

LIFE LAB SCIENCE PROGRAM

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Life Lab Science Program
Santa Cruz, California

We have audited the accompanying financial statements of Life Lab Science Program (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, 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 audit. We conducted our audit 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.



Goranson and Associates, Inc.

717 College Avenue, First Floor, Santa Rosa, CA 95404 Phone: 707/542-1256 Fax 707/978-3090

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Life Lab Science Program as of December 31, 2020 and 2019, 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.

Goranson and Associates, Inc.

June 14, 2021

Santa Rosa, CA

LIFE LAB SCIENCE PROGRAM
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 224,603	\$ 253,630
Accounts receivable	225,735	639,088
Inventory	2,765	18,017
Prepaid expenses	8,110	3,806
Total current assets	461,213	914,541
Fixed assets:		
Furniture and equipment	35,881	35,881
Leasehold improvements	75,109	75,109
Subtotal	110,990	110,990
Less accumulated depreciation	(96,257)	(92,003)
Net fixed assets	14,733	18,987
Total assets	\$ 475,946	\$ 933,528
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 17,208	\$ 11,490
Accrued expenses	28,659	21,460
Deferred revenue	-	31,500
PPP loan	171,181	-
Total current liabilities	217,048	64,450
Net assets:		
Without donor restriction	(276,970)	(84,656)
With donor restriction	535,868	953,734
Total net assets	258,898	869,078
Total liabilities and net assets	\$ 475,946	\$ 933,528

The accompanying notes are integral part of these financial statements

LIFE LAB SCIENCE PROGRAM
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Without donor restriction	With donor restriction	2020 Total
SUPPORT AND REVENUE:			
Contributed income	\$ 234,546	\$ 236,500	\$ 471,046
Grants and contracts	171,729	-	171,729
Program fees	54,014	-	54,014
Sales, net of cost of goods sold	(4,044)	-	(4,044)
Other income	(8,177)	-	(8,177)
Net assets released from restriction	654,366	(654,366)	-
Total support and revenue	<u>1,102,434</u>	<u>(417,866)</u>	<u>684,568</u>
EXPENSES:			
Program	930,424		930,424
Management and general	172,877		172,877
Fundraising	191,447		191,447
Total expenses	<u>1,294,748</u>		<u>1,294,748</u>
CHANGE IN NET ASSETS	(192,314)	(417,866)	(610,180)
NET ASSETS, BEGINNING	<u>(84,656)</u>	<u>953,734</u>	<u>869,078</u>
NET ASSETS, ENDING	<u>\$ (276,970)</u>	<u>\$ 535,868</u>	<u>\$ 258,898</u>

The accompanying notes are integral part of these financial statements

LIFE LAB SCIENCE PROGRAM
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Without donor restriction	With donor restriction	2019 Total
SUPPORT AND REVENUE:			
Contributed income	\$ 186,460	\$ 1,229,728	\$ 1,416,188
Grants and contracts	58,500	-	58,500
Program fees	236,278	-	236,278
Sales, net of cost of goods sold	9,787	-	9,787
Other income	2,713	-	2,713
Net assets released from restriction	584,320	(584,320)	-
Total support and revenue	<u>1,078,058</u>	<u>645,408</u>	<u>1,723,466</u>
EXPENSES:			
Program	788,075		788,075
Management and general	86,689		86,689
Fundraising	215,580		215,580
Total expenses	<u>1,090,344</u>		<u>1,090,344</u>
CHANGE IN NET ASSETS	(12,286)	645,408	633,122
NET ASSETS, BEGINNING	<u>(72,370)</u>	<u>308,326</u>	<u>235,956</u>
NET ASSETS, ENDING	<u>\$ (84,656)</u>	<u>\$ 953,734</u>	<u>\$ 869,078</u>

The accompanying notes are integral part of these financial statements

LIFE LAB SCIENCE PROGRAM
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2020 Total</u>
Personnel expenses	\$ 622,090	\$ 122,490	\$ 149,286	\$ 893,866
Consultants and professional fees	25,764	7,393	826	33,983
Program expenses	34,114	-	-	34,114
AmeriCorps	227,750	-	-	227,750
Operating expenses	5,507	34	1,058	6,599
Travel	15,786	404	79	16,269
Occupancy	22,029	1,860	-	23,889
Supplies, furniture and equipment	13,769	1,691	218	15,678
Office expenses	15,507	535	10,075	26,117
Event expenses	527	-	83	610
Insurance	-	11,395	-	11,395
Depreciation expense	4,254	-	-	4,254
Other operating expenses	-	224	-	224
Shared costs	(56,673)	26,851	29,822	-
Total	<u>\$ 930,424</u>	<u>\$ 172,877</u>	<u>\$ 191,447</u>	<u>\$ 1,294,748</u>

The accompanying notes are integral part of these financial statements

LIFE LAB SCIENCE PROGRAM
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Program	Management and General	Fundraising	2019 Total
Personnel expenses	\$ 561,842	\$ 57,078	\$ 140,137	\$ 759,057
Consultants and professional fees	79,264	1,455	2,302	83,021
Program expenses	77,130	-	-	77,130
Operating expenses	8,674	648	2,452	11,774
Travel	37,365	50	226	37,641
Occupancy	29,571	190	-	29,761
Supplies, furniture and equipment	5,750	2,978	386	9,114
Office expenses	26,817	1,639	9,789	38,245
Event expenses	423	-	30,266	30,689
Insurance	-	11,013	-	11,013
Depreciation expense	2,750	-	-	2,750
Other operating expenses	98	51	-	149
Shared costs	(41,609)	11,587	30,022	-
Total	<u>\$ 788,075</u>	<u>\$ 86,689</u>	<u>\$ 215,580</u>	<u>\$ 1,090,344</u>

The accompanying notes are integral part of these financial statements

LIFE LAB SCIENCE PROGRAM
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (610,180)	\$ 633,122
Adjustments to reconcile change in net assets to cash from operations		
Depreciation and amortization	4,254	2,750
(Increase) decrease in:		
Accounts receivable	413,353	(395,973)
Prepaid expenses and inventory	10,948	2,352
Increase (decrease) in:		
Accounts payable and accrued expenses	12,917	(17,141)
Deferred revenue	(31,500)	10,000
Total cash provided by operations	<u>(200,208)</u>	<u>235,110</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	-	(11,637)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from PPP loan	<u>171,181</u>	<u>-</u>
NET CHANGE IN CASH	(29,027)	223,473
CASH, beginning of year	<u>253,630</u>	<u>30,157</u>
CASH, end of year	<u><u>\$ 224,603</u></u>	<u><u>\$ 253,630</u></u>

The accompanying notes are integral part of these financial statements

LIFE LAB SCIENCE PROGRAM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 ORGANIZATION

Life Lab Science Program (Organization) cultivates children's love of learning, healthy food, and nature through garden-based education. Local programs in Santa Cruz County, California serve 5,500 children ages 4-18. Curriculum and teacher training and networking programs impact over 500,000 students nationally.

The Organization is a nonprofit organization formed in 1981, exempt from income taxes under Internal Revenue Code Section 501(c)(3) and section 27301(d) of the California Revenue and Taxation Code. The Organization is governed by a Board of Directors.

The Organization receives funding in the form of foundation grants, individual donations and government contracts. In addition, a substantial amount of revenue is generated from program revenue.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 liabilities.

Basis of Presentation – The Organization reports information regarding its financial position and activities on an accrual basis according to two classes of net assets: net assets without donor restriction and net assets with donor restriction

Net assets without donor restriction – Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.

Net assets with donor restriction – Net assets that are subject to donor-imposed stipulations that may be fulfilled by actions of the Organization to meet the stipulations or that become net assets without donor restriction at the date specified by the donor.

Net assets released from donor restriction – Net assets with donor restriction are “released” to net assets without donor restriction when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

LIFE LAB SCIENCE PROGRAM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Other Basis of Presentation Policies – Revenues or support are reported as increases in net assets without donor restriction unless subject to donor-imposed restrictions. If donor restrictions are fulfilled in the same time period the revenue or support is received, the Organization reports the revenue or support as net assets with donor restrictions and released to net assets without restriction as stipulations are met. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless restricted by explicit donor stipulation or by law.

Revenue Recognition – The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor-stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of fixed assets as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Cash and Cash Equivalents – The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentrations of Risk – The Organization maintains cash balances in financial institutions. Funds are insured Federal Deposit Insurance Corporations up to \$250,000 per depositor for each account ownership category. The Organization was under all limits at December 31, 2020 and 2019.

LIFE LAB SCIENCE PROGRAM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Receivable – Accounts receivable include amounts committed by grantors which have not yet been received by the Organization. Amounts due within one year are stated at face value, while amounts due beyond one year are discounted to present value only in cases where such discounts would be material to the financial statements. Currently, there are not discounts reflected in the financial statements. Based on management's judgement, no allowance for doubtful accounts has been recorded.

Inventory – The Organization holds all inventory for the store at cost.

Fixed Assets – Fixed assets are recorded at cost if purchased and at fair market value on the date of donation if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets for periods of 2 to 15 years. The Organization capitalizes individual assets with cost of \$1,000 or greater.

Deferred revenue – The Organization considers government contract funds that have not been earned deferred revenue.

Income Taxes – The Organization is exempt from Federal and State Income taxes under Internal Revenue Code Section 501(c)(3) and California Franchise Tax Board Code Section 23701d. Therefore, no provision for income taxes has been made in the accompanying financial statements. In addition, the Internal Revenue Service has determined The Organization is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

Management of the Organization considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if management believes it is more likely than not for a change to occur, including changes to the Organization's status as a not-for-profit entity. Management believes the Organization met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax. The Organization's tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

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. Accordingly, actual results could differ from these estimates.

LIFE LAB SCIENCE PROGRAM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services.

Allocation Methodology – Allocations are done on the basis of percentage of total expenses for the period being allocated.

Donated Services and Items – Many people have contributed significant amounts of time to the activities of the Organization without compensation. The financial statements do not reflect the value of those contributed services and items because, although clearly substantial, no reliable basis exists for determining an appropriate valuation.

NOTE 3 LIQUIDITY

The following reflects the Organization's financial assets as of December 31, 2020 and 2019 that are available for operations. Donor restricted funds include funds restricted based on time and purpose. \$83,334 of donor restricted funds will become available for general operations in January 2021. Additionally, the Organization has a short-term line of credit available to cover temporary cash flow shortages.

	2020	2019
Financial assets at year end	\$ 450,338	\$ 892,718
Less those available for general expenditures within one year due to:		
Donor restricted funds	(535,868)	(953,734)
Total financial assets available to meet cash needs for general expenditures within one year	\$ (85,530)	\$ (61,016)
Financial assets		
Cash and cash equivalents	\$ 224,603	\$ 253,630
Accounts receivable	225,735	639,088
Total financial assets	\$ 450,338	\$ 892,718

LIFE LAB SCIENCE PROGRAM
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020 AND 2019

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at December 31, 2020 and 2019:

	2020	2019
Sprouts Healthy Communities Foundation	\$ 135,000	\$ 338,000
Whole Kids Foundation	76,355	150,176
Helen and Will Webster Foundation	-	55,000
Pajaro Valley Unified School District	-	68,500
Jewish Community Federation and Endowment Fund	-	25,000
Other	14,380	2,412
Total	\$ 225,735	\$ 639,088

NOTE 5 ACCRUED VACATION AND SICK LEAVE

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The balance of accrued vacation at December 31, 2020 and 2019 is \$27,901 and \$21,460, respectively.

Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated sick leave benefits are not recognized as liabilities since payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenses in the period taken.

NOTE 6 LINE OF CREDIT

The Organization has a line of credit with a local financial institution for \$50,000 with an interest rate of 7.75 percent. There is no balance at December 31, 2020 and 2019.

NOTE 7 NOTES PAYABLE

The Organization has a Paycheck Protection Loan that originated in April 2020 and matures in May 2022. The interest rate is one percent. The loan total at December 31, 2020 and 2019 is \$171,181 and \$0, respectively. Subsequent to yearend, in February 2021, the loan was forgiven.

The Organization had multiple short term loans during the year December 31, 2020 that were paid off within the fiscal year.

LIFE LAB SCIENCE PROGRAM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 8 NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions are as follows at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
General support	\$ 166,667	\$ 250,000
Capacity Building: National and local programs	152,204	348,788
Capacity building: Co-ED position	-	113,000
National Institute	132,998	204,442
Organizational effectiveness consulting	50,000	-
Local programs	33,999	37,504
Total	<u>\$ 535,868</u>	<u>\$ 953,734</u>

NOTE 9 LEASE COMMITMENTS

Rent expense for the years ending December 31, 2020 and 2019 was \$16,428 and \$19,880 respectively. The Organization paid no rent for the office lease from October through December 2020, due to the pandemic-related restrictions on the use of space and all staff working remotely. The Organization currently has a month-to-month lease. Monthly rent as of December 31, 2020 and 2019 was \$1,439 and \$1,340, respectively.

NOTE 10 CONTINGENCY AND UNCERTAINTIES

The Organization receives contributions and grants that are restricted for a specific program or purpose. If such restrictions are not met in accordance with the funding source agreement, there is the possibility that funds would have to returned to the donor. It is management's opinion that all donor requirements have been met for grants and contributions that have been released from net assets with donor restrictions or recorded directly to net assets without donor restrictions.

LIFE LAB SCIENCE PROGRAM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 10 CONTINGENCY AND UNCERTAINTIES, continued

In March 2020, the World Health Organization classified the COVID-19 outbreak as a pandemic and the Organization and the area it operates in was subject to a public health order that affected the activities of the Organization. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the effect that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact.

NOTE 11 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 14, 2021, the date the financial statements were available to be issued. As mentioned in Note 7 above, subsequent to yearend the Paycheck Protection Loan from April 2020 was forgiven. Also subsequent to yearend, the Organization secured a second Paycheck Protection Loan in April 2021 for \$147,038. The loan matures April 2026 and interest is one percent.