

LIFE LEARNING CENTER, INC.

FINANCIAL STATEMENTS

For the year ended December 31, 2010

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Life Learning Center, Inc.

We have audited the accompanying statement of financial position of Life Learning Center, Inc. (a nonprofit organization) as of December 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Life Learning Center, Inc. as of December 31, 2009, were audited by other auditors whose report dated May 28, 2010, expressed an unqualified opinion on those statements.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2010 financial statements referred to above present fairly, in all material respects, the financial position of Life Learning Center, Inc. as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

MelBrook PLLC

Certified Public Accountants

June 9, 2011

LIFE LEARNING CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

At December 31, 2010 and 2009

- ASSETS -	2010		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
CURRENT ASSETS:			
Cash and cash equivalents	\$ 22,497	745	23,242
Accounts receivable	2,000	-	2,000
Prepaid expense	<u>4,823</u>	-	<u>4,823</u>
TOTAL CURRENT ASSETS	<u>29,320</u>	<u>745</u>	<u>30,065</u>
 PROPERTY AND EQUIPMENT:			
Leasehold improvements	37,692	-	37,692
Less- Accumulated depreciation	<u>26,924</u>	-	<u>26,924</u>
NET PROPERTY AND EQUIPMENT	<u>10,768</u>	-	<u>10,768</u>
 OTHER ASSETS:			
Intangible Curriculum Guide	<u>107,000</u>	-	<u>107,000</u>
TOTAL ASSETS	\$ <u>147,088</u>	<u>745</u>	<u>147,833</u>
 - LIABILITIES AND NET ASSETS -			
CURRENT LIABILITIES:			
Accounts payable	\$ 670	-	670
Accrued expense	<u>22,589</u>	-	<u>22,589</u>
TOTAL CURRENT LIABILITIES	<u>23,259</u>	-	<u>23,259</u>
 LONG-TERM LIABILITIES:			
Long term debt-due to related party	<u>107,454</u>	-	<u>107,454</u>
TOTAL LIABILITIES	<u>130,713</u>	-	<u>130,713</u>
 NET ASSETS:			
Unrestricted	16,375	-	16,375
Temporarily restricted	-	<u>745</u>	<u>745</u>
TOTAL NET ASSETS	<u>16,375</u>	<u>745</u>	<u>17,120</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>147,088</u>	<u>745</u>	<u>147,833</u>

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

	2009		
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
- ASSETS -			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 115,869	-	115,869
Prepaid expense	<u>6,228</u>	-	<u>6,228</u>
TOTAL CURRENT ASSETS	<u>122,097</u>	-	<u>122,097</u>
PROPERTY AND EQUIPMENT:			
Leasehold improvements	37,692	-	37,692
Less- Accumulated depreciation	<u>21,539</u>	-	<u>21,539</u>
NET PROPERTY AND EQUIPMENT	<u>16,153</u>	-	<u>16,153</u>
TOTAL ASSETS	\$ <u>138,250</u>	-	<u>138,250</u>
- LIABILITIES AND NET ASSETS -			
CURRENT LIABILITIES:			
Accounts payable	\$ 930	-	930
Accrued expense	<u>10,052</u>	-	<u>10,052</u>
TOTAL CURRENT LIABILITIES	<u>10,982</u>	-	<u>10,982</u>
TOTAL LIABILITIES	<u>10,982</u>	-	<u>10,982</u>
NET ASSETS:			
Unrestricted	127,268	-	127,268
Temporarily restricted	-	-	-
TOTAL NET ASSETS	<u>127,268</u>	-	<u>127,268</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>138,250</u>	-	<u>138,250</u>

LIFE LEARNING CENTER, INC.

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2010 and 2009

	2010		
	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE:			
Contributions	\$ 4,564	-	4,564
Foundation Grants	80,000	-	80,000
United Way/Community Chest	210,642	-	210,642
Consulting Services	11,000	-	11,000
Member Support Grants	354	8,069	8,423
Interest income	486	-	486
Miscellaneous	<u>1,757</u>	-	<u>1,757</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>308,803</u>	<u>8,069</u>	<u>316,872</u>
FUNCTIONAL EXPENSES:			
Program Expenses	315,516	7,324	322,840
Management and General	86,611	-	86,611
Fundraising expenses	<u>17,569</u>	-	<u>17,569</u>
TOTAL FUNCTIONAL EXPENSES	<u>419,696</u>	<u>7,324</u>	<u>427,020</u>
CHANGE IN NET ASSETS	(110,893)	745	(110,148)
NET ASSETS AT BEGINNING OF YEAR	<u>127,268</u>	-	<u>127,268</u>
NET ASSETS AT END OF YEAR	\$ <u>16,375</u>	<u>745</u>	<u>17,120</u>

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

	2009		
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE:			
Contributions	\$ 5,380	-	5,380
Foundation Grants	120,500	-	120,500
United Way/Community Chest	209,065	-	209,065
Consulting Services	2,050	-	2,050
Member Support Grants	-	-	-
Interest income	274	-	274
Miscellaneous	-	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	<u>337,269</u>	<u>-</u>	<u>337,269</u>
FUNCTIONAL EXPENSES:			
Program Expenses	254,947	-	254,947
Management and General	72,906	-	72,906
Fundraising expenses	<u>15,068</u>	-	<u>15,068</u>
TOTAL FUNCTIONAL EXPENSES	<u>342,921</u>	<u>-</u>	<u>342,921</u>
CHANGE IN NET ASSETS	(5,652)	-	(5,652)
NET ASSETS AT BEGINNING OF YEAR	<u>132,920</u>	<u>-</u>	<u>132,920</u>
NET ASSETS AT END OF YEAR	<u>\$ 127,268</u>	<u>-</u>	<u>127,268</u>

LIFE LEARNING CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2010

	2010			
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND DEVELOPMENT	Total
PAYROLL AND RELATED EXPENSES:				
Salaries	\$ 218,759	52,033	14,915	285,707
Employee benefits	13,717	6,318	52	20,087
Payroll taxes	<u>19,735</u>	<u>4,329</u>	<u>1,273</u>	<u>25,337</u>
	<u>252,211</u>	<u>62,680</u>	<u>16,240</u>	<u>331,131</u>
TRAINEE EXPENSES:				
Background checks	2,000	-	-	2,000
Career preference assessments	80	-	-	80
Class supplies	889	-	-	889
Drug testing	1,158	-	-	1,158
Food-evening classes	2,851	-	-	2,851
Member support	11,162	-	-	11,162
Training expense	3,807	1,511	205	5,523
OTHER EXPENSES:				
Accounting and bookkeeping	3,744	5,992	-	9,736
Dues and subscriptions	111	1,372	-	1,483
Insurance	3,068	258	-	3,326
IT and other equipment maintenance	1,180	724	-	1,904
Meeting expense	132	163	30	325
Miscellaneous	100	688	-	788
Postage	1,156	146	35	1,337
Printing	330	357	-	687
Professional fees	160	1,613	-	1,773
Staff travel	2,394	365	974	3,733
Marketing and Fundraising	2,160	1,625	-	3,785
Interest expense	-	454	-	454
OCCUPANCY:				
Depreciation	4,655	730	-	5,385
Facility maintenance and cleaning	-	207	-	207
Office and custodial supplies	2,695	702	85	3,482
Telephone	3,597	899	-	4,496
Rent	23,200	5,800	-	29,000
Security system	-	325	-	325
TOTAL FUNCTIONAL EXPENSES	\$ <u>322,840</u>	<u>86,611</u>	<u>17,569</u>	<u>427,020</u>

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

2009

	<u>PROGRAM</u> <u>SERVICES</u>	<u>MANAGEMENT</u> <u>AND GENERAL</u>	<u>FUND</u> <u>DEVELOPMENT</u>	<u>Total</u>
PAYROLL AND RELATED EXPENSES:				
Salaries	\$ 163,053	41,696	12,468	217,217
Employee benefits	9,184	5,975	57	15,216
Payroll taxes	<u>17,773</u>	<u>3,190</u>	<u>2,209</u>	<u>23,172</u>
	<u>190,010</u>	<u>50,861</u>	<u>14,734</u>	<u>255,605</u>
TRAINEE EXPENSES:				
Background checks	3,200	-	-	3,200
Career preference assessments	20	-	-	20
Class supplies	1,087	-	-	1,087
Drug testing	3,066	-	-	3,066
Food-evening classes	4,332	-	-	4,332
Member support	2,467	-	-	2,467
Presenters	740	-	-	740
Other reimbursements	75	-	-	75
OTHER EXPENSES:				
Accounting and bookkeeping	-	9,904	-	9,904
Dues and subscriptions	-	614	75	689
Insurance	2,981	198	-	3,179
Equipment expenses	-	-	-	-
IT and other equipment maintenance	1,595	537	-	2,132
Meeting expense	304	226	102	632
Miscellaneous	-	722	-	722
Postage	587	154	7	748
Printing	790	190	-	980
Professional fees	9,239	1,049	-	10,288
Staff travel	567	68	118	753
OCCUPANCY:				
Depreciation	4,655	730	-	5,385
Facility maintenance and cleaning	537	-	-	537
Office and custodial supplies	2,962	1,099	32	4,093
Telephone	3,573	715	-	4,288
Rent	22,160	5,540	-	27,700
Security system	-	299	-	299
TOTAL FUNCTIONAL EXPENSES	\$ <u>254,947</u>	<u>72,906</u>	<u>15,068</u>	<u>342,921</u>

LIFE LEARNING CENTER, INC.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (110,148)	(5,652)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	5,385	5,385
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(2,000)	-
(Increase) decrease in prepaid expenses	1,405	(1,711)
Increase (decrease) in accounts payable	(260)	67
Increase (decrease) in accrued interest	454	-
Increase (decrease) in accrued expenses	<u>12,537</u>	<u>3,560</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>(92,627)</u>	<u>1,649</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Intangible asset	<u>(107,000)</u>	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(107,000)</u>	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long term debt	<u>107,000</u>	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>107,000</u>	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(92,627)	1,649
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>115,869</u>	<u>114,220</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>23,242</u>	<u>115,869</u>

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

LIFE LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES-

Life Learning Center, Inc. (the Center) is a United Way funded, not-for-profit organization that works with multiple local community partners and progressive employers to take individuals who demonstrate a commitment to stable employment and prepare them for productive, sustainable careers through education, training and life coaching. The Center's strategy is focused solely on employment enhancement, and is supplemented by four intertwined themes: foundation for success, personal life skills, education and/or skills advancement, and community involvement. The Center works with and provides support for the members for a minimum of a year after completion of training.

Community service agencies partner with the Center by nominating candidates they feel would benefit from the programs. Once a candidate becomes a member of the Center, the nominating agency will provide support as the member progresses in their job search and while on the job. There is no cost to enroll in the program. Several companies have agreed to utilize the Center as a recruiting resource for their hiring needs. Only members qualified for the specific position are recommended to an employer.

It is the policy of the Center to employ the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America in preparation of its financial statements. A summary of the Center's significant accounting policies applied in the preparation of the accompanying financial statements follows:

ACCOUNTING ESTIMATES-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS-

The Center considers all cash and other highly liquid investments with original maturities of three months or less to be cash equivalents.

LEASEHOLD IMPROVEMENTS-

Leasehold improvements include resources expended for capital improvements to office space rented by the Center. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives using the straight-line basis for 7 years on the leasehold improvements.

LIFE LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUES AND SUPPORT-

Contributions and other assets are reported as unrestricted or temporarily restricted net assets depending on the existence of any donor restrictions. All donor-restricted support is reported as an increase in temporarily restricted net assets. When a donor restriction expires such as when a 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. Temporarily restricted contributions whose restrictions are met in the same period as the contribution are reported as unrestricted support. The Center has no permanently restricted net assets as of December 31, 2010.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. No amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time to the Center.

FEDERAL INCOME TAX STATUS-

The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue code. Therefore, no provision for income taxes has been made in these financial statements. The Center is not a private foundation as defined by Section 509(a) of the Internal Revenue code.

FUNCTIONAL ALLOCATION OF EXPENSES-

The costs of providing the Center's various programs and supporting services 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.

NOTE 2 - INTANGIBLE ASSET

The Center contracted with an outside consultant to develop a new Curriculum and related materials that is being used as an innovative program approach to train and prepare individuals for productive careers. The program curriculum was developed for internal use and was completed in December 2010. Implementation of the program occurred in March 2011. The cost of the curriculum development asset was \$107,000 which is reflected as an intangible asset at December 31, 2010.

LIFE LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

(Continued)

NOTE 3 - RELATED PARTY NOTE PAYABLE

The Center received funds in 2010 from a board member and signed a promissory note that required that the outstanding principal balance bearing interest at 2% would be due and payable on September 1, 2015. At December 31, 2010, the principal balance on the note was \$107,000 plus accrued interest of \$454. Interest expense on the note was \$454 at December 31, 2010.

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of \$745 at December 31, 2010. Temporarily restricted net assets are the remaining restricted donation funds designated for hardship support.

NOTE 5 - BUSINESS AND SUPPORT CONCENTRATIONS

The Center receives support from businesses, foundations, trusts, and individuals in the Northern Kentucky and Greater Cincinnati area. The Center received \$210,642 in support from United Way/Community Chest and \$80,000 from foundation grants from three entities for the year ended December 31, 2010. These funding sources provided 67% and 25% respectively of the Center's total revenues received for the year 2010. The Center received \$209,065 in support from United Way/Community Chest and \$100,000 from a foundation for the year ended December 31, 2009. These funding sources provided 62% and 30% respectively of the Center's total revenues received for the year 2009.

NOTE 6 - OFFICE LEASE

The Center leases office space under a commercial lease agreement commencing May 28, 2007. The Center may renew the lease for four consecutive one year renewal terms. For each successive one year renewal term, the Center shall pay an additional \$1,200 per year over the prior year. Lease expense was \$29,000 and \$27,700 for the years ending December 31, 2010 and 2009, respectively. Future minimum lease payments are as follows:

2011	\$30,200
2012	\$10,200

NOTE 7 - CONCENTRATION OF CREDIT RISK

The Center's checking and savings accounts are maintained at a national bank. Cash balances in this financial institution may, at times, exceed federally insured limits. The Center does not believe significant concentration of credit risk exists with these financial instruments.

LIFE LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

(Continued)

NOTE 8 - SUBSEQUENT EVENT REVIEW

The Center has evaluated the impact of events that have occurred subsequent to December 31, 2010 through June 9, 2011, the date the financial statements were available to be issued, for purposes of recognition and disclosure in the financial statements.