

Project LIFT, Inc.

FINANCIAL STATEMENTS

June 30, 2022

Project LIFT, Inc.
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June 30, 2022
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Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

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Report of Independent Auditors

To the Board of Directors
Project LIFT, Inc.
Palm City, Florida

Opinion

We have audited the accompanying financial statements of Project LIFT, Inc., a non-profit organization, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, cash flows and functional expenses for the year then ended and the related notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Project LIFT, Inc. as of June 30, 2022, and the changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Project LIFT, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Summarized Comparative Information

We have previously audited Project LIFT, Inc.'s June 30, 2021 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 14, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects with the audited financial statements from which it has been derived.



To the Board of Directors
Project LIFT, Inc

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Project LIFT, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Project LIFT, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Project LIFT, Inc.'s ability to continue as a going concern for a reasonable period of time.



Berger, Toombs, Elam,
Gaines & Frank
Certified Public Accountants PL

To the Board of Directors
Project LIFT, Inc

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Berger Toombs Elam
(Gaines) + Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Stuart, Florida

December 6, 2022

Project LIFT, Inc.
STATEMENT OF FINANCIAL POSITION
June 30, 2022
(With Comparative Totals at June 30, 2021)

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 2,350,335	\$ 1,830,647
Pledges receivable, net of discount	182,769	-
Grants receivable	90,183	29,299
Other receivables	34,024	10,198
Prepaid and other assets	113,202	35,365
Total current assets	2,770,513	1,905,509
Pledges receivable, net of discount	634,658	-
Property, plant and equipment, net of accumulated depreciation	1,172,136	847,449
Total assets	\$ 4,577,307	\$ 2,752,958
 Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 81,844	\$ 17,041
Accrued expenses	134,621	86,672
Deferred revenues	9,340	7,650
Grant payable	13,041	17,795
Paycheck Protection Plan loan payable	-	271,242
Mortgage payable, current portion	-	11,720
Total current liabilities	238,846	412,120
Noncurrent liabilities		
Mortgage payable	-	206,135
Total liabilities	238,846	618,255
Net Assets		
With Donor Restrictions	2,379,377	406,456
Without Donor Restrictions	1,959,084	1,728,247
Total net assets	4,338,461	2,134,703
Total liabilities and net assets	\$ 4,577,307	\$ 2,752,958

Project LIFT, Inc.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022
(With Summarized Comparative Information for the Year Ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2022	2021
Revenues, public support and grants				
Revenues and public support:				
Contributions and local awards	\$ 854,036	\$ 1,644,986	\$ 2,499,022	\$ 1,200,430
Foundation contributions	307,531	212,000	519,531	231,000
Program revenues	126,978	-	126,978	99,316
Special fundraising events	303,532	-	303,532	320,515
Less direct costs	(130,322)	-	(130,322)	(58,207)
Interest income	4,945	-	4,945	3,467
Other income	272,919	-	272,919	280,479
Total revenues and public support	<u>1,739,619</u>	<u>1,856,986</u>	<u>3,596,605</u>	<u>2,077,000</u>
Grants and contracts				
United Way	48,965	-	48,965	45,152
Corporate and Business grants	196,000	-	196,000	88,901
Foundation grants	165,000	200,000	365,000	-
State grants	164,735	-	164,735	-
Local grants	165,961	40,000	205,961	205,636
Other grants	587,999	132,500	720,499	127,830
Total grants and contracts	<u>1,328,660</u>	<u>372,500</u>	<u>1,701,160</u>	<u>467,519</u>
Net assets released from restrictions	256,565	(256,565)	-	-
Total revenues, public support, grants and contracts	<u>3,324,844</u>	<u>1,972,921</u>	<u>5,297,765</u>	<u>2,544,519</u>
Expenses				
Program services	2,574,272	-	2,574,272	1,922,062
Supporting services:				
General and administrative	258,293	-	258,293	258,244
Fundraising activities	259,588	-	259,588	254,279
Total supporting services	<u>517,881</u>	<u>-</u>	<u>517,881</u>	<u>512,523</u>
Total expenses	<u>3,092,153</u>	<u>-</u>	<u>3,092,153</u>	<u>2,434,585</u>
Loss on disposal of property and equipment	1,854	-	1,854	3,139
Total expenses and losses	<u>3,094,007</u>	<u>-</u>	<u>3,094,007</u>	<u>2,437,724</u>
Changes in net assets	230,837	1,972,921	2,203,758	106,795
Net assets - beginning of year	<u>1,728,247</u>	<u>406,456</u>	<u>2,134,703</u>	<u>2,027,908</u>
Net assets - end of year	<u>\$ 1,959,084</u>	<u>\$ 2,379,377</u>	<u>\$ 4,338,461</u>	<u>\$ 2,134,703</u>

Project LIFT, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022
(With Summarized Comparative Information for the Year Ended June 30, 2021)

	Program Services	Supporting Services		Total Supporting Services	Totals 2022	Totals 2021
		General and Administrative	Fund Raising and Development			
Compensation						
Salaries	\$ 1,375,338	\$ 161,904	\$ 177,000	\$ 338,904	\$ 1,714,242	\$ 1,461,906
Payroll taxes	109,469	12,887	14,088	26,975	136,444	114,031
Total compensation and related expenses	<u>1,484,807</u>	<u>174,791</u>	<u>191,088</u>	<u>365,879</u>	<u>1,850,686</u>	<u>1,575,937</u>
Services and supplies						
Advertising	7,689	-	-	-	7,689	1,409
Depreciation	54,611	-	-	-	54,611	34,589
Insurance	83,291	8,402	8,382	16,784	100,075	77,649
Office	13,846	1,630	1,782	3,412	17,258	16,222
Occupancy	178,277	905	990	1,895	180,172	180,522
Printing and Postage	2,481	292	319	611	3,092	2,791
Program Supplies/Related Expenses	639,996	23,791	9,490	33,281	673,277	358,777
Professional fees	91,529	41,752	45,253	87,005	178,534	171,340
Travel and education	17,745	6,730	2,284	9,014	26,759	15,349
Total expenses	<u>\$ 2,574,272</u>	<u>\$ 258,293</u>	<u>\$ 259,588</u>	<u>\$ 517,881</u>	<u>\$ 3,092,153</u>	<u>\$ 2,434,585</u>

Project LIFT, Inc.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022
(With Comparative Totals at June 30, 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 2,203,758	\$ 106,795
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	54,611	34,589
Loss on sale of equipment	1,854	3,139
PPP loan forgiveness	(271,242)	(260,600)
(Increase) decrease in assets:		
Grants receivable	(60,884)	39,574
Pledge receivable	(817,427)	-
Accounts receivable	(23,826)	(3,552)
Other assets	(77,837)	(15,073)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	107,998	15,649
Deferred revenue	1,690	(54,550)
Net cash provided by (used in) operating activities	<u>1,118,695</u>	<u>(134,029)</u>
Cash Flows From Investing Activities		
Proceeds from sale of fixed assets	300	1,000
Cash paid for purchases of capital assets	<u>(381,452)</u>	<u>(145,829)</u>
Net cash used in investing activities	<u>(381,152)</u>	<u>(144,829)</u>
Cash Flows From Financing Activities		
Proceeds from PPP Loan	-	271,242
Payments on mortgage note payable	<u>(217,855)</u>	<u>(10,894)</u>
Net cash provided by (used in) financing activities	<u>(217,855)</u>	<u>260,348</u>
Net increase (decrease) in cash	519,688	(18,510)
Cash at beginning of year	<u>1,830,647</u>	<u>1,849,157</u>
Cash at end of year	<u>\$ 2,350,335</u>	<u>\$ 1,830,647</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 10,381</u>	<u>\$ 18,006</u>

Project LIFT, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE A - DESCRIPTION OF ORGANIZATION

Project LIFT, Inc. (the "Organization") is a Florida not-for-profit corporation, which was formed in 2011 under the laws of the State of Florida. The primary purpose of the Organization is to provide at-risk youth programs that combine mental health and substance abuse therapy, job training, community service and behavior modification. The project is a multi-systemic program designed to build on the strengths of at-risk youth by introducing skills that inspire youth to explore opportunities to be successful outside of delinquent behavior. The program activities include comprehensive mental health and substance abuse counseling, tutoring and study skills training, work experience, occupational skills training, mentoring, leadership development opportunities and community service and serves Martin County, Palm Beach County and St. Lucie County, Florida.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Financial Statements

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles. Assets and related revenue are recorded when earned, and liabilities and related expenses are recognized as incurred. In applying generally accepted accounting principles to program service revenue, the legal and contractual requirements of the individual programs are used as guidance.

The financial statements report net assets and changes in net assets in two classes that are based on the existence or absence of restrictions on use that are placed by its donors as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in corporate documents and the application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

Project LIFT, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statements (continued)

Net Assets With Donor Restrictions (continued)

The organization's unspent contributions are included in this class if the donor limited their use. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Cash Equivalents

Cash equivalents include cash on hand, time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Allowance for Doubtful Accounts

The Organization determines an allowance for uncollectible receivables by specifically identifying balances which are doubtful as to collectability. As of June 30, 2021, management has determined that an allowance for doubtful accounts was not necessary.

Grants Receivable

Grants receivable include funds owed by federal, state and local organizations for the purpose of supporting the Organization's programs.

Property, Plant and Equipment

The Organization capitalizes all long-lived assets with an estimated useful life of three years or more and original cost of \$2,500 or more. Property and equipment are stated at cost and depreciation is being provided by use of the straight-line method over the following estimated useful lives:

Building and building improvements	15-40 years
Furniture and equipment	3-10 years

Contributions of property and equipment are recorded as revenue at their estimated fair value. Such contributions are reported as unrestricted revenue unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted revenue. Absent donor stipulations regarding how long those donor assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Project LIFT, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Organization is exempt from federal and state income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. The Organization is not considered a private foundation.

In-kind Contributions

The Organization records in-kind contributions of services requiring special skills that create or enhance the value of non-financial assets at their fair market values consistent with those amounts which would be paid for similar products and services.

Donated Services

While the Organization receives donated services throughout the year that enhance the effectiveness of the programs, these services do not create or enhance non-financial assets nor do they require specialized skills that if not provided by a volunteer would be purchased. Accordingly, while these services contribute to the success of the programs, they have not been reflected in the accompanying financial statements.

Expense Allocation

The costs of the various programs have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, costs have been allocated among the Program and Supporting Services, based upon the relative square footage of the building that different programs utilize and a percentage of time spent by employees.

Advertising

The Organization defers the cost of direct solicitation advertising and amortizes it over the future periods in which the revenue is expected to be earned. All other advertising costs are expensed in the period incurred. All advertising costs have been expensed in the accompanying financial statements.

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. Actual results could differ from those estimates.

Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. Generally Accepted Accounting Principles. Accordingly, such information should be read in conjunction with Project LIFT, Inc.'s financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Project LIFT, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE C – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of demand deposits and short-term money market funds. These financial instruments are potentially subject to concentrations of credit risk as follows. Cash balances are maintained at financial institutions located in Martin County, Florida. Cash accounts at each of these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization had uninsured cash balances of \$1,177,567 and \$1,615,748 at June 30, 2022 and 2021. Included in this amount are money market accounts which total \$1,059,657 and \$1,590,983 at June 30, 2022 and 2021. The money market accounts are insured by the Securities Investor Protection Corporation (SIPC). The asset protection provided by the SIPC is not against losses from fluctuations in value, but rather only if the brokerage firm ceases doing business.

NOTE D – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2022 are:

Financial Assets	
Cash	\$ 2,350,335
Accounts receivable	34,024
Pledges receivable	182,769
Grants receivable	90,183
Less financial assets held to meet donor imposed restrictions	<u>(2,379,377)</u>
Amount available for general expenditures within one year	<u>\$ 277,934</u>

NOTE E – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following at June 30, 2022 and 2021:

	2022	2021
Building and improvements	\$ 606,302	\$ 508,395
Land and improvements	327,007	233,136
Furniture and fixtures	227,192	175,684
Vehicles	58,776	21,130
Construction in Progress	117,680	22,589
	1,336,957	960,934
Less: accumulated depreciation	164,821	113,485
	1,172,136	847,449

Project LIFT, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE F – NET ASSETS

Net Assets With Donor Restrictions

During the fiscal year 2022, the Organization received \$2,229,486 that was restricted by the donors for a specific use or program services to be provided in a subsequent period. Also, during the fiscal year, the Organization released \$256,565 in net assets with donor restrictions due to the passage of time and the use for the restricted purpose. Net assets with donor restrictions totaled \$2,379,377 at June 30, 2022 and can be used for specified program expenses and capital campaign expenditures for the fiscal year ending June 30, 2023.

During the fiscal year 2021, the Organization received \$231,000 that was restricted by the donors for a specific use or program services to be provided in a subsequent period. Also, during the fiscal year, the Organization released \$1,014,994 in net assets with donor restrictions due to the passage of time and the use for the restricted purpose. Net assets with donor restrictions totaled \$406,456 at June 30, 2021.

NOTE G - RISK MANAGEMENT

The Organization is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Organization maintains commercial insurance coverage and claims have not exceeded policy provisions for the years ended June 30, 2022 and 2021.

NOTE H – INCOME TAXES

In accordance with generally accepted accounting principles as they relate to income taxes, the Organization evaluates uncertain tax positions for each reporting period based on the circumstances related to each transaction or affiliation. At June 30, 2022, the Organization does not believe that there are unrecognized tax benefits or tax liabilities that would be considered significant to the financial statements. The Organization's Federal tax returns for fiscal years ending June 30, 2021, 2020 and 2019 remain open to examination by the Internal Revenue Service.

NOTE I – CHILDREN'S SERVICES COUNCIL AGREEMENTS

Project LIFT, Inc.

During the year ended June 30, 2022, the Organization expended and received \$205,961 from the Children's Services Council of Martin County for the 2021/2022 contract year ending June 30, 2022 for the Project LIFT, Inc. programs.

During the year ended June 30, 2021, the Organization expended and received \$205,636 from the Children's Services Council of Martin County for the 2020/2021 contract year ending June 30, 2021 for the Project LIFT, Inc. programs.

Project LIFT, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE K – LEASES

On July 20, 2021 the Organization entered into a lease agreement for additional space to be used for Project LIFT, Inc. programs. The lease term is for one year with a renewal option upon agreement of both parties. Payments are \$3,500 per month with 6 months paid at a time in advance. Each renewal period will carry a 3% rent increase. This lease has been renewed at \$3,605 per month through June 2023.

On January 11, 2022 the Organization entered into a lease agreement for additional space to be used for Project LIFT, Inc. programs. The lease term is for one year with a renewal option upon agreement of both parties. Payments are \$1,500 per month with 3 months paid at a time in advance. Each renewal period will carry a 3% rent increase.

Future minimum rental payments are as follows:

Fiscal Year ending June 30,	
2023	52,260
2024	-
2025	-
2026	-
2027 & After	-
Total minimum future rentals	<u>\$ 52,260</u>

Rent expense was \$51,000 for the year ended June 30, 2022.

NOTE L – PAYCHECK PROTECTION PLAN LOANS

In April 2020, the Organization was granted funding in the form of a loan in the aggregate amount of \$260,600, pursuant to the Paycheck Protection Program (the "PPP") Funds from the loan were used for qualifying expenses which included payroll costs, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2021. Under the terms of the PPP, the loan can be forgiven if the funds are used for qualifying expenses. The Organization used the funds for qualifying expenses, applied for and received forgiveness, and has reclassified the loan funds as revenue in fiscal year 2021.

In January 2021, the Organization was granted funding in the form of a second loan in the aggregate amount of \$271,242, pursuant to the Paycheck Protection Program (the "PPP"). Funds from the loan were used for payroll costs, mortgage payments, rent, utilities and other covered operating expenditures. Under the terms of the PPP, the loan can be forgiven if the funds are used for qualifying expenses. The Organization used the funds for qualifying expenses, applied for and received forgiveness, and has reclassified the loan funds as revenue in fiscal year 2022.

Project LIFT, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE M – COVID-19

In January 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and in March 2020, declared it to be a pandemic. Actions taken to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures of certain types of public places and businesses. The coronavirus and actions taken to mitigate it are expected to continue and may have an economic impact on the Organization. It is unknown how long these conditions will last and what, if any, the financial effect will be.

NOTE N – SUBSEQUENT EVENTS

Management has evaluated subsequent events for potential recognition of disclosure through December 6, 2022, the date on which the financial statements were available to be issued.