



Life Skills Training and Educational Programs, Inc.
Financial Statements
December 31, 2008



**Life Skills Training and Educational Programs, Inc.
Financial Statements
December 31, 2008**

Contents

INDEPENDENT AUDITORS' REPORT.....	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	2
Statements of Activities.....	3
Statement of Functional Expenses.....	4
Statements of Cash Flows.....	5
Notes to Financial Statements.....	6

Grant Bennett Associates

A PROFESSIONAL CORPORATION

Board of Directors
Life Skills Training and Educational Programs, Inc.
Fair Oaks, California

INDEPENDENT AUDITORS' REPORT

We have audited the statement of financial position of the Life Skills Training and Educational Programs, Inc. at December 31, 2008, 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 audits. The prior year summarized comparative information has been derived from the Organization's 2007 financial statements and, in our report dated May 5, 2008, we expressed an unqualified opinion on those financial 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 financial statements referred to above present fairly, in all material respects, the financial position of Life Skills Training and Educational Programs, Inc. at December 31, 2008 and the results of their operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Grant Bennett Associates

GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants

June 2, 2009



www.gbacpa.com

1425 River Park Drive, Suite 250
Sacramento, CA 95815
Voice 916/922-5109 FAX 916/641-5200

1333 North California Boulevard, Suite 345
Walnut Creek, CA 94596
Voice 925/932-6856 FAX 925/933-5484

Life Skills Training and Educational Programs, Inc.
Statement of Financial Position
December 31, 2008 and 2007

	2008	2007
ASSETS		
Current Assets:		
Cash	\$ 561,897	\$ 513,987
Accounts Receivable	42,870	20,828
Other Current Assets	<u>9,900</u>	<u>5,612</u>
Total Current Assets	614,667	540,427
Property & Equipment, at Cost,		
Less Accumulated Depreciation of \$50,005 and \$40,321	<u>457,583</u>	<u>-</u>
TOTAL ASSETS	\$ 1,072,250	\$ 540,427
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 16,419	\$ (1,191)
Accrued Payroll and Payroll Taxes	26,398	15,497
Current Portion Of Long-term Debt	<u>9,799</u>	<u>-</u>
Total Current Liabilities	<u>52,616</u>	<u>14,306</u>
Long Term Liabilities:		
Long-term Debt	<u>244,933</u>	<u>-</u>
Total Long Term Liabilities	<u>244,933</u>	<u>-</u>
Total Liabilities	<u>297,549</u>	<u>14,306</u>
Net Assets		
Unrestricted		
Available for General Activities	205,516	526,121
Board Designated Endowment	350,000	-
Invested in Property and Equipment	202,851	-
Temporarily Restricted	<u>16,334</u>	<u>-</u>
Total Net Assets	<u>774,701</u>	<u>526,121</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 1,072,250	\$ 540,427

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

Life Skills Training and Educational Programs, Inc.
Statement of Activities

	Unrestricted	Temporarily Restricted	Total 2008	Total 2007
Revenues Gains, and other Support:				
Contributions from individuals	\$ 1,839	\$ 4,313	\$ 6,152	\$ 2,947
Foundation Grants		37,768	37,768	1,000
Donated goods and services	<u>178,429</u>	<u> </u>	<u>178,429</u>	<u>49,182</u>
 Total Public Support	 180,268	 42,081	 222,349	 53,129
 Other Revenue:				
Social Services Program Fees	1,692,494		1,692,494	1,208,052
Interest Income on temporary investments	10,638		10,638	17,895
 Other Revenue	 4,363		 4,363	 542
 Assets Released from Restrictions	 <u>25,747</u>	 <u>(25,747)</u>	 <u> </u>	 <u> </u>
Total Revenues, Gains, and Other Support	<u>1,913,510</u>	<u>16,334</u>	<u>1,929,844</u>	<u>1,279,618</u>
 Expenses:				
Social Services	1,414,676		1,414,676	886,656
Management & General	182,298		182,298	192,909
Fundraising	<u>84,290</u>	<u> </u>	<u>84,290</u>	<u>56,356</u>
Total Expense	<u>1,681,264</u>	<u> </u>	<u>1,681,264</u>	<u>1,135,921</u>
Change in Net Assets	232,246	16,334	248,580	143,697
Beginning Net Assets	526,121		526,121	382,424
Ending Net Assets	\$ 758,367	\$ 16,334	\$ 774,701	\$ 526,121

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

Life Skills Training and Educational Programs, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2008

	Program Services		Supporting Services			Total Program and Supporting Services	
	Social Services	Total	Management and General	Fundraising	Total	2008 Total	2007 Total
Salaries and Wages	\$ 860,868	\$ 860,868	\$ 75,502	\$ 60,423	\$ 135,925	\$ 996,793	\$ 640,505
Employee Benefits	106,470	106,470	11,379	6,598	17,977	124,447	66,182
Professional Fees	82,305	82,305	29,269	3,672	32,941	115,246	185,657
Supplies	57,543	57,543	15,182	4,961	20,143	77,686	55,013
Telephone	5,733	5,733	3,855	1,285	5,140	10,873	7,983
Postage and Shipping			2,528	843	3,371	3,371	1,785
Occupancy			2,000		2,000	2,000	11,625
Rental and Maintenance of Equipment			1,700	2,822	4,522	4,522	1,837
Printing and Publications	1,473	1,473	736	736	1,472	2,945	
Travel & Transportation	76,794	76,794	1,167	1,768	2,935	79,729	55,998
Conferences, Conventions, and Meetings	10,947	10,947	165		165	11,112	2,570
Interest			15,933		15,933	15,933	
Insurance	5,430	5,430	1,018	339	1,357	6,787	24,884
Depreciation			9,684		9,684	9,684	5,398
Specific Assistance to Individuals	204,234	204,234				204,234	41,197
Other Nonpersonnel Expenses	2,879	2,879	12,180	843	13,023	15,902	35,287
Total Expenses	\$ 1,414,676	\$ 1,414,676	\$ 182,298	\$ 84,290	\$ 266,588	\$ 1,681,264	\$ 1,135,921

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

Life Skills Training and Educational Programs, Inc.
Statement of Cash Flows
For the Years Ended December 31, 2008 and 2007

	2008	2007
Cash Flows from Operating Activities:		
Cash Received from Clients and Others	\$ 1,897,164	\$ 1,295,797
Cash Paid to Employees, Vendors and Others	(1,630,235)	(1,119,303)
Interest Received	10,638	17,895
Interest Paid	<u>(17,121)</u>	<u>-</u>
Net Cash Flows from Operating Activities	<u>260,446</u>	<u>194,389</u>
Cash Flows from Investing Activities:		
Cash Paid for Building, Equipment and Furnishings	<u>(152,969)</u>	<u>-</u>
Net Cash Flows from Investing Activities	<u>(152,969)</u>	<u>-</u>
Cash Flows from Financing Activities:		
Repayments of Long-Term Debt.	<u>(59,567)</u>	<u>-</u>
Net Cash Flows from Financing Activities	<u>(59,567)</u>	<u>-</u>
Net Change in Cash	47,910	194,389
Cash at Beginning of Year	513,987	319,598
Cash at End of Year	<u>\$ 561,897</u>	<u>\$ 513,987</u>

**Reconciliation of Excess of Revenue over Expenses to Net Cash
Flows from Operating Activities:**

Excess (Deficit) of Revenue over Expenses	\$ 248,580	\$ 143,697
Adjustments to Reconcile Excess (Deficit) of Revenue over Expenses to Net Cash Flows from Operating Activities:		
Depreciation	9,684	5,398
Changes in Assets and Liabilities:		
Change in Account Receivable	(22,042)	34,074
Change in Prepaid Expenses	(4,288)	(425)
Change in Accounts Payable	17,611	(3,211)
Change in Accrued Payroll and Payroll Taxes	<u>10,901</u>	<u>14,858</u>
Net Cash Flows from Operating Activities	<u>\$ 260,446</u>	<u>\$ 194,391</u>

Noncash Financing and Investing Activities		
Assets Purchased by assumption of Debt	<u>\$ 314,298</u>	<u>\$ -</u>

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

Life Skills Training and Educational Programs, Inc.
Notes to Financial Statements
December 31, 2008

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

A. General

Life Skills Training and Educational Programs, Inc., ("LifeSTEPS") is a California 501(c)(3) nonprofit public benefit charitable corporation. Since 1996 LifeSTEPS has provided social services to low-income seniors, adults and children residing in affordable housing communities. Our multi-service approach includes needs assessment, educational classes, case management services, social activities, and resource development, mediation and tenant advocacy. Our commitment is to provide consistent, professional and caring help to empower low-income communities.

B. Basis for Accounting

Assets, liabilities, revenues, and expenses are recognized on the accrual basis of accounting.

C. Accounts Receivable

Accounts receivable are stated at unpaid balances of monthly invoices to clients based upon contracted terms with those clients. Invoices are due under normal trade terms requiring payment within 30 days from the invoice date.

The Organization considers all accounts receivable to be fully collectible and has established an allowance for doubtful accounts of zero.

D. Equipment

The Organization capitalizes all expenditures in excess of \$1,000 with estimated useful lives greater than one year. Equipment is stated at cost and is depreciated using the straight-line method over their estimated useful lives of the respective assets. Routine repairs and maintenance are expensed as incurred.

E. In-Kind Donations

Contributed in-kind support and donations are recognized in accordance with the Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made." The Organization recognizes contributed services at their estimated fair market value if the services have value to the Organization and require specialized skills, are provided by individuals possessing those skills, and would have been purchased if not provided by contributors.

Life Skills Training and Educational Programs, Inc.
Notes to Financial Statements
December 31, 2008

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued):

F. 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Cash and Cash Equivalents

For purposes of the statement of cash flows, the entities consider all demand deposit accounts and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

H. Income Taxes:

The organization is exempt from federal and state income taxes under Section 501 (c)(3) of the Internal Revenue Code and related California Code sections. As such, no provision for income tax is reflected in the financial statements.

NOTE 2 - RELATED ORGANIZATIONS:

LifeSTEPS was founded in 1996 by two nonprofit's, Riverside Charitable Corporation (“RCC”) and Community Housing Assistance Program (“CHAPA”), both of which are providers of service-enriched, affordable housing. RCC is the sole member of LifeSTEPS, and as such, RCC retains a direct interest in LifeSTEPS’ activities. RCC participation on the Board of LifeSTEPS is through one overlapping Board Member.

NOTE 3 - CONCENTRATION OF CREDIT RISK:

The Organization maintains its operating cash account and savings account in two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The possibility of loss exists if the financial institution holding excess deposits were to fail.

NOTE 4 - TEMPORARILY RESTRICTED NET

Temporarily restricted net assets as of December 31, 2008 consisted of the following:

Change A Life Foundation	\$	10,578
Chapman Insurance Inc.		1,000
Target		1,000
Activity Funds		1,113
Seniors In Needs Fund		2,643
<hr/>		
Total	\$	16,334

Life Skills Training and Educational Programs, Inc.
Notes to Financial Statements
December 31, 2008

NOTE 5 - PROPERTY AND EQUIPMENT:

The LifeSteps' property and equipment consisted of the following:

	2008	2007
Land	\$ 143,341	\$ -
Building and Improvements	295,978	-
Furniture and Equipment	<u>68,269</u>	<u>40,321</u>
	507,588	40,321
Accumulated Depreciation	<u>(50,005)</u>	<u>(40,321)</u>
Total Property and Equipment	\$ 457,583	\$ -

Depreciation and amortization expense for the years ended December 31, 2008 and December 31, 2007 amounted to \$9,684 and \$0

NOTE 6 - Loan and Capital Lease Payable:

LifeSteps was the lessee of office equipment under a capital lease which expires in January 25, 2013. The asset and liability under the capital lease was recorded at the lower of the present value of the minimum lease payments or the fair market value of the asset. The asset is amortized over its estimated productive life. The capitalized cost of the asset was \$17,570.00. The related accumulated amortization at December 31, 2008 and 2007 was \$7,497 and \$0, respectively.

LifeSteps obtained a loan during the year ended December 31, 2008 to purchase the building that it had been renting for office space. The loan is payable in 120 monthly installments (currently \$2,008.70 per month) including fixed interest currently at 6.25%. The remaining unpaid principal balance will be due in March 01, 2018. The loan is collateralized by the building and the assignment of rents.

Loan maturities on the building loan for each of the next five years following December 31, 2008, are as follows:

2009	\$ 5,471
2010	5,823
2011	6,197
2012	6,596
2013	7,020
Thereafter	<u>213,393</u>
	\$ 244,500