

---

**LIVING WELL FOUNDATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

---



***Advising with Vision®***

**[www.muellerprost.com](http://www.muellerprost.com)**

Phone 314.862.2070 | Fax 314.862.1549 | [www.muellerprost.com](http://www.muellerprost.com)

St. Louis | 7733 Forsyth Blvd. | Suite 1200 | St. Louis | MO | 63105

St. Charles | 2460 Executive Drive | St. Charles | MO | 63303

Irvine | 2010 Main Street | Suite 340 | Irvine | CA | 92614

Member of  
**Allinial**  
**GLOBAL™**  
An association of legally independent firms

## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF ACTIVITIES	3
STATEMENT OF FUNCTIONAL EXPENSES	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6-11

To the Board of Directors  
Living Well Foundation  
Imperial, Missouri

## **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying financial statements of *Living Well Foundation* (a non-profit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year 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.

### ***Auditors' 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 of 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 *Living Well Foundation* as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Mueller Prost LC*

February 8, 2016  
St. Louis, Missouri

**Advising with Vision®**

Certified Public Accountants

**[www.muellerprost.com](http://www.muellerprost.com)**

**LIVING WELL FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2015**

**ASSETS**

Current Assets		
Cash	\$	454,928
Total Current Assets		<u>454,928</u>
Property and Equipment, Net		<u>3,083,806</u>
Board-Designated Quasi-Endowment Investments		<u>50,642</u>
Total Assets	\$	<b><u>3,589,376</u></b>

**LIABILITIES AND NET ASSETS**

Current Liabilities		
Accounts Payable	\$	504
Deferred revenue		<u>23,899</u>
Total Current Liabilities		<u>24,403</u>
Long-Term Liabilities		
Deferred compensation		<u>50,000</u>
Total Liabilities		<u>74,403</u>
Net Assets		
Unrestricted		3,273,336
Temporarily restricted		226,637
Permanently restricted		<u>15,000</u>
Total Net Assets		<u>3,514,973</u>
Total Liabilities and Net Assets	\$	<b><u>3,589,376</u></b>

**LIVING WELL FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u><b>Unrestricted</b></u>	<u><b>Temporarily Restricted</b></u>	<u><b>Permanently Restricted</b></u>	<u><b>Total</b></u>
Support and Revenue				
Grant revenue	\$ 51,350	\$ 224,150	\$ -	\$ 275,500
Contributions	70,898	54,850	15,000	140,748
Program revenue	620,327	41,500	-	661,827
Fundraising revenue	1,082	-	-	1,082
Special events	30,909	-	-	30,909
Interest income	482	-	-	482
Investment income	(29)	12	-	(17)
Other income	<u>1,145</u>	<u>-</u>	<u>-</u>	<u>1,145</u>
Total Support and Revenue	<u>776,164</u>	<u>320,512</u>	<u>15,000</u>	<u>1,111,676</u>
Net assets released from restrictions	<u>135,452</u>	<u>(135,452)</u>	<u>-</u>	<u>-</u>
Expenses				
Program expenses	783,820	-	-	783,820
Administrative expenses	74,771	-	-	74,771
Fundraising expenses	<u>22,910</u>	<u>-</u>	<u>-</u>	<u>22,910</u>
Total Expenses	<u>881,501</u>	<u>-</u>	<u>-</u>	<u>881,501</u>
Increase in Net Assets	30,115	185,060	15,000	230,175
Net Assets at December 31, 2014	<u>3,243,221</u>	<u>41,577</u>	<u>-</u>	<u>3,284,798</u>
Net Assets at December 31, 2015	<u><b>\$ 3,273,336</b></u>	<u><b>\$ 226,637</b></u>	<u><b>\$ 15,000</b></u>	<u><b>\$ 3,514,973</b></u>

*The notes to financial statements are an integral part of these statements.*

**THE LIVING WELL FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b><u>Program Expenses</u></b>	<b><u>Administrative Expenses</u></b>	<b><u>Fundraising Expenses</u></b>	<b><u>Total</u></b>
Salaries and Related Expenses				
Salaries	\$ 278,407	\$ 15,281	\$ 8,777	\$ 302,465
Payroll taxes	<u>23,142</u>	<u>1,286</u>	<u>1,286</u>	<u>25,714</u>
Total Salaries and Related Expenses	<u>301,549</u>	<u>16,567</u>	<u>10,063</u>	<u>328,179</u>
Other Expenses				
Advertising	24,309	-	-	24,309
Contract services	20,145	-	-	20,145
Depreciation	28,499	2,145	-	30,644
Employee benefits	70,950	5,750	3,300	80,000
Fundraising	-	-	3,381	3,381
Insurance	42,351	8,595	827	51,773
Occupancy	33,268	2,504	-	35,772
Office expense	42,128	14,505	5,339	61,972
Professional fees	-	21,211	-	21,211
Repairs and maintenance	46,420	3,494	-	49,914
Supplies and food	132,624	-	-	132,624
Other	<u>41,577</u>	<u>-</u>	<u>-</u>	<u>41,577</u>
Total Other Expenses	<u>482,271</u>	<u>58,204</u>	<u>12,847</u>	<u>553,322</u>
 Total Functional Expenses	 \$ <u><u>783,820</u></u>	 \$ <u><u>74,771</u></u>	 \$ <u><u>22,910</u></u>	 \$ <u><u>881,501</u></u>

*The notes to financial statements are an integral part of these statements.*

**LIVING WELL FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

Cash Flows from Operating Activities	
Increase in net assets	\$ <u>230,175</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	30,644
Changes in assets - (increase) decrease	
Accounts receivable	397
Grants receivable	41,577
Changes in liabilities - increase (decrease)	
FSA payable	306
Deferred revenue	<u>16,943</u>
Total Adjustments	<u>89,867</u>
Net Cash Provided by Operating Activities	<u>320,042</u>
Cash Flows from Investing Activities	
Sale of property and equipment	(4,779)
Contribution to endowment	<u>(25,663)</u>
Net Cash Used by Investing Activities	(30,442)
Net Increase in Cash	289,600
Cash Beginning of Year	<u>165,328</u>
Cash End of Year	<b>\$ <u>454,928</u></b>

**LIVING WELL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

---

The following is a summary of significant accounting policies followed in the preparation of the financial statements.

**Nature of the Organization**

*Living Well Foundation* (the "Organization") is a non-profit organization that operates a non-traditional health center, the Living Well Village, in Imperial, Missouri. The Living Well Village provides experiential action learning health and wellness programs designed for individuals, families and organizations. The Organization's vision is that no child will have adult disease and no one will die from preventable illness. The mission of the Organization is to create healthier individuals and families through experiential learning across the life cycle. The Organization's programs are designed to educate people in making healthy lifestyle choices and provide practice in mastering skills to improve the quality of life for individuals who "choose to live life well."

**Basis of Accounting**

The Organization maintains its accounting records on the accrual basis, whereby revenues are recognized when earned and expenses are recognized when incurred.

**Financial Statement Presentation**

The Organization has adopted the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-210, Financial Statements of Not-For-Profit Organizations. This provision requires the reporting of total assets, liabilities and net assets in a statement of financial position, and reporting the change in net assets in a statement of activities. This provision also requires that net assets, revenue, expenses, gains and losses be classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor-imposed restrictions.

The financial statements report amounts by classification of net assets, as follows:

Unrestricted – Unrestricted net assets are assets that are not subject to donor-imposed restrictions. Unrestricted net assets include \$35,700 of board-designated assets held in a quasi-endowment fund as described in Note 8.

Temporarily Restricted – Temporarily restricted net assets are assets subject to donor-imposed restrictions that may be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. It is the policy of the Organization to show restricted revenues whose restrictions are met in the same reporting period as unrestricted revenues.

Permanently Restricted – Permanently restricted net assets are assets subject to restrictions that are to be maintained permanently by the Organization. As of December 31, 2015, the Organization had permanently restricted net assets of \$15,000 as described in Note 8.

Expenses are generally recorded as decreases in unrestricted net assets.



**LIVING WELL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

---

**Use of Estimates**

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

**Advertising**

The Organization follows the policy of charging the costs of advertising and marketing to expense as incurred. Advertising expense was \$24,309 for the year ended December 31, 2015.

**Functional Allocation of Expenses**

The costs of the Organization's programs and supporting services have been reported on a functional basis. This requires allocation of certain costs among the various programs and supporting services based on specific identification and estimates made by management.

**Cash and Cash Equivalents**

For purposes of reporting cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits**

The Organization maintains the majority of its cash balances in two financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 for the year ended December 31, 2015. At various times during 2015, the Company's cash balances may have exceeded the insured limits.

**Property and Equipment**

Purchased property and equipment are recorded at cost. Major additions and improvements are capitalized to the property accounts, while repairs and maintenance items, which do not improve or extend the useful life of the respective assets, are expensed as incurred. Donated property and equipment are recorded at the estimated fair market value at time of donation. Depreciation of property and equipment is provided by the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	40
Vehicles	7
Furniture and Equipment	7
Computer Technology	5

**Contributions**

Contributions, including unconditional promises to give (pledges), are recorded as made. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization had no conditional promises to give for the year ended December 31, 2015.

**LIVING WELL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

---

**Donated Services**

Donated services are recognized as contributions in accordance with “FASB Accounting Standards Codification 958-605-15, Contributions Received”, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. Donated services for the year ended December 31, 2015 totaled \$3,692.

**Donated Supplies and Food**

Various supplies and food were donated to the Organization. Donated supplies that meet the criteria for recognition under the provisions of accounting for contributions received and contributions made in regard to financial statements of not-for-profit organizations as discussed under this topic of the FASB Accounting Standards Codification, have been recorded at fair value at the date of donation. Most of the items donated were utilized in the various camp programs. Donated supplies and food for the year ended December 31, 2015 totaled \$52,489.

**Income Taxes**

The Organization is exempt from federal and state income taxes under Section 501(c) (3) of the Internal Revenue Code (“IRC”). Therefore, there are no provisions for income taxes reflected in these financial statements.

The Organization follows “FASB ASC 740-10, Income Taxes – Overall”. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and positions related to the potential sources of unrelated business taxable income (“UBIT”). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Organization has assessed its federal and state tax positions and determined that there were no unrelated business income taxes and no uncertainties or possible related effects that need to be recorded as of or for the year ended December 31, 2015.

The Organization files its Forms 990 in the U.S. federal jurisdiction and the office of the state’s attorney general for the State of Missouri. The federal, state, and local income tax returns of the Organization for 2015 (once filed), 2014, and 2013 and 2012 are subject to examination by the respective taxing authorities, generally for three years after they were filed.

---

**NOTE 2      STATEMENT OF CASH FLOWS**

---

The Organization had the following non-cash transaction for the year ended December 31, 2015:

- The Organization received donations of property and equipment valued at \$4,279.

**LIVING WELL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE 3     PROPERTY AND EQUIPMENT, NET**

---

Property and equipment, net consists of the following at December 31, 2015:

Land	\$ 2,800,000
Buildings	210,755
Furniture and equipment	202,628
Computer technology	3,260
Vehicles	<u>25,676</u>
Subtotal	3,242,319
Less: Accumulated depreciation	<u>(158,513)</u>
	<b><u>\$ 3,083,806</u></b>

Depreciation expense totaled \$30,644 for the year ended December 31, 2015.

---

**NOTE 4     TEMPORARILY RESTRICTED NET ASSETS**

---

Temporarily restricted net assets are available for the following purposes at December 31, 2015:

Purpose Restriction	\$226,637
---------------------	-----------

---

**NOTE 5     GRANT REVENUE**

---

Grant revenue includes funds received from the following for the year ended December 31, 2015:

Jefferson Memorial Community Foundation	\$ 224,150
Capraro Family Foundation	44,850
Other	<u>6,500</u>
Total Grant Revenue	<b><u>\$ 275,500</u></b>

---

**NOTE 6     RELATED PARTIES**

---

**License Agreement**

The Organization has a license agreement with Camp Jump Start ("CJS"), a related entity through common governance that expires December 31, 2020. The Organization assumes responsibility for all the operations of the summer and other camps previously handled by CJS. In turn CJS now provides curriculum and program materials in support of the various camp programs. Under the license agreement, the Organization pays CJS a 7% royalty fee on program revenue. Royalty fees amounted to \$46,328 for the year ended December 31, 2015.

**LIVING WELL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE 7      DEFERRED COMPENSATION PLAN**

---

The Foundation has a deferred compensation arrangement with two key employees under which future defined benefits are payable upon retirement after attaining age 62, or death and disability. If certain events occur before the key employees become 62 years old, all accrued amounts are forfeited. The Foundation can make contributions at its discretion. During the year ended December 31, 2015, there was no deferred compensation expense.

---

**NOTE 8      RETIREMENT PLAN**

---

The Organization has a Section 403(b) salary reduction program, which allows its employees to contribute a percentage of their wages to an income tax deferred retirement plan of the employee's choosing. Effective January 1, 2012, the Organization amended the plan allowing for a discretionary matching contribution. During the year ended December 31, 2015, the Organization made a discretionary profit sharing contribution of \$80,000.

---

**NOTE 9      BOARD-DESIGNATED QUASI-ENDOWMENT**

---

In August 2008, the Financial Accounting Standards Board issued FASB Staff Position "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds" (funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA. The state of Missouri enacted UPMIFA.

UPMIFA provides guidance on the net asset classification of donor-restricted endowment funds for a non-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). It also requires additional disclosures about an organization's endowment funds.

During the year ended December 31, 2015, the Organization contributed \$11,000 of unrestricted net assets to a board-designated quasi-endowment fund held at YouthBridge Community Foundation ("YouthBridge"). Variance power was not granted to YouthBridge. YouthBridge will distribute net income to the Organization at least annually. Distributions can also be made at the recommendation of the Organization's Board of Directors with two-thirds of the members' approval. The funds are classified as unrestricted and are reported on the statement of financial position as board-designated quasi-endowment. The balance in the endowment fund was \$35,700, which is net of administrative fees charged by YouthBridge of \$250 during the year ended December 31, 2015.

During the year ended December 31, 2015, YouthBridge contributed matching funds to the quasi-endowment. These matching funds are held in a separate account for the benefit of Living Well Foundation. The principal \$15,000 of the matching funds account is permanently restricted with earnings distributed to the Organization at the discretion of YouthBridge and upon request by the Organization's Board of Directors according to a 5% spending policy.

**LIVING WELL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE 10    RISKS AND CONCENTRATIONS**

---

Revenues from program fees derived from Camp Jump Start (“CJS”) programs made up 62% of total revenues in 2015.

---

**NOTE 11    SUBSEQUENT EVENTS**

---

Management has evaluated subsequent events through the date of the independent auditors’ report, the date the financial statements were available to be issued, and noted no additional information requiring disclosure.