

LIFELONG: HEALTH FOR ALL

CONSOLIDATED FINANCIAL STATEMENTS
With Independent Auditor's Report

YEARS ENDED DECEMBER 31, 2020 AND 2019

UNIFORM GUIDANCE SUPPLEMENTARY FINANCIAL REPORTS
YEAR ENDED DECEMBER 31, 2020

Lifelong 

LIFELONG: HEALTH FOR ALL
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	2 - 3
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION December 31, 2020 and 2019	4
CONSOLIDATED STATEMENTS OF ACTIVITIES Years ended December 31, 2020 and 2019	5
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES Year ended December 31, 2020	6
Year ended December 31, 2019	7
CONSOLIDATED STATEMENTS OF CASH FLOWS Years ended December 31, 2020 and 2019	8
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	9 - 17
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards Year ended December 31, 2020	19 - 20
Notes to Schedule of Expenditures of Federal Awards	21
Independent Auditor's Report Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22 - 23
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance as Required by the Uniform Guidance	24 - 25
Schedule of Findings and Questioned Costs	26

INDEPENDENT AUDITOR'S REPORT

May 4, 2021

Board of Directors
Lifelong: Health for All
Seattle, Washington

We have audited the accompanying consolidated financial statements of Lifelong: Health for All, a nonprofit corporation, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to in the first paragraph of this letter present fairly, in all material respects, the financial position of Lifelong: Health for All as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2021 on our consideration of Lifelong: Health for All's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lifelong: Health for All's internal control over financial reporting and compliance.



Jacobson Jarvis & Co, PLLC

LIFELONG: HEALTH FOR ALL

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 2,518,302	\$ 1,828,005
Grants receivable from governmental entities, net of allowance for uncollectible receivables of \$17,528	3,571,914	3,313,937
Pledges receivable	45,036	32,891
Inventory	82,075	122,500
Prepaid expenses	<u>281,563</u>	<u>257,292</u>
Total Current Assets	6,498,890	5,554,625
Deposits	127,314	127,314
Property and Equipment, net	<u>1,488,003</u>	<u>1,229,538</u>
	<u>\$ 8,114,207</u>	<u>\$ 6,911,477</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 117,732	\$ 163,801
Accrued expenses	630,483	675,567
Refundable advances	<u>3,500</u>	<u>3,500</u>
Total Current Liabilities	751,715	842,868
Long-term Liabilities		
Deferred rent liability	248,983	281,578
Tenant improvement allowance	<u>52,848</u>	<u>68,316</u>
	<u>1,053,546</u>	<u>1,192,762</u>
Net Assets		
Without donor restrictions	6,935,661	5,593,715
With donor restrictions	<u>125,000</u>	<u>125,000</u>
Total Net Assets	<u>7,060,661</u>	<u>5,718,715</u>
	<u>\$ 8,114,207</u>	<u>\$ 6,911,477</u>

LIFELONG: HEALTH FOR ALL

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Without Donor Restrictions		
Public Support and Revenue		
Fees and grants from government agencies	\$ 26,180,968	\$ 24,883,339
Contributions and private grants	1,382,707	730,514
Thrift store and other sales	423,217	1,173,018
Special events	168,381	637,344
In-kind contributions	618,147	613,086
Other revenue	15,763	15,608
Interest income	<u>12,809</u>	<u>21,206</u>
Total Public Support and Revenue	<u>28,801,992</u>	<u>28,074,115</u>
Expenses		
Program services	23,869,078	24,752,910
Supporting services	<u>3,590,968</u>	<u>3,511,253</u>
Total Expenses	<u>27,460,046</u>	<u>28,264,163</u>
Change in Net Assets Without Donor Restrictions	<u>1,341,946</u>	<u>(190,048)</u>
With Donor Restrictions		
Contributions	-	-
Net assets released from restrictions	<u>-</u>	<u>-</u>
Change in Net Assets With Donor Restrictions	<u>-</u>	<u>-</u>
Total Change in Net Assets	1,341,946	(190,048)
Net Assets - Beginning of year	<u>5,718,715</u>	<u>5,908,763</u>
Net Assets - End of year	<u>\$ 7,060,661</u>	<u>\$ 5,718,715</u>

LIFELONG: HEALTH FOR ALL

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Program Services				Supporting Services				
	Care Services	Education	Community Awareness	Total Program Services	Management and General	Fundraising	Thrift Store	Total Supporting Services	Total
Grants and Services to Clients	\$ 12,439,273	\$ -	\$ -	\$ 12,439,273	\$ 5,890	\$ -	\$ 9,166	\$ 15,056	\$ 12,454,329
Personnel Expenses	7,566,062	96,193	84,288	7,746,543	1,790,752	353,281	378,701	2,522,734	10,269,277
Occupancy and Utilities	1,001,858	26,021	4,429	1,032,308	57,587	25,793	228,305	311,685	1,343,993
Direct Program Expenses	1,135,250	1,185	-	1,136,435	5,661	-	-	5,661	1,142,096
Amortization & Depreciation	283,101	1,953	116	285,170	30,961	13,278	-	44,239	329,409
Professional Fees	109,296	1,799	6,886	117,981	123,898	50,027	20,304	194,229	312,210
Equipment, Repairs and Maintenance	140,387	1,169	404	141,960	75,195	5,820	6,905	87,920	229,880
Telephone and Internet Expenses	89,172	1,733	896	91,801	40,488	6,558	3,466	50,512	142,313
Employee and Volunteer Expenses	44,384	842	286	45,512	62,368	1,228	2,373	65,969	111,481
Software, Purchases, and Licenses	37,272	299	122	37,693	54,536	10,795	-	65,331	103,024
Other Operating Expenses	61,571	307	635	62,513	14,858	8,457	6,445	29,760	92,273
Insurance	78,074	1,095	687	79,856	9,347	2,984	-	12,331	92,187
Office Supplies	37,388	354	234	37,976	8,153	13,685	6,867	28,705	66,681
Event Expenses	150	139	-	289	-	59,809	-	59,809	60,098
Advertising Expenses	1,231	210	-	1,441	-	40,785	909	41,694	43,135
Bank and Interest Costs	230	-	-	230	3,775	9,770	22,641	36,186	36,416
Dues, Fees, and Permits	14,846	-	-	14,846	2,081	3,522	5,158	10,761	25,607
Taxes	5,104	-	-	5,104	2,705	646	5,035	8,386	13,490
Total Expenses Before In-Kind Expenses	23,044,649	133,299	98,983	23,276,931	2,288,255	606,438	696,275	3,590,968	26,867,899
In-kind Goods and Services	592,147	-	-	592,147	-	-	-	-	592,147
Total Expenses	<u>\$ 23,636,796</u>	<u>\$ 133,299</u>	<u>\$ 98,983</u>	<u>\$ 23,869,078</u>	<u>\$ 2,288,255</u>	<u>\$ 606,438</u>	<u>\$ 696,275</u>	<u>\$ 3,590,968</u>	<u>\$ 27,460,046</u>

LIFELONG: HEALTH FOR ALL

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	Program Services				Supporting Services				Total
	Care Services	Education	Community Awareness	Total Program Services	Management and General	Fundraising	Thrift Stores	Total Supporting Services	
Grants and Services to Clients	\$ 13,968,020	\$ 3,064	\$ -	\$ 13,971,084	\$ 15,058	\$ 15,882	\$ 63,452	\$ 94,392	\$ 14,065,476
Personnel Expenses	7,027,688	459,095	118,698	7,605,481	1,417,220	312,638	506,721	2,236,579	9,842,060
Occupancy and Utilities	962,927	10,835	7,478	981,240	79,007	24,194	316,618	419,819	1,401,059
Direct Program Expenses	738,619	3,768	-	742,387	10,598	27	-	10,625	753,012
Amortization & Depreciation	203,291	646	180	204,117	22,568	8,827	-	31,395	235,512
Professional Fees	87,768	316	531	88,615	104,771	41,591	5,105	151,467	240,082
Equipment, Repairs and Maintenance	153,424	373	1,368	155,165	87,805	2,700	12,525	103,030	258,195
Telephone and Internet Expenses	75,480	446	1,411	77,337	17,738	3,305	3,801	24,844	102,181
Employee and Volunteer Expenses	119,319	809	2,002	122,130	39,396	5,019	3,132	47,547	169,677
Software, Purchases, and Licenses	25,298	44	68	25,410	13,119	5,241	-	18,360	43,770
Other Operating Expenses	26,910	26	309	27,245	4,029	7,676	2,842	14,547	41,792
Insurance	53,152	401	543	54,096	7,831	2,257	36	10,124	64,220
Office Supplies	41,337	1,650	192	43,179	6,524	15,728	11,691	33,943	77,122
Event Expenses	12,802	56	-	12,858	5,260	147,027	-	152,287	165,145
Advertising Expenses	1,166	1,042	-	2,208	19,177	58,936	317	78,430	80,638
Bank and Interest Costs	130	-	-	130	1,079	16,600	30,797	48,476	48,606
Dues, Fees, and Permits	26,845	295	2	27,142	3,128	6,481	5,838	15,447	42,589
Taxes	-	-	-	-	10,875	-	9,066	19,941	19,941
Total Expenses Before In-Kind Expenses	23,524,176	482,866	132,782	24,139,824	1,865,183	674,129	971,941	3,511,253	27,651,077
In-kind Goods and Services	613,086	-	-	613,086	-	-	-	-	613,086
Total Expenses	\$ 24,137,262	\$ 482,866	\$ 132,782	\$ 24,752,910	\$ 1,865,183	\$ 674,129	\$ 971,941	\$ 3,511,253	\$ 28,264,163

LIFELONG: HEALTH FOR ALL

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Cash received from:		
Government agencies	\$ 25,922,991	\$ 24,174,352
Donors	1,383,388	732,349
Thrift store and other sales	423,217	1,173,018
Special events	168,381	637,344
Interest	12,809	21,206
Other	2,937	14,200
Cash paid for:		
Personnel	(10,314,361)	(9,701,372)
Grants and services to clients	(12,454,329)	(14,065,476)
Services and supplies	(3,893,071)	(3,630,183)
Interest	<u>(237)</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	1,251,725	(644,562)
Cash Flows Used by Investing Activities		
Purchases of property and equipment	<u>(561,428)</u>	<u>(286,355)</u>
Changes in Cash and Cash Equivalents	690,297	(930,917)
Cash and Cash Equivalents - Beginning of year	<u>1,828,005</u>	<u>2,758,922</u>
Cash and Cash Equivalents - End of year	<u>\$ 2,518,302</u>	<u>\$ 1,828,005</u>

LIFELONG: HEALTH FOR ALL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Lifelong: Health for All (Lifelong) is a 501(c)(3) not-for-profit corporation with the mission to remove barriers to health with relentless compassion so that no one faces illness and injustice alone. Lifelong's purpose is not only to help break down the barriers that keep people from a healthy life, but also to build a caring community around them based on dignity and compassion. Serving the Pacific Northwest for over 35 years, Lifelong's holistic programs offer connection to resources and care, nutrition services, and housing support. Lifelong fights every day for healthcare, housing, and food as basic human rights. Vital support services include:

- Providing medical case management to the elderly and disabled to enable them to reside in their homes;
- Facilitating emergency, transitional, and permanent housing placement and coordinating homelessness prevention;
- Providing home delivered meals and groceries that are medically specific and culturally appropriate to clients living with serious chronic illnesses, including cancer, heart disease, diabetes, HIV, and end stage renal disease;
- Conducting nutrition outreach and education, as well as skill-building courses;
- Processing and paying medical insurance premium payments;
- Performing HIV and STD testing and prevention services, along with health education;
- Offering employment case management and related services;
- Coordinating oral health care services through a network of dental providers; and
- Actively participating in state and federal policy that supports funding and advocacy for marginalized communities facing health inequity.

Lifelong relies on funding primarily from government agency grants and contributions from the general public. Lifelong also holds various fundraising events, including A Fall Feast, Dining Out for Life and other community fundraisers. In addition, Lifelong has a retail thrift store (a store that sells goods that have been donated). Lifelong is governed by an all-volunteer board of directors that is responsible for all legal, financial, and policy matters.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of Lifelong: Health for All and its wholly-owned subsidiary, Lifelong Thrift Stores, LLC. Inter-entity transactions and balances have been eliminated in consolidation. The consolidated entity is referred to as Lifelong in the notes to the consolidated financial statements.

LIFELONG: HEALTH FOR ALL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. The net assets of Lifelong are classified as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Lifelong's board of directors has designated \$560,000 of net assets without donor restriction for future operations as of December 31, 2020 and 2019.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor restricted net assets consisted of \$125,000 for operational reserves as of December 31, 2020 and 2019.

Contributions restricted by donors are reported as increases in net assets without donor restrictions 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 net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

Cash and cash equivalents

Cash and cash equivalents consist of general checking and savings accounts. Lifelong maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. Lifelong has not experienced any losses in these accounts, and management does not believe it is exposed to any significant risk of loss.

Fair value measurements

In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for measuring fair value. Financial accounting standards defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques utilized to determine fair value are consistently applied.

LIFELONG: HEALTH FOR ALL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

The three tiers of inputs used for fair value measurements are as follows:

Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities.

Level 2: Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets.

Level 3: Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies, and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

Lifelong had no assets or liabilities carried at fair value on a recurring basis as of December 31, 2020 or 2019. Assets and liabilities carried at fair value on a nonrecurring basis using level 2 inputs generally include donated goods, facilities and services. Lifelong also uses fair value concepts to test various long-lived assets for impairment.

Receivables

All receivables are stated at net realizable value. Grants receivable consist of grants and contracts administered by various state and local governmental agencies. Management reviews the collectability of grants receivable on a periodic basis and determines the amount estimated to be uncollectible. A reserve for doubtful accounts is then established. Lifelong charges off receivables against the allowance when management determines that a receivable is not collectible.

Inventory

Inventory relates to the retail thrift store and consists of donated items whose value is recorded at estimated fair value. Items received and sold during the year are recorded at their sales value.

Property and equipment

Property and equipment is recorded at cost, if purchased, or at fair value at date of receipt, if donated. Lifelong's policy is to capitalize assets with a cost greater than \$5,000 and a useful life greater than two years. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are depreciated over the estimated useful lives of the assets or the anticipated lease term, whichever is shorter.

LIFELONG: HEALTH FOR ALL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment as of December 31 consists of the following:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 1,366,788	\$ 977,227
Leasehold improvements	1,787,488	1,770,291
Vehicles	350,620	197,109
Capital assets - not in service	<u>112,528</u>	<u>84,923</u>
	3,617,424	3,029,550
Accumulated depreciation	<u>(2,129,421)</u>	<u>(1,800,012)</u>
	<u>\$ 1,488,003</u>	<u>\$ 1,229,538</u>

Refundable advances

Refundable advances consist of government grant funds received in advance, government grant funds received which may need to be repaid under certain circumstances, and special event donations received in advance of those special events. Revenue is recognized when the grant funds are expended or the events take place.

Support and revenue recognition

Lifelong recognizes revenue from sales at its thrift store at the time of purchase. Lifelong records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. Special event income is considered conditioned upon the occurrence of the event. As such, amounts received in advance are recorded as a liability until the event takes place. In addition, some special events include an earned revenue component as they also include admissions for entry into the event.

Lifelong recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met.

Lifelong's federal, state and local contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, amounts received in advance are recorded as a liability until the conditions are met. At December 31, 2020, conditional contributions are as follows:

	<u>Received in advance</u>	<u>Committed but not received</u>
Conditional upon incurrence of qualified expenditure	\$ -	\$ 12,669,676
Conditioned upon provision of allowable services	-	2,082,295
Conditioned upon occurrence of special event	<u>3,500</u>	<u>-</u>
	<u>\$ 3,500</u>	<u>\$ 14,751,971</u>

LIFELONG: HEALTH FOR ALL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from grants and contracts is subject to audits, which could result in adjustments to revenue. The adjustments are recorded at the time that such amounts can first be reasonably determined, normally upon notification by the government agency. During the years ended December 31, 2020 and 2019, any such adjustments were immaterial.

In-kind contributions

In accordance with financial accounting standards, the financial statements reflect only those donated services requiring specific expertise that Lifelong would otherwise need to purchase or donated services that enhance capital assets. Non-cash donations are recorded as contributions at their estimated fair values at the date of donation. Lifelong receives a significant amount of its support in the form of volunteer labor.

In-kind contributions consist primarily of food to be distributed to those affected by HIV or other chronic conditions and to homebound seniors. Lifelong's food services are sustained not only by government grants, but by the generous involvement of community volunteers.

Volunteer support

Lifelong had approximately 1,260 (unaudited) and 2,060 (unaudited) volunteers, respectively, donate approximately 20,560 (unaudited) and 24,980 (unaudited) hours of service, respectively, for the years ended December 31, 2020 and 2019. The consolidated financial statements do not reflect the value of these donated services because the services generally do not require specific expertise that Lifelong would otherwise need to purchase.

Concentrations

Revenue recorded under one contract represented 45% and 55% of fees and grants from government agencies for the years ended December 31, 2020 and 2019, respectively.

Approximately 60% of Lifelong's labor force is subject to a collective bargaining agreement (CBA) through March 31, 2020. These employees are members of the Service Employees International Union, Healthcare 1199NW (SEIU). Due to the COVID-19 outbreak and the "Stay Safe, Stay Healthy" order, SEIU has agreed to postpone CBA negotiations until July 31, 2020. Lifelong and SEIU are operating under the terms of the recently expired contract until a new CBA can be enforced. Lifelong and SEIU began active discussions in late September 2020 on extending the contract and these discussions are ongoing.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

LIFELONG: HEALTH FOR ALL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lifelong tracks expenses by both account and department in its accounting system and then summarizes it into the functional groupings above for external financial reporting. Payroll costs are based on actual time spent. Disbursements are charged to actual departments where possible and allocated at time of entry if related to multiple departments (e.g., occupancy costs).

Advertising

Advertising costs are expensed as incurred.

Federal income taxes

The Internal Revenue Service has recognized Lifelong: Health for All as exempt from federal income taxes under provision of Section 501(a) of the Internal Revenue Code as an entity described in Section 501(c)(3) and not as a private foundation.

Lifelong: Health for All operates some of its activities through Lifelong Thrift Stores, LLC. LLCs are not subject to federal income taxes at the corporation level, but pass their earnings to their members to be taxed individually on their share of LLC earnings.

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

Reclassifications

Certain amounts in the 2019 consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current year consolidated financial statements. These reclassifications had no effect on the total net assets or total change in net assets as of or for the year ended December 31, 2019.

NOTE B - LIQUIDITY

Lifelong's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts for grants and a concentration of contributions throughout various times of the year. To manage liquidity, Lifelong maintains a revolving balance of at least \$1,000,000 in various savings accounts, in addition to a line of credit of \$500,000 with a bank that is drawn upon as needed during the year to manage cash flow and is then repaid in full by the end of the fiscal year. Amounts available for use within the next year include donor-restricted amounts that are available for general expenditure. Amounts not available include amounts set aside by board designation that could be drawn upon if the board of directors approves that action.

LIFELONG: HEALTH FOR ALL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE B - LIQUIDITY (Continued)

The following reflects Lifelong's financial assets available for use within the next year as of December 31:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,518,302	\$ 1,828,005
Receivables	3,616,950	3,346,828
Less: Board-designated reserves	<u>(560,000)</u>	<u>(560,000)</u>
	<u>\$ 5,575,252</u>	<u>\$ 4,614,833</u>

NOTE C - LINE OF CREDIT

In October 2014, Lifelong entered into a banking relationship with 1st Security Bank of Washington. Under the banking agreement, Lifelong has a \$500,000 line of credit that will expire on May 1, 2022. The line of credit is secured by all corporate assets. The balance at December 31, 2020 and 2019 was \$0. The line of credit bears interest at the bank's prime rate (as published in the Wall Street Journal) plus 0.75%.

NOTE D - LEASE COMMITMENTS

Lifelong leases property in Seattle, Bellevue, Bellingham, and Everett under non-cancelable operating lease agreements. In accordance with financial accounting standards, rent expense is recognized on a straight-line basis and a related deferred rent liability is recorded. Effective July 1, 2014, Lifelong has a tenant improvement allowance on a long-term space lease. This tenant improvement allowance of \$159,135 is amortized over the life of the 10-year lease, with \$15,914 recognized each year. Rent expense for the years ended December 31, 2020 and 2019 totaled \$1,146,064 and \$1,234,145, respectively. Future minimum lease payments, deferred rent, and rent expense under these leases for the years ending December 31 are as follows:

	Minimum Lease <u>Payment</u>	Change in Deferred Rent <u>Liability</u>	Rent <u>Expense</u>
2021	\$ 1,218,562	\$ (17,812)	\$ 1,200,750
2022	1,060,355	(73,345)	987,010
2023	1,064,366	(105,953)	958,413
2024	647,152	(60,802)	586,350
2025	185,127	34,925	220,052
Thereafter	<u>249,783</u>	<u>(25,996)</u>	<u>223,787</u>
	<u>\$ 4,425,345</u>	<u>\$ (248,983)</u>	<u>\$ 4,176,362</u>

LIFELONG: HEALTH FOR ALL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE E - PENSION PLAN

Lifelong sponsors a defined contribution pension plan. Employer contributions to this plan are at the discretion of Lifelong and are currently 50% of employees' contributions, up to 3% of the employees' compensation. After five years of continuous employment, the employer contribution increases to 66% of employees' contributions, up to 3% of compensation. Included in personnel expenses is \$67,476 and \$74,509, respectively, of pension expense for costs relating to this plan for the years ended December 31, 2020 and 2019.

NOTE F - PAYCHECK PROTECTION PROGRAM LOANS

In April 2020, Lifelong applied for and received loan proceeds of \$1,706,863 under the Paycheck Protection Program ("PPP"). Also, in April 2020, the Lifelong Thrift Store applied for and received PPP loan proceeds of \$90,700. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loan and accrued interest are subject to forgiveness after 24 weeks as long as the qualifying organization uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the qualifying organization terminates employees or reduces salaries during the 24-week period.

The loans were funded for Lifelong and the Lifelong Thrift Store on April 23, 2020 and April 29, 2020, respectively, and have maturity dates of April 10, 2022 and May 10, 2022, respectively. Lifelong entered into the program with the intention of complying with the terms for forgiveness and has recognized the loans as grants, as Lifelong believes they have met the conditions for full forgiveness for both PPP loans as of December 31, 2020. On December 21, 2020, Lifelong received notice from the Small Business Administration that its Paycheck Protection Program loan was forgiven in full. Should the Small Business Administration, in its evaluation of the forgiveness application, not agree that Lifelong has met the terms for full forgiveness for the Thrift Store loan, interest at a rate of 1% will be added to the remaining amount and the first monthly payment would be due May 10, 2021.

NOTE G - RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. On March 23, 2020, the Governor of Washington declared a health emergency and issued an order to close all nonessential businesses until further notice. Management continues to evaluate the financial impact of the COVID-19 pandemic and monitor carefully the effect on Lifelong's financial position, change in net assets, and cash flows in the future.

LIFELONG: HEALTH FOR ALL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE H - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to December 31, 2020 through May 4, 2021, which is the date the consolidated financial statements were available to be issued and has recognized in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at December 31, 2020, including the estimates inherent in the processing of financial statements.

The Lifelong Thrift Store obtained an additional Paycheck Protection Program loan for \$90,000 in January 2021.

SUPPLEMENTARY INFORMATION

LIFELONG: HEALTH FOR ALL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2020

Federal Grantor

"Program Title" <i>Pass-through Grantor</i>	Contract Number	CFDA Number	Passed Through to Subrecipients	Federal Expenditures
Department of Health and Human Services				
"Special Programs for the Aging - Title III, Part C - Nutrition Services" <i>City of Seattle</i>	DA19-1164	93.045*	\$ -	\$ 903,746
"Nutrition Services Incentive Program" <i>City of Seattle</i>	DA19-1164	93.053*	-	451,096
Total Aging Cluster			-	1,354,842
"HIV Emergency Relief Project Grants" <i>Seattle - King County Department of Public Health</i>	1856 PREV ; 3272 PREV ; 4368 PREV ; 4427 PREV	93.914	-	2,986,800
"HIV Care Formula Grants" <i>Washington State Department of Health</i>	CBO24213-4 ; CBO24214 ; CBO24951	93.917	-	731,804
"Medical Assistance Program" <i>City of Seattle</i>	DA19-1146 ; DA20-1146	93.778	-	522,839
Medicaid Cluster			-	5,596,285
Total Department of Health and Human Services			-	5,596,285
Department of Housing and Urban Development				
"Housing Opportunities for Persons with AIDS" <i>City of Seattle</i>	DA19-1170 ; DA20-1170 ; DA20-1909	14.241	-	1,446,242
<i>Bellingham Housing Authority - Whatcom County</i>	CBO528 ; CBO25209	14.241	-	40,088
Total Department of Housing and Urban Development			-	1,527,573
"Community Development Block Grants/Entitlement Grants" <i>City of Seattle</i>	DA20-1909	14.218	-	41,243
CDBG - Entitlement Grants Cluster			-	1,527,573

* Denotes major program

See notes to schedule.

LIFELONG: HEALTH FOR ALL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2020

Federal Grantor

"Program Title" <i>Pass-through Grantor</i>	Contract Number	CFDA Number	Passed Through to Subrecipients	Federal Expenditures
Department of the Treasury				
"Coronavirus Relief Fund"				
<i>Solid Ground</i>	Memorandum of Agreement		\$ -	\$ 54,854
<i>Washington State Department of Agriculture</i>	K3129		-	60,000
<i>Washington State Department of Agriculture - EFAP</i>	K2770		-	119,959
<i>Solid Ground</i>	Memorandum of Agreement		-	13,184
<i>VISTA - Farmers Share</i>	Letter of Agreement		-	2,550
<i>King County</i>	6176707		-	50,000
	Total Department of the Treasury	21.019	-	300,547
	Total Expenditures of Federal Awards		\$ -	\$ 7,424,405

LIFELONG: HEALTH FOR ALL

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2020

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lifelong: Health for All and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - INDIRECT COST RATE

Lifelong: Health for All has a negotiated indirect cost rate for use on federal grants and contracts. For January 1, 2020 through December 31, 2020, the predetermined rate was 21.65%. The rate is based on the Simplified Allocation Method. As such, Lifelong: Health for All is not eligible to elect use of the 10% *de minimis* indirect cost rate.

INDEPENDENT AUDITOR'S REPORT
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

May 4, 2021

Board of Directors
Lifelong: Health for All
Seattle, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Lifelong: Health for All, which comprise the consolidated statement of financial position as of December 31, 2020 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 4, 2021

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Lifelong: Health for All's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lifelong: Health for All's internal control. Accordingly, we do not express an opinion on the effectiveness of Lifelong: Health for All's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Lifelong: Health for All's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lifelong: Health for All's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lifelong: Health for All's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lifelong: Health for All's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jacobson Jarvis & Co, PLLC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
AS REQUIRED BY THE UNIFORM GUIDANCE

May 4, 2021

Board of Directors
Lifelong: Health for All
Seattle, Washington

Report on Compliance with Each Major Federal Program

We have audited Lifelong: Health for All's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Lifelong: Health for All's major federal programs for the year ended December 31, 2020. Lifelong: Health for All's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Lifelong: Health for All's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lifelong: Health for All's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Lifelong: Health for All's compliance.

Opinion on Each Major Federal Program

In our opinion, Lifelong: Health for All complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of Lifelong: Health for All is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lifelong: Health for All's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lifelong: Health for All's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Jacobson Jarvis & Co, PLLC

LIFELONG: HEALTH FOR ALL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2020

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the consolidated financial statements of Lifelong: Health for All.
2. No material weaknesses relating to the consolidated financial statements are reported in the "Independent Auditor's Report Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. "
3. No instances of noncompliance material to the consolidated financial statements of Lifelong: Health for All were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal award programs are reported in the "Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance as Required by the Uniform Guidance."
5. The auditor's report on compliance for the major federal award programs for Lifelong: Health for All expresses an unmodified opinion.
6. Audit findings relative to the major federal award programs for Lifelong: Health for All are reported in Part C of this Schedule.
7. The programs tested as major were "Special Programs for the Aging - Title III, Part C - Nutrition Services," CFDA No. 93.045 and "Nutrition Services Incentive Program" CFDA No. 93.053.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Lifelong: Health for All was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None