

ELEVATE METRO KC

FINANCIAL STATEMENTS

June 30, 2023 and 2022

IFFT & CO. PA
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Elevate Metro KC
Overland Park, Kansas

Opinion

We have audited the accompanying financial statements of Elevate Metro KC (a not-for-profit Organization), which comprise the statement of financial position as of June 30, 2023, 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 2023 financial statements referred to above present fairly, in all material respects, the financial position of Elevate Metro KC as of June 30, 2023, 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 Auditors' 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.

Prior Period Financial Statements

The financial statements of Elevate Metro KC as of June 30, 2022 were audited by other auditors whose report dated November 23, 2022 expressed an unmodified opinion on those statements.

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.

Auditors' 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.

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 Elevate Metro KC'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 Elevate Metro KC'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.

Iff + Co. PA

April 3, 2024

ELEVATE METRO KC
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 424,133	378,925
Certificates of deposit	128,200	125,677
Grants receivable, current	32,500	30,000
Pledges receivable, current	-	10,000
Prepaid expenses	3,811	5,577
TOTAL CURRENT ASSETS	<u>588,644</u>	<u>550,179</u>
Grants receivable, less current portion	25,000	-
Pledges receivable, less current portion	-	11,933
Property and equipment	15,560	26,118
	<u>40,560</u>	<u>38,051</u>
TOTAL ASSETS	<u>\$ 629,204</u>	<u>588,230</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 2,943	3,320
Accrued liabilities	13,269	12,995
TOTAL CURRENT LIABILITIES	<u>16,212</u>	<u>16,315</u>
NET ASSETS		
Without donor restrictions	555,492	554,318
With donor restrictions	57,500	17,597
TOTAL NET ASSETS	<u>612,992</u>	<u>571,915</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 629,204</u>	<u>588,230</u>

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

ELEVATE METRO KC
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contributions and grants	\$ 498,079	57,500	555,579
Interest income	2,837	-	2,837
Other revenue	22	-	22
Net assets released from restrictions	<u>17,597</u>	<u>(17,597)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	518,535	39,903	558,438
EXPENSES			
Program services	302,799	-	302,799
Management and general	156,509	-	156,509
Fundraising	<u>58,053</u>	<u>-</u>	<u>58,053</u>
TOTAL EXPENSES	<u>517,361</u>	<u>-</u>	<u>517,361</u>
CHANGE IN NET ASSETS	1,174	39,903	41,077
NET ASSETS, BEGINNING OF YEAR	<u>554,318</u>	<u>17,597</u>	<u>571,915</u>
NET ASSETS, END OF YEAR	<u><u>\$ 555,492</u></u>	<u><u>57,500</u></u>	<u><u>612,992</u></u>

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

ELEVATE METRO KC
STATEMENT OF ACTIVITIES
For the 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	471,198	(99,919)	371,279
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><u>\$ 554,318</u></u>	<u><u>17,597</u></u>	<u><u>571,915</u></u>

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

ELEVATE METRO KC
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 223,357	42,636	42,399	308,392
Employee benefits	20,499	14,920	3,485	38,904
Payroll taxes	17,943	4,056	3,206	25,205
Depreciation	10,558	-	-	10,558
Insurance	-	14,658	-	14,658
Office expense	436	15,469	436	16,341
Professional fees	-	41,409	7,885	49,294
Teaching/mentoring expense	26,220	12,565	-	38,785
Telephone and internet	2,214	1,486	398	4,098
Travel and meetings	<u>1,572</u>	<u>9,310</u>	<u>244</u>	<u>11,126</u>
Total expenses	<u>\$ 302,799</u>	<u>156,509</u>	<u>58,053</u>	<u>517,361</u>

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

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

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 188,829	45,077	41,413	275,319
Employee benefits	25,938	13,872	5,006	44,816
Payroll taxes	15,805	3,493	3,253	22,551
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>\$ 266,388</u>	<u>103,391</u>	<u>56,116</u>	<u>425,895</u>

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

ELEVATE METRO KC
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 41,077	(54,616)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	10,558	10,558
Changes in operating assets and liabilities		
Grants receivable	(27,500)	34,250
Pledges receivable	21,933	26,510
Prepaid expenses	1,766	(1,026)
Accounts payable	(377)	2,114
Accrued liabilities	<u>274</u>	<u>2,576</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	47,731	20,366
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of certificates of deposit	<u>(2,523)</u>	<u>(75,598)</u>
 CHANGE IN CASH AND CASH EQUIVALENTS	45,208	(55,232)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR,	<u>378,925</u>	<u>434,157</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 424,133</u>	<u>378,925</u>

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

ELEVATE METRO KC
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 who 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 accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Assets

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

- Net Assets Without Donor Restrictions – Net assets available for use in general operations not subject to donor (or certain grantor) restrictions.
- 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. 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 accompanying statements of activities as net assets released from restrictions.

ELEVATE METRO KC
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Pledges and Grants Receivable

Pledges and grants receivable consist of unconditional promises-to-give recognized as support at net realizable value in the period the promises are received. The Organization reviews receivables periodically and writes off balances when deemed uncollectible. The Organization's management feels that no allowance is necessary as of June 30, 2023 or 2022.

Property and Equipment

Property and equipment are stated at cost, if purchased, and at fair value at the date of the gift, if donated. Significant expenditures for property and equipment are capitalized. Depreciation is provided by the straight-line method over the estimated useful lives of the respective assets.

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 accounting principles generally accepted in the United States of America. Contributed goods, if any, are recorded at fair value at the date of donation.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the accompanying statements of activities. The accompanying statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

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

ELEVATE METRO KC
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

The Organization is a not-for-profit agency as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income.

The Organization recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-than-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority.

The Organization is subject to income tax regulations in the U.S. federal jurisdiction and certain state jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. With few exceptions, the Organization is no longer subject to income tax examinations by the applicable tax authorities for the years before 2020. If any were to be incurred, the Organization's policy is to record penalties and interest assessed by income tax authorities as operating expenses.

Reclassifications

Certain items in the 2022 financial statements have been reclassified to conform with the 2023 presentation. These reclassifications had no effect on the previously reported change in net assets.

Subsequent Events

Subsequent events have been evaluated through April 3, 2024, which is the date the financial statements were available to be issued.

ELEVATE METRO KC
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 424,133	378,925
Certificates of deposit	128,200	125,677
Grants receivable, current	32,500	30,000
Pledges receivable, current	<u>-</u>	<u>10,000</u>
Financial assets, at year end	584,833	544,602
Less those unavailable for general expenditure within one year:		
Donor restricted for a specified purpose	<u>-</u>	<u>(5,664)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 584,833</u>	<u>538,938</u>

As part of the Organization's liquidity management plan, the Organization periodically invests in certificates of deposit.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 52,790	52,790
Accumulated depreciation	<u>(37,230)</u>	<u>(26,672)</u>
	<u>\$ 15,560</u>	<u>26,118</u>

ELEVATE METRO KC
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Various program expenditures	\$ -	5,664
Future periods	<u>57,500</u>	<u>11,933</u>
	<u>\$ 57,500</u>	<u>17,597</u>

Net assets that were released from restrictions by incurring expenses satisfying the restricted purpose or the passage of time or that were released by the donor consisted of the following for the years ending June 30:

	<u>2023</u>	<u>2022</u>
Various program expenditures	\$ 5,664	104,916
Passage of time	11,933	-
Released by donor	<u>-</u>	<u>12,600</u>
	<u>\$ 17,597</u>	<u>117,516</u>

NOTE 5 - RETIREMENT PLAN

The Organization has a 401(k) plan that covers all full-time 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 \$250 and \$3,025 were made to the Plan by the Organization for the years ended June 30, 2023 and 2022, respectively, and are included in employee benefits on the accompanying statements of functional expenses. The Organization also pays the Executive Director's whole life policy annual premium as a retirement benefit. The amount paid for this benefit was \$4,371 and \$6,644 for the years ended June 30, 2023 and 2022, respectively, and is included in employee benefits on the accompanying statements of functional expenses.

ELEVATE METRO KC
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 6 - 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 year ended June 30, 2022, contributions and grants received from Elevate USA totaled \$25,000, and amounts due from Elevate USA were \$25,000 as of June 30, 2022. There were no such amounts in 2023.

NOTE 7 - CONCENTRATIONS

The Organization considers donors that account for more than 10% of revenues and support to be major donors. For both of the years ended June 30, 2023 and 2022, contributions and grants from a single grantor totaled 13% of revenues and support. For the years ended June 30, 2023 and 2022, 87% and 100%, respectively, of grants receivable were due from one grantor.

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 \$40,398 and \$86,195 in uninsured cash balances as of June 30, 2023 and 2022, respectively. Management has deemed this a normal business risk.

NOTE 8 - FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocations on a reasonable basis that are consistently applied. Salary and benefit related expenses are allocated on the basis of estimates of time and effort. Other expenses that are common to several functions are allocated based on management's estimate of resources devoted to the program or support service.