

Life Lab Science Program  
(A Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS  
December 31, 2016

Life Lab Science Program  
(A Nonprofit Public Benefits Corporation)

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PATRICIA A. BECKWITH

CERTIFIED PUBLIC ACCOUNTANT



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

I have reviewed the accompanying statements of financial position of Life Lab Science Program (a California not-for-profit corporation), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows expenses 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.

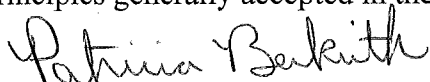
**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 engagement 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 us to perform procedures to obtain limited assurance as a basis for reporting whether we are 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.

Based on my review, we are 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.



Aptos, CA

October 6, 2017

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**LIFE LAB SCIENCE PROGRAM**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2016**

ASSETS	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Cash	\$ (64,056)	281,805	\$ 217,749
Grants and accounts receivable	64,927	-	64,927
Pledges receivable	83,750	30,000	113,750
Inventory	15,649	-	15,649
Prepaid expenses	11,929	-	11,929
Property and equipment, net	35,993	-	35,993
Deposits	780	-	780
	<u>148,972</u>	<u>311,805</u>	<u>460,777</u>
TOTAL ASSETS	<u>\$ 148,972</u>	<u>311,805</u>	<u>\$ 460,777</u>
LIABILITIES			
Accounts payable	\$ 33,474	\$ -	\$ 33,474
Accrued payroll liabilities	1,252	-	1,252
Accrued vacation	33,712	-	33,712
Lines of credit	33,942	-	33,942
	<u>102,380</u>	<u>-</u>	<u>102,380</u>
TOTAL LIABILITIES	<u>102,380</u>	<u>-</u>	<u>102,380</u>
NET ASSETS			
Unrestricted			
Life Lab	(127,310)	-	(127,310)
Food, What?!	173,902	-	173,902
Temporarily restricted	-	311,805	311,805
	<u>46,592</u>	<u>311,805</u>	<u>358,397</u>
TOTAL NET ASSETS	<u>46,592</u>	<u>311,805</u>	<u>358,397</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 148,972</u>	<u>\$ 311,805</u>	<u>\$ 460,777</u>

See accompanying notes and independent accountant's review report.

**LIFE LAB SCIENCE PROGRAM  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2016**

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT			
SUPPORT			
Contributions	\$ 188,226	\$ 3,000	\$ 191,226
Grants			
Government	6,500	-	6,500
Foundation	235,070	359,160	594,230
Corporate	1,500	10,350	11,850
TOTAL SUPPORT	431,296	372,510	803,806
REVENUE			
Program fees			-
Contract and consulting	107,546	-	107,546
Workshops	101,565	-	101,565
Field trips	10,408	-	10,408
Camps	118,825	-	118,825
Conference and events	2,625	-	2,625
Other program revenue	7,939	-	7,939
Royalties and license fees	638	-	638
Sale of curriculum and other merchandise (Net of cost of goods sold of (50,162))	27,852	-	27,852
Fiscal sponsor fees	42,606	-	42,606
TOTAL REVENUE	420,004	-	420,004
Net assets released from restrictions:			
Restrictions satisfied by payments	386,220	(386,220)	-
TOTAL SUPPORT AND REVENUE	1,237,520	(13,710)	1,223,810
EXPENSES			
Program Services			
Program	942,704	-	942,704
Supporting Services			
Management and General	70,799	-	70,799
Fundraising	123,895	-	123,895
TOTAL EXPENSES	1,137,398	-	1,137,398
CHANGE IN NET ASSETS	100,122	(13,710)	86,412
NET ASSETS, beginning of year	(53,530)	325,515	271,985
NET ASSETS, end of year	\$ 46,592	\$ 311,805	\$ 358,397

See accompanying notes and independent accountant's review report.

**LIFE LAB SCIENCE PROGRAM**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2016

	Supporting Services		Total Year Ended December 31, 2016
	Program Services	Management and General	
		Fundraising	
Compensation and related expenses			
Compensation	\$ 524,716	\$ 66,591	\$ 634,812
Employee benefits and personnel costs	102,608	24,148	105,176
Payroll taxes	49,419	6,418	60,045
	<u>676,743</u>	<u>97,157</u>	<u>800,033</u>
Accounting and legal	-	7,021	7,021
Advertising	2,858	-	389
Bank fees and finance charges	7,331	4,682	130
Consultants and professional fees	52,792	18,209	673
Copier and noncapital equipment	17,040	3,986	754
Depreciation/amortization	4,141	1,392	-
Dues, subscriptions and license fees	1,155	134	250
Fundraising event costs & supplies	251	-	14,131
Insurance	16,855	278	2,234
Meetings and conferences	5,346	584	50
Occupancy	20,917	2,960	2,960
Parking and transportation	13,926	-	-
Program-related expenses	47,413	(943)	30
Postage and printing	1,035	429	2,246
Repairs and maintenance	11,844	140	-
Stipends	36,151	-	-
Supplies	154	1,362	2,740
Travel & mileage	18,999	2	53
Web-based services	7,753	4,430	98
	<u>\$ 942,704</u>	<u>\$ 70,799</u>	<u>\$ 123,895</u>
Total expenses, year ended December 31, 2016			<u>\$ 1,137,398</u>
	<u>83%</u>	<u>6%</u>	<u>11%</u>

See accompanying notes and independent accountant's review report.

**LIFE LAB SCIENCE PROGRAM  
STATEMENT OF CASH FLOWS  
Year Ended December 31, 2016**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in net assets	\$ 86,412
Adjustments to reconcile increase in net assets to to net cash used in operating activities:	
Depreciation	5,533
(Increase) decrease in operating assets:	
Accounts receivable	27,781
Pledges receivable	6,250
Inventory	4,810
Prepaid expenses	(10,676)
Deposits	269
Increase (decrease) in operating liabilities:	
Accounts payable	19,079
Accrued vacation	1,792
Deferred revenue - advances on government grants	(54,500)
Net Cash provided by Operating Activities	<u>86,750</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of property and equipment	<u>(32,143)</u>
Net Cash (Used) by Investing Activities	<u>(32,143)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Payents on line of credit	<u>(10,543)</u>
Net Cash (Used) by Financing Activities	(10,543)
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 44,064
CASH AND CASH EQUIVALENTS, beginning of year	<u>173,685</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 217,749</u></u>
	217,749

See accompanying notes and independent accountant's review report.

LIFE LAB SCIENCE PROGRAM  
Notes to Financial Statements

1. Nature of Organization and Description of Operations

Organization: Life Lab Science Program (The Organization) incorporated on July 23, 1981 and officially amended its name and purpose on February 4, 1986. Life Lab's specific and primary purpose is to promote scientific literacy through the Life Lab curriculum, a garden-based experiential and classroom learning program, by activities including, but not limited to: establishment and dissemination of model curricula; training of teachers and administrative staff and providing other technical assistance; and participation of community members in public education. The Organization has also developed model garden-based learning programs serving children in Santa Cruz County under its current mission: cultivating children's love of learning, healthy food, and nature through garden-based education. Major programs include, but are not limited to:

Local Programs (Santa Cruz County, CA) - The Life Lab Garden Classroom and Blooming Classroom are interactive, educational gardens located, respectively, at the Center for Agriculture & Sustainable Food Systems at UC Santa Cruz and on a private farm in Watsonville, CA. These gardens give children the chance to experience hands-on learning about nature, weather, seasons, life cycles, nutrition, food systems and more. Life Lab provides field trips, day camps, and educator workshops in the Garden Classroom, which also serves as a demonstration site for visitors interested in developing their own educational gardens. At the Blooming Classroom, Life Lab provides field trips and after-school programs for students from high-need Pajaro Valley public elementary schools. In addition, Life Lab provides garden educators and training and coaching for elementary school teachers in Santa Cruz County to support effective garden-based teaching with students in Watsonville schools. Life Lab staff also train and mentor more than 50 college and community interns each year in garden-based education. These Local Programs served more than 4,600 children age 4 to 14 in 2016.

National Programs - Life Lab offers a variety of hands-on workshops on garden-based science, nutrition and environmental education for educators from across the nation at the Garden Classroom and on demand around the U.S. Life Lab also offers online webinars for those who cannot attend workshops in person and to share expertise and resources with a wider audience. Life Lab also develops, publishes and distributes PreK-6 curricula, activity guides and other learning materials nationally to support teachers in understanding and successfully implementing hands-on garden-based education programs. Life Lab also facilitates national networking and information sharing among educators and like-minded organizations supporting garden-based learning across the U.S., including through the National School Garden Network it cofounded in 2013. Life Lab teacher training impacted more than 400,000 students across the U.S. in 2016.



LIFE LAB SCIENCE PROGRAM  
Notes to Financial Statements

1. Nature of organization and Description of Operations (continued)

“Food, What?!” – “Food, What?!” was a fiscally sponsored organization under Life Lab in 2016 (and became its own 501(c)(3) nonprofit organization as of January 1, 2017). Founded in 2007 as a Life Lab program, “Food, What?!” is a youth empowerment and food justice organization that uses food, through sustainable agriculture and health, as the vehicle for growing strong, healthy and inspired teens. Through internships, summer jobs, and community events, “Food, What?!” partners with low-income and at-risk youth to grow, cook, eat and distribute healthy, sustainably-raised food and to advance food justice in Santa Cruz and Watsonville.

2. Summary of Significant Accounting Policies

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Revenues are recognized in the period in which they are earned. Expenses are recognized in the period in which they are incurred.

Financial statement presentation

The financial statements of the Organization are presented in accordance with the Statement of Financial Accounting Standards Board (FASB) Accounting Standards Codification, which requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Temporarily restricted net assets are resources that may be used in a later period or after a specified date (time restrictions) or resources that must be used for a specific purpose (program restrictions) or both. Permanently restricted assets are resources donated with stipulations that they be preserved or invested to provide a permanent source of income.

Revenue government grants and deferred revenue

Government grants, in general, are fee for service agreements and are not treated as contributions. Government grants are recognized when earned. Deferred revenues are recorded when the Organization bills for work not yet performed or when the Organization receives an advance.

LIFE LAB SCIENCE PROGRAM  
Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Revenue recognition-contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. For purpose of the financial statement contributions, in general, are donations received for corporations, foundations, and individuals. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restricted.

As of December 31, 2016, the Organization had \$ 311,805 in temporarily restricted net assets and \$-0- in permanently restricted net assets.

Cash and cash equivalents

For the purpose of these financial statements, the Organization considers all business checking and savings accounts and cash on hand to be cash equivalents.

Grants and accounts receivable

Accounts receivables consist of amounts due from funding sources and for program services and are considered by managements to be fully collectable.

Promises to give (pledges) receivable

The Organization has a fund-raising campaign which generates promises (pledges) to give. Unconditional promises to give (pledges) that are expected to be collected within one year are recorded at their net realizable value and shown in current assets. The discount on those amounts is computed using a risk adjusted rate applicable to the year in which the promise is made. The Organization's current risk free rate is 0%.

Inventory

Inventory consists of various manuals, books, and teaching guides related to the Organization's programs, and is stated at the lower of cost (determined by the first-in, first-out method) or market.

LIFE LAB SCIENCE PROGRAM  
Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Fixed assets

Equipment is recorded at cost or fair market value of donated. Equipment purchase of \$500 or more is capitalized and depreciated over the estimated useful life. Depreciation is recognized to match the cost of using equipment over its expected useful life, using the straight-line method. Office equipment is depreciated over an estimate useful life of seven years. Leasehold improvements are depreciated over an estimate useful life of 15 years. Depreciation for year ended December 31, 2016 amounted to \$5,533.

Accrued payroll and payroll taxes

Accrued payroll and payroll taxes represent amounts owed for the pay period ended December 31, 2016 and not paid as of December 31, 2016.

Accrued Vacation

All regular full-time and part-time employees are entitled to accrue a set amount up to a maximum of 192 hours of vacation time. Upon terminating employment an employee will be paid for the unused portion of accrued vacation time.

Functional expenses

The cost of providing 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 benefited based on direct cost allocation and management estimates.

Income Taxes

The Organization is a tax-exempt corporation under Internal Revenue Code Section 501(c) (3) and California state franchise tax under section 23701(d) of the Revenue Taxation Code. The Organization is exempt from taxes on income other than unrelated business income. For the year ended December 31, 2015, the Organization paid no unrelated business income tax.

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. Management has determined whether any tax positions have met the threshold and has measured the Organization's exposure to those tax positions. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded liabilities.

LIFE LAB SCIENCE PROGRAM  
Notes to Financial Statements

3. Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, include cash deposits with a commercial bank, and accounts and pledges receivable.

The Organization's cash management policies limit its exposure to concentrations of credit risk by maintaining primary cash amounts at financial institutes whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). The amount in excess of FDIC coverage at December 31, 2016 was \$-0-.

Credit risk with respect to accounts receivable is considered low because a substantial portion of the receivables are from governmental sources.

4. Promises to Give (Pledges)

Promises to give (pledges) receivable at December 31, 2016 are expected to be received as follows:

In less than one year	\$ 40,000
In year 2-4	<u>73,750</u>
Less discount to net present value	<u>    --</u>
	<u>\$ 113,750</u>

Management expects uncollectable pledges to be insignificant, no allowance has been provided.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of contributions restricted for future periods or for specific purposes not satisfied as of December 31, 2016, and consist of the following:

Packard Foundation for consulting (2017)	\$ 30,660
Contributions - restricted for "Food, What?!" program in 2016	163,500
Pledges restricted by collection period	113,750
Restriction general support (2017)	<u>64,600</u>
	<u>\$ 372,510</u>

6. Temporarily Restricted Net Assets Released in 2016

Temporarily restricted net assets released in 2016 consist of the following:

Foundations	\$ 341,547
Corporate donations	8,423
Individual contributions	<u>36,250</u>
Total released during the year	<u>\$ 386,220</u>

LIFE LAB SCIENCE PROGRAM  
Notes to Financial Statements

7. Retirement Plan

The Organization adopted a 403(b) retirement on March 7, 1984. The plan covers all permanent employees who are at least 18 years of age and work at least 50% of full-time after a three-month waiting period. The Organization's contribution for the year ended December 31, 2016 was \$-0-.

8. Short-Term Loans

Lines of credit – As of December 31, 2016, the Organization had the following lines of credit: (1) Santa Cruz County Community Credit Union Variable Rat Revolving Line of Credit with a limit of \$50,000 and (2) Wells Fargo Business Line credit with a limit of \$15,000 due on demand. The balances on the lines of credit as of December 31, 2016 were as follows:

Santa Cruz County Community Credit Union	\$ 20,000
Wells Fargo Business Line	<u>13,942</u>
	<u>\$ 33,942</u>

Lines of credit- credit cards- the Organization has a Capital One Visa card with an available credit limit of \$14,500. As of December 31, 2016, the balance due on the credit card was \$13,403, and was included in accounts payable.

9. Lease and Rental Agreements

The Organization has entered into a lease agreement with the University of California, Santa Cruz, for lease of a trailer (office) with a commencement date of April 1, 2013, which expires March 31, 2020. Lease payments start at \$1,973.66 per month and increase by the CPI adjustment on each anniversary of the commencement date. Rent paid for the year end December 31, 2016 was \$23,689.92. Lease payments for the next five years are as follows (prior to CIP increases):

Minimum Lease Payments

December 31, 2017	\$ 23,676
December 31, 2018	23,676
December 31, 2019	23,676
December 31, 2020	<u>5,919</u>
	<u>\$ 76,947</u>

The Organization has entered into a land use license agreement with the University of California Santa Cruz, for access to use of located at the UCSC Farm with a commencement date of April 1, 2013, which expires March 31, 2020. No payments are due under the agreement; however the use of the UCSC Farm is critical to many of the Organization's programs.

LIFE LAB SCIENCE PROGRAM  
Notes to Financial Statements

10. Fiscal Sponsorship

The Organization has signed an agreement with FOODWHAT to act as its fiscal sponsor while it is obtaining its 503(c) (3) status from the Internal Revenue Service. The Organization has a similar mission and FOODWHAT has operated as a part of the Organization for eight years. Significant financial activities, included in these financial statements, relating to FOODWHAT, are as follows:

Cash on hand	\$ 194,014
Accounts receivable	52,750
Prepaid expenses	8,927
Net fixed assets	<u>23,699</u>
Total Assets	<u>\$ 279,390</u>
Accounts payable	\$ 9,595
Other liabilities	1,930
Unrestricted net assets	173,902
Temporarily restricted net assets	<u>93,983</u>
Total Liabilities and Net Assets	<u>\$ 279,390</u>
Support and revenue	\$ 505,794
Expenses	<u>455,445</u>
	<u>\$ 50,349</u>

11. Subsequent Events

The Organization's management has evaluated events and transactions subsequent to December 31, 2016, for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through October 6, 2017, the date the financial statements became available to be issued. The Organization had no subsequent events that require recognition or disclosure in the financial statements for the year ended December 31, 2016.