Long-Term Liabilities</b>	<u>0.00</u>	<u>0.00</u>
<b>Total Liabilities</b>	<u>2,263.66</u>	<u>11,965.17</u>
<b>Net Assets</b>		
Net Assets Without Donor Restrictions	350,860.97	152,349.82
<b>Total Net Assets</b>	<u>350,860.97</u>	<u>152,349.82</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 353,124.63</u></u>	<u><u>\$ 164,314.99</u></u>

See Accompanying Notes

**LifeLabKids Foundation**  
**Statement of Changes in Net Assets**

	<b><u>Net Assets</u></b> <b><u>With Donor Restriction</u></b>	<b><u>Net Assets</u></b> <b><u>Without Donor Restriction</u></b>	<b><u>Total</u></b> <b><u>Net Assets</u></b>
Net Assets, January 1, 2018	\$	\$ 2,641.00	\$ 2,641.00
Change in Net Assets, 2018		149,708.82	149,708.82
Net Assets, December 31, 2018	<hr/>	<hr/> 152,349.82	<hr/> 152,349.82
Change in Net Assets, 2019		198,511.15	198,511.15
Net Assets, December 31, 2019	<hr/> \$	<hr/> \$ 350,860.97	<hr/> \$ 350,860.97

See Accompanying Notes

# LifeLabKids Foundation

## Statement of Activities

	1 Year Ended December 31, 2019	1 Year Ended December 31, 2018
<b>Changes in Net Assets Without Donor Restrictions:</b>		
<b>Revenue</b>		
Unrestricted Income	\$ 527,248.80	\$ 189,149.35
Program Service Revenue	62,690.68	-
In-kind Contributions	57,748.98	-
Donor-restricted Net Assets Released from Restriction	-	-
<b>Total Revenue Without Donor Restrictions</b>	<u>647,688.46</u>	<u>189,149.35</u>
<b>Expenses</b>		
Program	377,439.93	33,952.49
General and Administrative	58,116.74	5,446.04
Fundraising	13,620.64	42.00
<b>Total Expenses Without Donor Restrictions</b>	<u>449,177.31</u>	<u>39,440.53</u>
<b>Revenue Less Expenses Without Donor Restrictions</b>	<u>198,511.15</u>	<u>149,708.82</u>
<b>Other Changes in Net Assets Without Donor Restrictions</b>		
<b>Increase (Decrease) in Net Assets Without Donor Restrictions</b>	<u>198,511.15</u>	<u>149,708.82</u>
<b>Changes in Net Assets With Donor Restrictions</b>		
<b>Increase (Decrease) in Net Assets</b>	<u>198,511.15</u>	<u>149,708.82</u>

See Accompanying Notes

# LifeLabKids Foundation

## Statement of Functional Expenses

	Amount	%Total
<b>Total Expenses</b>	\$ 449,177.31	100.00%
<b>Program Expenses</b>		
Advertising - Program	\$ 7,441.17	1.66%
Staff Development	7,863.00	1.75
Contract Labor - Program	30,564.77	6.80
Depreciation - Program	5,046.98	1.12
Dues and Subscriptions - Program	249.95	0.06
Insurance - Health - Program	15,361.25	3.42
Rent - Program	19,780.00	4.40
Repairs and Maintenance - Program	12,951.47	2.88
Salaries and Benefits - Program	189,814.15	42.26
Supplies	49,616.74	11.05
Taxes - Payroll - Program	16,828.59	3.75
Taxes - Other - Program	12,576.55	2.80
Travel - Program	819.18	0.18
Utilities - Program	8,526.13	1.90
<b>Total Program Expenses</b>	\$ 377,439.93	84.03%
<b>General and Administrative Expenses</b>		
Auto Expense	\$ 38.57	0.01%
Bank Charges - General	3,819.83	0.85
Contract Labor - General	2,730.00	0.61
Cloud Storage and Software	7,847.66	1.75
Computer Equipment	2,088.94	0.47
Depreciation - General	438.87	0.10
Dues and Subscriptions - General	185.05	0.04
Insurance - General	15,246.00	3.39
Office Expense - General	7,393.24	1.65
Professional Fees	2,104.26	0.47
Rent - General	1,720.00	0.38
Repairs and Maintenance - General	1,126.21	0.25
Salaries and Benefits - General	7,262.46	1.62
Security	934.88	0.21
Taxes - Payroll - General	1,815.62	0.40
Taxes - Other - General	1,093.61	0.24
Telecommunications - General	1,530.14	0.34
Utilities - General	741.40	0.17
<b>Total General and Administrative Expenses</b>	\$ 58,116.74	12.94%
<b>Fundraising Expenses</b>		
Meals - Fundraising	\$ 944.24	0.21%
Contract Labor - Fundraising	1,890.00	0.42
Charitable Contributions	1,305.00	0.29
Grant Writing	7,163.42	1.59
Outside Activities	1,350.00	0.30
Printing and Reproduction	967.98	0.22
<b>Total Fundraising Expenses</b>	\$ 13,620.64	3.03%
<b>Total Expenses</b>	\$ 449,177.31	100.00%

See Accompanying Notes

# LifeLabKids Foundation

## Statement of Cash Flows

	<b>1 Year Ended December 31, 2019</b>
<b>Cash Flows from Operating Activities</b>	
Increase (decrease) in net assets	\$ 198,511.15
Adjustments to reconcile net increase (decrease) to net cash provided by (used in) operating activities:	
Depreciation and Amortization	5,485.85
Decrease (Increase) in Operating Assets:	
Accounts Receivable	(4,202.37)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(9,701.51)
Total Adjustments	<u>(8,418.03)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	<u>190,093.12</u>
<b>Cash Flows from Investing Activities</b>	
Purchase of Fixed Assets	(170,999.92)
<b>Net Cash Provided By (Used In) Investing Activities</b>	<u>(170,999.92)</u>
<b>Cash Flows from Financing Activities</b>	
<b>Net Cash Provided By (Used In) Financing Activities</b>	<u>0.00</u>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	19,093.20
<b>Beginning Cash and Cash Equivalents</b>	<u>10,064.84</u>
<b>Ending Cash and Cash Equivalents</b>	<u>\$ 29,158.04</u>

See Accompanying Notes

**LifeLabKids Foundation**  
**Notes to Financial Statements**  
**December 31, 2019**

**Nature of Activities and Significant Accounting Policies**

**Nature of Activities**

LifeLabKids Foundation ("the Organization") is a non-profit whose mission is to help students of all abilities discover and explore their unique, true potential. The principal operations offer a blend of evidence-based interventions, therapeutic activities, and innovative technologies.

During the fiscal year ended December 31, 2019, the Organization completed construction in the location which will house its base of operations and administrative offices. The Organization opened its doors in the Spring of 2019 and began offering services to the community immediately.

The accompanying financial statements have been prepared on the accrual basis of accounting.

**Financial Statement Presentation**

According to Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-For-Profit Entities, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The net assets of the Organization are classified accordingly depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

**Contributions**

Under SFAS No. 116, Accounting for Contributions Received and Contributions Made, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the absence or existence of any donor restrictions.

**Contributed Materials and Services**

The Organization received certain donated services that have met the requirements for recognition in the financial statements and have been recorded. FASB ASC 958-605-25-16 requires the fair value of these services to be reported because they required special skills and would need to be purchased if they were not donated. The Organization recognized \$8,000 of in-kind contributions related to architectural services provided to the Organization.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization at its base of operations. The value of the certain donated materials and volunteer services is not disclosed, as no objective basis is available to measure the value of such materials and services.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Property and Equipment and Capitalization Threshold**

Buildings, equipment, furniture, and transportation equipment are recorded at cost when purchased. Donations of property and equipment are recorded as support at their estimated fair value and are reported as support without restrictions unless the donor has restricted the donated asset to 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 support with donor restriction.

The Organization establishes \$2,500 as the threshold amount for minimum capitalization. Any items costing below this amount should be expensed in the Organization's financial statements.



**LifeLabKids Foundation**  
**Notes to Financial Statements**  
**December 31, 2019**

**Functional Allocation Expenses**

The costs of providing program, general and administrative, and fundraising services have been reported on a functional basis in the statements of activities. Costs have been allocated between program, general and administrative, and fundraising using estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different results.

**Tax Status**

The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the United States Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Although the Organization is granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income" (UBTI). For the year ended December 31, 2019, management has determined that the Organization did not have UBTI, accordingly, no income tax provision is reflected in these financial statements.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may differ from those estimates.

**Subsequent Events**

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to December 31, 2019, the most recent statement of financial position presented herein, through March 23, 2020, the date these financial statements were available to be issued. No such significant events or transactions were identified.

**Contributions Receivable**

The amount shown as Contributions Receivable on the Statement of Financial Position is comprised of promised amounts from two organizations. The entire amount was received in January, 2020. As such, no allowance for doubtful receivables is shown. The aging is as follows:

Amounts receivable in less than one year:	59,202.37
Amounts receivable in one to five years:	0.00
Amounts receivable in more than five years:	0.00
Total:	<u><u>59,202.37</u></u>

**Related Party Transactions**

Jai Reddy is the organizer and President of the Organization. Mr Reddy is also the principal donor for the year ending December 31, 2019 and he owns the property and building in which the Organization operates. Mr. Reddy has given \$353,748.98 to the Organization for the year ending December 31, 2019. This was comprised of direct contributions and paying vendor invoices directly from his account.

Transactions were consummated on terms equivalent to those that prevail in arm's-length transactions.