LIVING WELL FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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Mueller Prost
CPAs + Business Advisors

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, 2017, 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, 2017, 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

March 6, 2018
St. Louis, Missouri

Certified Public Accountants

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LIVING WELL FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

Current Assets		
Cash	$	418,136
Total Current Assets		418,136
Property and Equipment, Net		3,344,059
Quasi-Endowment Investments		62,878
Total Assets	**$**	**3,825,073**

LIABILITIES AND NET ASSETS

Current Liabilities		
FSA payable	$	1,193
Deferred revenue		11,075
Total Current Liabilities		12,268
Long-Term Liabilities		
Deferred compensation		50,000
Total Liabilities		62,268
Net Assets		
Unrestricted		3,746,555
Permanently restricted		16,250
Total Net Assets		3,762,805
Total Liabilities and Net Assets	**$**	**3,825,073**

LIVING WELL FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
Grant revenue	$ -	$ 46,300	$ -	$ 46,300
Contributions	256,581	49,309	-	305,890
Program revenue	642,159	71,200	-	713,359
Fundraising revenue	700	-	-	700
Special events	26,115	-	-	26,115
Interest income	500	-	-	500
Investment income	7,752	-	-	7,752
Other income	1,181	-	-	1,181
Total Support and Revenue	934,988	166,809	-	1,101,797
Net assets released from restrictions	378,453	(378,453)	-	-
Expenses				
Program expenses	854,327	-	-	854,327
Administrative expenses	64,644	-	-	64,644
Fundraising expenses	28,772	-	-	28,772
Total Expenses	947,743	-	-	947,743
Increase in Net Assets	365,698	(211,644)	-	154,054
Net Assets at December 31, 2016	3,380,857	211,644	16,250	3,608,751
Net Assets at December 31, 2017	**$ 3,746,555**	**$ -**	**$ 16,250**	**$ 3,762,805**

THE LIVING WELL FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Expenses	Administrative Expenses	Fundraising Expenses	Total
Salaries and Related Expenses				
Salaries	$ 301,521	$ 15,836	$ 7,679	$ 325,036
Payroll taxes	22,967	1,276	1,276	25,519
Total Salaries and Related Expenses	324,488	17,112	8,955	350,555
Other Expenses				
Advertising	14,017	-	-	14,017
Depreciation	38,928	2,930	-	41,858
Employee benefits	75,600	6,000	2,400	84,000
Fundraising	-	-	2,319	2,319
Insurance	41,613	8,792	717	51,122
Occupancy	29,974	2,256	-	32,230
Office expense	46,083	5,528	6,981	58,592
Professional fees	73,399	17,833	7,400	98,632
Repairs and maintenance	55,704	4,193	-	59,897
Supplies and food	154,521	-	-	154,521
Total Other Expenses	529,839	47,532	19,817	597,188
Total Functional Expenses	**$ 854,327**	**$ 64,644**	**$ 28,772**	**$ 947,743**

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, 2017

Cash Flows from Operating Activities		
Increase in net assets	$	154,054
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation		41,858
Changes in liabilities - increase (decrease)		
Accounts payable		(250)
FSA payable		89
Deferred revenue		(5,337)
Total Adjustments		36,360
Net Cash Provided by Operating Activities		190,414
Cash Flows from Investing Activities		
Purchase of property and equipment		(296,241)
Investment income from endowment, net of fees		(7,469)
Net Cash Used by Investing Activities		(303,710)
Net Decrease in Cash		(113,296)
Cash Beginning of Year		531,432
Cash End of Year	**$**	**418,136**

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 revenue is 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 $43,187 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.
>
> Permanently Restricted – Permanently restricted net assets are assets subject to restrictions that are to be maintained permanently by the Organization. As of December 31, 2017, the Organization had permanently restricted net assets of $16,250 as described in Note 8.

Expenses are generally recorded as decreases in unrestricted net assets.

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 $14,017 for the year ended December 31, 2017.

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, 2017. At various times during 2017, the Organization'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:

	Years
Buildings and improvements	15 - 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, 2017.

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, 2017 totaled $49,865.

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, 2017 totaled $55,891.

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, 2017.

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 2017 (once filed), 2016, 2015, and 2014 are subject to examination by the respective taxing authorities, generally for three years after they were filed.

NOTE 2 FAIR VALUE OF ASSETS

As stated in FASB ASC 958, not-for-profit organizations are required to report certain investments, such as marketable securities, at estimated fair value. FASB ASC 820, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means
- If the asset or liability has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value:

Cash equivalents pool: The pool invests in bank deposits and obligations of the United States government and agencies which are reported at fair value based on quoted market prices and are included as Level 1 assets.

Equity pool: The pool is diversified through broad range of equity market exposure which are reported at fair value based on quoted market prices of underlying equity securities adjusted for pool management fees which are Level 2 assets.

Fixed income pool: The pool is diversified across U.S. Treasury notes and bonds, corporate bonds, bank loans, mortgage backed securities, and U.S. Treasury Inflation-Protected securities which are reported at fair value based on quoted market prices of underlying instruments adjusted for pool management fees which are Level 2 assets.

NOTE 2 FAIR VALUE OF ASSETS (CONTINUED)

The following table presents the fair value measurements of assets recognized in the accompanying statement of financial position measured at fair value on a recurring basis and the level within the ASC Topic 820 fair value hierarch in which the fair value measurements fall at June 30:

	2017			
Description	Level 1	Level 2	Level 3	Total
Cash and equivalents pool	$ 3,092	$ -	$ -	$ 3,092
Equity pool	-	37,913	-	37,913
Fixed income pool	-	21,873	-	21,873
Total Assets at Fair Value	**$ 3,092**	**$ 59,786**	**$ -**	**$ 62,878**

NOTE 3 PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following at December 31, 2017:

Land	$ 2,886,538
Buildings and improvements	368,460
Furniture and equipment	275,296
Computer technology	6,790
Vehicles	34,376
Subtotal	3,571,460
Less: Accumulated depreciation	(227,401)
	$ 3,344,059

Depreciation expense totaled $41,858 for the year ended December 31, 2017.

NOTE 4 GRANT REVENUE

Grant revenue includes funds received from the following for the year ended December 31, 2017:

Anheuser Family Foundation	$ 30,000
The Sayers Foundation	15,000
Cardinals Care	1,300
Total Grant Revenue	**$ 46,300**

NOTE 5 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 $49,935 for the year ended December 31, 2017.

NOTE 6 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, 2017, there was no deferred compensation expense.

NOTE 7 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, 2017, the Organization made a discretionary profit sharing contribution of $84,000.

NOTE 8 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.

In previous years, the Organization contributed 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 $43,187, which is net of administrative fees charged by YouthBridge of $250 during the year ended December 31, 2017.

YouthBridge matching funds from prior years’ unrestricted contributions are held in a separate account for the benefit of *Living Well Foundation*. The principal $16,250 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. Accumulated undistributed earnings held in the account at December 31, 2017 totaled $3,441.

NOTE 9 RISKS AND CONCENTRATIONS

Revenue from program fees derived from CJS programs made up 68% of total revenue in 2017.

NOTE 10 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.