

LifeLabKids Foundation

Financial Statements

December 31, 2022

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, 2022 and 2021, 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

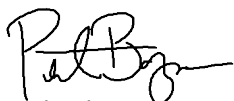
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2022 and 2021, 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
April 27, 2023

LifeLabKids Foundation
Statement of Financial Position

	As of	
	December 31, 2022	December 31, 2021
Assets		
Current Assets		
Checking - Comerica 274	\$ 1,733.88	\$ 1,792.25
Checking - Comerica 663	25,000.00	244,032.39
Grants Receivable	216,729.50	24,000.00
Comerica Investments -2749	762,488.34	0.00
Total Current Assets	1,005,951.72	269,824.64
Property and Equipment		
Buildings and Land	1,083,616.00	1,083,616.00
Computer Equipment	5,465.44	5,465.44
Leasehold Improvements	270,250.07	270,250.07
Construction in Progress	746,763.53	51,968.24
Less Accumulated Depreciation	(81,886.82)	(50,360.46)
Net Property and Equipment	2,024,208.22	1,360,939.29
Total Assets	\$ 3,030,159.94	\$ 1,630,763.93
Liabilities and Net Assets		
Current Liabilities		
Accrued Payroll	\$ 194.00	\$ 0.00
Credit Cards Payable	26,840.29	116.95
Current Portion of Long-term Debt	39,651.41	36,264.22
Total Current Liabilities	66,685.70	36,381.17
Long-Term Liabilities		
SBA - EIDL Payable	362,060.67	151,356.75
Loan Payable - Comerica	1,226,331.71	582,693.72
Less Current portion of Long-term debt	(39,651.41)	(36,264.22)
Total Long-Term Liabilities	1,548,740.97	697,786.25
Total Liabilities	1,615,426.67	734,167.42
Net Assets		
Net Assets Without Donor Restrictions	1,198,003.77	872,596.51
Net Assets With Donor Restrictions	216,729.50	24,000.00
Total Net Assets	1,414,733.27	896,596.51
Total Liabilities and Net Assets	\$ 3,030,159.94	\$ 1,630,763.93

See Accompanying Notes

LifeLabKids Foundation
Statement of Changes in Net Assets

	<u>Net Assets</u> <u>With Donor Restriction</u>	<u>Net Assets</u> <u>Without Donor Restriction</u>	<u>Total</u> <u>Net Assets</u>
Net Assets, January 1, 2021	\$ 4,166.00	\$ 633,421.42	\$ 637,587.42
Change in Net Assets, 2021	19,834.00	239,175.09	259,009.09
Net Assets, December 31, 2021	<u>24,000.00</u>	<u>872,596.51</u>	<u>896,596.51</u>
Change in Net Assets, 2022	192,729.50	325,407.26	518,136.76
Net Assets, December 31, 2022	\$ <u>216,729.50</u>	\$ <u>1,198,003.77</u>	\$ <u>1,414,733.27</u>

See Accompanying Notes

**LifeLabKids Foundation
Statement of Activities**

	4 Quarters Ended December 31, 2022	4 Quarters Ended December 31, 2021
Changes in Net Assets Without Donor Restrictions:		
Revenue		
Unrestricted Income	\$ 219,990.21	\$ 317,610.96
Program Service Revenue	1,440,986.47	1,296,013.81
Interest Income	1,933.07	-
Donor-restricted Net Assets Released from Restriction	536,547.50	129,068.44
Total Revenue Without Donor Restrictions	2,199,457.25	1,742,693.21
Expenses		
Program	1,429,968.88	1,205,196.02
General and Administrative	375,187.09	299,425.93
Fundraising	68,894.02	62,596.17
Total Expenses Without Donor Restrictions	1,874,049.99	1,567,218.12
Revenue Less Expenses Without Donor Restrictions	325,407.26	175,475.09
Other Changes in Net Assets Without Donor Restrictions		
PPP Forgiveness	-	63,700.00
Total Other Changes	0.00	63,700.00
Increase (Decrease) in Net Assets Without Donor Restrictions	325,407.26	239,175.09
Changes in Net Assets With Donor Restrictions		
Donor-restricted Income	565,277.00	29,000.00
In-kind Contributions	164,000.00	119,902.44
Net Assets Released From Restrictions	(536,547.50)	(129,068.44)
Increase (Decrease) in Net Assets With Donor Restrictions	192,729.50	19,834.00
Increase (Decrease) in Net Assets	518,136.76	259,009.09

See Accompanying Notes

LifeLabKids Foundation
Statement of Functional Expenses

	Amount	%Total
Total Expenses	\$ 1,874,049.99	100.00%
Program Expenses		
Advertising - Program	\$ 25,271.63	1.35%
Staff Development	23,382.53	1.25
Contract Labor - Program	32,613.26	1.74
Charitable Contributions	317.21	0.02
Depreciation - Program	28,737.03	1.53
Insurance - Health - Program	32,316.27	1.72
Rent - Program	84,000.00	4.48
Repairs and Maintenance - Program	9,228.09	0.49
Salaries and Benefits - Program	985,117.36	52.57
Supplies	85,367.66	4.56
Taxes - Payroll - Program	81,865.02	4.37
Utilities - Program	14,380.04	0.77
Interest Expense - Program	27,372.78	1.46
Total Program Expenses	\$ 1,429,968.88	76.30%
General and Administrative Expenses		
Advertising - General	\$ 13,776.23	0.74%
Auto Expense	2,006.57	0.11
Bank Charges	6,627.30	0.35
Cloud Storage and Software	2,000.00	0.11
Computer Expense	22,345.38	1.19
Depreciation - General	2,789.33	0.15
Dues and Subscriptions	195.00	0.01
Insurance	21,242.50	1.13
Insurance - Health - General	7,651.17	0.41
Office Supplies	20,295.72	1.08
Professional Fees	54,439.58	2.90
Repairs and Maintenance - General	1,025.34	0.05
Salaries and Benefits - General	179,974.17	9.60
Security	3,038.80	0.16
Taxes - Payroll - General	14,956.18	0.80
Telecommunications	9,017.70	0.48
Utilities - General	1,597.78	0.09
Interest Expense	9,166.92	0.49
Interest Expense - General	3,041.42	0.16
Total General and Administrative Expenses	\$ 375,187.09	20.02%
Fundraising Expenses		
Meetings & Meals	\$ 15,993.58	0.85%
Contract Labor - Fundraising	10,500.00	0.56
Insurance - Health - Fundraising	934.18	0.05
Salaries and Benefits - Fundraising	38,284.73	2.04
Taxes - Payroll - Fundraising	3,181.53	0.17
Total Fundraising Expenses	\$ 68,894.02	3.68%
Total Expenses	\$ 1,874,049.99	100.00%

See Accompanying Notes

LifeLabKids Foundation
Statement of Cash Flows

	4 Quarters Ended December 31, 2022
Cash Flows from Operating Activities	
Increase (decrease) in net assets	\$ 518,136.76
Adjustments to reconcile net increase (decrease) to net cash provided by (used in) operating activities:	
Depreciation and Amortization	31,526.36
Decrease (Increase) in Operating Assets:	
Accounts Receivable	(192,729.50)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	26,723.34
Notes Payable	3,387.19
Accrued Liabilities	194.00
Total Adjustments	<u>(130,898.61)</u>
Net Cash Provided By (Used In) Operating Activities	<u>387,238.15</u>
Cash Flows from Investing Activities	
Purchase of Fixed Assets	(694,795.29)
Net Cash Provided By (Used In) Investing Activities	<u>(694,795.29)</u>
Cash Flows from Financing Activities	
Loan Payable Net Borrowing	<u>850,954.72</u>
Net Cash Provided By (Used In) Financing Activities	<u>850,954.72</u>
Net Increase (Decrease) In Cash and Cash Equivalents	543,397.58
Beginning Cash and Cash Equivalents	<u>245,824.64</u>
Ending Cash and Cash Equivalents	<u>\$ 789,222.22</u>

See Accompanying Notes

LifeLabKids Foundation
Notes to Financial Statements
December 31, 2022

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.

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 had some sources of contributed goods and services that are recognized by these financial statements. These include \$84,000 in effective rent for office space and \$80,000 in site development costs. In addition to being recognized as in-kind contributions, the former is expensed as rent and the latter is included in the cost of Construction in Progress.

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. This includes an investment of excess cash with Comerica Investments in a Money Market mutual fund whose investments meet the criteria for cash, for which one business day notice is required to access.

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, 2022

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, 2022, 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, 2022, the most recent statement of financial position presented herein, through April 27, 2023, the date these financial statements were available to be issued.

No events meeting the criteria were found.