

ELEVATE METRO KC
AUDITED FINANCIAL STATEMENTS
Years Ended June 30, 2022 and 2021

ELEVATE METRO KC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Elevate Metro KC

Opinion

We have audited the accompanying financial statements of Elevate Metro KC (the Organization), a nonprofit organization, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Elevate Metro KC as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Elevate Metro KC 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.

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 Elevate Metro KC's ability to continue as a going concern within one year after the date that the financial statements are 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 generally accepted auditing standards 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

In performing an audit in accordance with generally accepted auditing standards, 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 the Organization'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 the Organization's ability to continue as a going concern for a reasonable period of time.

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.

Prior Period Financial Statements

The financial statements for the year ended June 30, 2021, were audited by House Park Dobratz & Wiebler, P.C., who merged with UHY, LLP as of November 11, 2021, and whose report dated October 26, 2021, expressed an unmodified opinion on those statements.

The logo for UHY LLP is written in a stylized, cursive script. The letters 'UHY' are larger and more prominent, with 'LLP' following in a smaller, similar font.

Kansas City, Missouri
November 23, 2022

ELEVATE METRO KC
STATEMENTS OF FINANCIAL POSITION

	June 30,	
	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 504,602	\$ 484,236
Grants receivable	30,000	64,250
Pledges receivable, current	10,000	16,667
Prepaid expenses	<u>5,577</u>	<u>4,551</u>
Total current assets	550,179	569,704
Pledges receivable, less current portion	11,933	31,776
Property and equipment	<u>26,118</u>	<u>36,676</u>
Total assets	<u>\$ 588,230</u>	<u>\$ 638,156</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 3,320	\$ 1,206
Accrued expenses	<u>12,995</u>	<u>10,419</u>
Total current liabilities	<u>16,315</u>	<u>11,625</u>
NET ASSETS		
Without donor restrictions	554,318	509,015
With donor restrictions	<u>17,597</u>	<u>117,516</u>
Total net assets	<u>571,915</u>	<u>626,531</u>
Total liabilities and net assets	<u>\$ 588,230</u>	<u>\$ 638,156</u>

See notes to financial statements.

ELEVATE METRO KC
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contributions and grants	\$ 333,440	\$ 11,933	\$ 345,373
Government grants	19,336	5,664	25,000
Interest income	540	-	540
Other revenue	366	-	366
Net assets released from restrictions	<u>117,516</u>	<u>(117,516)</u>	<u>-</u>
Total revenues and support	<u>471,198</u>	<u>(99,919)</u>	<u>371,279</u>
EXPENSES			
Program services	266,388	-	266,388
Management and general	103,391	-	103,391
Fundraising	<u>56,116</u>	<u>-</u>	<u>56,116</u>
Total expenses	<u>425,895</u>	<u>-</u>	<u>425,895</u>
CHANGE IN NET ASSETS	45,303	(99,919)	(54,616)
NET ASSETS - BEGINNING OF YEAR	<u>509,015</u>	<u>117,516</u>	<u>626,531</u>
NET ASSETS - END OF YEAR	<u>\$ 554,318</u>	<u>\$ 17,597</u>	<u>\$ 571,915</u>

See notes to financial statements.

ELEVATE METRO KC
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contributions and grants	\$ 352,429	\$ 237,376	\$ 589,805
Government grants	46,200	-	46,200
Interest income	668	-	668
Other revenue	2,390	-	2,390
Net assets released from restrictions	<u>119,860</u>	<u>(119,860)</u>	<u>-</u>
Total revenues and support	<u>521,547</u>	<u>117,516</u>	<u>639,063</u>
EXPENSES			
Program services	169,329	-	169,329
Management and general	99,831	-	99,831
Fundraising	<u>48,673</u>	<u>-</u>	<u>48,673</u>
Total expenses	<u>317,833</u>	<u>-</u>	<u>317,833</u>
CHANGE IN NET ASSETS	203,714	117,516	321,230
NET ASSETS - BEGINNING OF YEAR	<u>305,301</u>	<u>-</u>	<u>305,301</u>
NET ASSETS - END OF YEAR	<u>\$ 509,015</u>	<u>\$ 117,516</u>	<u>\$ 626,531</u>

See notes to financial statements.

ELEVATE METRO KC
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	Program Services	Management & General	Fundraising	Total Expenses
Salaries	\$ 188,829	\$ 45,077	\$ 41,413	\$ 275,319
Employee benefits	25,938	13,872	5,006	44,816
Payroll taxes	<u>15,805</u>	<u>3,493</u>	<u>3,253</u>	<u>22,551</u>
	230,572	62,442	49,672	342,686
Depreciation	10,558	-	-	10,558
Insurance	-	13,627	-	13,627
Office expense	3,880	7,850	608	12,338
Professional fees	-	15,634	5,531	21,165
Teaching/ Mentoring expense	13,372	340	-	13,712
Telephone and internet	1,905	1,325	305	3,535
Travel and meetings	<u>6,101</u>	<u>2,173</u>	<u>-</u>	<u>8,274</u>
TOTAL EXPENSES	<u><u>\$ 266,388</u></u>	<u><u>\$ 103,391</u></u>	<u><u>\$ 56,116</u></u>	<u><u>\$ 425,895</u></u>

See notes to financial statements.

ELEVATE METRO KC
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	Program Services	Management & General	Fundraising	Total Expenses
Salaries	\$ 128,242	\$ 46,820	\$ 35,618	\$ 210,680
Employee benefits	15,309	11,920	4,281	31,510
Payroll taxes	<u>10,873</u>	<u>3,823</u>	<u>2,963</u>	<u>17,659</u>
	154,424	62,563	42,862	259,849
Depreciation	5,352	5,206	-	10,558
Insurance	-	6,252	-	6,252
Office expense	3,789	6,825	400	11,014
Professional fees	-	16,617	5,411	22,028
Teaching/ Mentoring expense	3,152	-	-	3,152
Telephone and internet	1,515	985	-	2,500
Travel and meetings	<u>1,097</u>	<u>1,383</u>	<u>-</u>	<u>2,480</u>
TOTAL EXPENSES	<u><u>\$ 169,329</u></u>	<u><u>\$ 99,831</u></u>	<u><u>\$ 48,673</u></u>	<u><u>\$ 317,833</u></u>

See notes to financial statements.

ELEVATE METRO KC
STATEMENTS OF CASH FLOWS

	<u>Years Ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATIONS		
Change in net assets	\$ (54,616)	\$ 321,230
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	10,558	10,558
Forgiveness of note payable, paycheck protection program	-	(46,200)
Change in operating assets and liabilities:		
Grants receivable	34,250	(64,250)
Pledges receivable	26,510	(48,443)
Prepaid expenses	(1,026)	(1,548)
Accounts payable	2,114	485
Accrued expenses	<u>2,576</u>	<u>2,459</u>
Net cash provided by operating activities	<u>20,366</u>	<u>174,291</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	20,366	174,291
CASH AND CASH EQUIVALENTS, Beginning	<u>484,236</u>	<u>309,945</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 504,602</u>	<u>\$ 484,236</u>

See notes to financial statements.

ELEVATE METRO KC
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the financial statements of Elevate Metro KC (the Organization). These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

Organization

Elevate Metro KC (the Organization) is a not-for-profit corporation that works to build long-term, life-changing relationships with urban youth, equipping them to thrive and contribute to the Greater Kansas City community. The Organization is a local affiliate of Elevate USA, a national organization headquartered in Colorado.

The Organization employs full-time staff which are part teacher, part mentor, part life coach, and represent the community they serve. The strength of the relationships with students is developed through teaching accredited classes, mentoring, college and career counseling, and providing adventure experiences.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with U.S. GAAP, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors (Board).

Net Assets With Donor Restrictions: Net assets that are subject to donor and grantor-imposed restrictions. The restrictions are temporary in nature to be met by actions of the Organization or by the passage of time.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits held in banks and highly liquid investments with maturities of three months or less.

Fair Value of Financial Instruments

The carrying amount of financial instruments including cash and cash equivalents, grants receivable, pledges receivable, prepaid expenses, accounts payable, and accrued expenses approximated fair values as of June 30, 2022 and 2021 due to their short-term nature.

ELEVATE METRO KC
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of credit risk

The Organization maintains its cash at institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Balances frequently exceed FDIC insurance coverage. The Organization had \$86,195 and \$181,151 in uninsured cash balances as of June 30, 2022 and 2021, respectively. Management has deemed this as a normal business risk.

Pledges Receivable

Pledges receivable consist of unconditional promises-to-give recognized as support at net realizable value in the period the promises are received. The Organization reviews pledges receivable periodically and writes off balances when deemed uncollectible. The Organization's management feels that an allowance is not necessary as of June 30, 2022 and 2021.

Property and Equipment

Property and equipment are stated at cost, if purchased, and at fair market value at date of gift, if donated. Expenditures for property and equipment in excess of \$3,000 are capitalized. Depreciation is provided by the straight-line method over the estimated useful lives of the assets ranging from five to ten years.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, management and general, and fundraising activities; however, the Organization's financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by U.S. GAAP. Contributed goods are recorded at fair value at the date of donation.

Contributions and Grants

Contributions and grants received by the Organization are nonexchange revenue. The Organization records contributions and grants when received as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Conditional contributions and grants are recognized when the conditions on which they depend are substantially met. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statements of activities. Donor-restricted contributions whose restrictions are met in the same reporting year are reported as unrestricted support.

Functional Allocation of Expenses

The costs of providing the program services and other activities have been summarized on a functional basis in the statement of activities. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on management's estimate of resources devoted to the program or support service.

ELEVATE METRO KC
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosure. Accordingly, actual results could differ from those estimates. Significant management estimates included in the financial statements relate to the useful lives of depreciable assets and the allocation of common expenses over program functions.

Income Tax Status

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization’s policy is to provide liabilities for uncertain income tax provisions when a liability is probable and estimable. The Organization has no uncertain tax positions for the years ended June 30, 2022 and 2021 and is not aware of any violation of its tax status as an organization exempt from income taxes. The Organization is subject to examination by taxing authorities for the statutory period.

Reclassification

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Subsequent Events

The Organization has performed a review of events subsequent to the statement of financial position date through November 23, 2022, the date the financial statements were available to be issued.

NOTE 2 — LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available within one year of the statement of financial position date for operating expenditure, such as operating expenses, were as follows:

	June 30,	
	2022	2021
Cash and cash equivalents	\$ 504,602	\$ 484,236
Grants receivable	30,000	64,250
Pledges receivable, current	<u>10,000</u>	<u>16,667</u>
Total financial assets available within one year	<u>\$ 544,602</u>	<u>\$ 565,153</u>

NOTE 3 — PLEDGES RECEIVABLE

Pledges receivable represent unconditional promises to give from individuals arising from fundraising campaigns.

ELEVATE METRO KC
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 3 — PLEDGES RECEIVABLE (Continued)

Pledges receivable are scheduled for payment as follows:

	June 30,	
	<u>2022</u>	<u>2021</u>
Receivable within one year	\$ 10,000	\$ 16,667
Receivable within two to five years	<u>12,500</u>	<u>33,333</u>
	22,500	50,000
Less discount to present value	<u>567</u>	<u>1,557</u>
	21,933	48,443
Less current portion	<u>10,000</u>	<u>16,667</u>
	<u>\$ 11,933</u>	<u>\$ 31,776</u>

Pledges receivable after one year have been discounted at 4.75% and 3.25% as of June 30, 2022 and 2021, respectively.

NOTE 4 — PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	June 30,	
	<u>2022</u>	<u>2021</u>
Equipment	\$ 52,790	\$ 52,790
Accumulated Depreciation	<u>(26,672)</u>	<u>(16,114)</u>
	<u>\$ 26,118</u>	<u>\$ 36,676</u>

Depreciation expense was \$10,558 for each of the years ended June 30, 2022 and 2021.

NOTE 5 — NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or periods:

	June 30,	
	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified programs/operations:		
Various program expenditures	\$ 5,664	\$ 73,140
Digital fundraising campaign	-	12,600
Pledges receivable after one year	<u>11,933</u>	<u>31,776</u>
	<u>\$ 17,597</u>	<u>\$ 117,516</u>

ELEVATE METRO KC
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 5 — NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets released from restrictions by incurring expenses satisfying the restricted purpose or release from donor consist of the following:

	Years Ended June 30,	
	2022	2021
Satisfaction of purpose restrictions	\$ 104,916	\$ 119,860
Released by donor	<u>12,600</u>	<u>-</u>
	<u>\$ 117,516</u>	<u>\$ 119,860</u>

NOTE 6 — RETIREMENT PLAN

The Organization participates in Elevate USA's 401(k) plan which covers all employees. Participants can elect to make tax deferred contributions to the Plan subject to statutory limits. The Organization matches participant contributions up to 6.86% of compensation. Contributions totaling \$3,025 and \$2,963 were made to the Plan by the Organization for the years ended June 30, 2022 and 2021, respectively. The Organization also pays the Executive Director's whole life policy annual premium as a retirement benefit. The amount paid for this benefit was \$6,644 and \$5,882 for the years ended June 30, 2022 and 2021, respectively.

NOTE 7 — RELATED PARTY TRANSACTIONS

Elevate USA provides matching grants for certain contributions and grants received by the Organization and periodically collects donations on behalf of the Organization. For the years ended June 30, 2022 and 2021, contributions and grants received from Elevate USA totaled \$25,000 and \$126,587, respectively. Amounts due from Elevate USA are \$25,000 and \$0 as of June 30, 2022 and 2021, respectively.

Certain full-time employees participate in health and welfare benefit plans maintained by Elevate USA. Local affiliates share in the cost of such programs without serving as the plan sponsor.

NOTE 8 — CONCENTRATIONS

The Organization considers donors that account for more than 10% of revenues and support to be major donors. For the year ended June 30, 2022, contributions and grants from a single grantor totaled 13% of revenues and support. For the year ended June 30, 2021, contributions and grants received from Elevate USA totaled 20% of revenues and support (Note 7).