

Financial Statements

Elevate Youth, Inc.
(a nonprofit organization)
Year Ended December 31, 2022



Table of Contents

Independent Accountant's Review Report	3
Financial Statements	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Elevate Youth, Inc.
Boston, Massachusetts

We have reviewed the accompanying financial statements of Elevate Youth, Inc. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Elevate Youth, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Harris CPAs

Meridian, Idaho
August 17, 2023



ELEVATE YOUTH, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2022

ASSETS

Current Assets

Cash and cash equivalents	\$	203,346
Other receivables		<u>1,678</u>

Total Current Assets 205,024

Other Assets

Equipment, net		5,482
Operating lease right-of-use-asset		<u>21,385</u>

Total Other Assets 26,867

Total Assets \$ 231,891

LIABILITIES AND NET ASSETS

Current Liabilities

Current portion of long-term debt	\$	3,410
Current portion of operating lease liability		<u>19,222</u>

Total Current Liabilities 22,632

Operating Lease Liability, net of current portion

2,159

Total Liabilities 24,791

Net Assets

Without donor restrictions		<u>207,100</u>
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Total Liabilities and Net Assets \$ 231,891

See accompanying notes and independent accountants' review report.

ELEVATE YOUTH, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>
Revenues and Other Support	
Grants	\$ 48,500
Contributions	286,655
Special events	4,680
Other income	<u>8,339</u>
Total Revenue and Other Support	348,174
Expenses	
Program services	191,661
Supporting services	
Management	136,954
Fundraising	<u>53,794</u>
Total Supporting Services	<u>190,748</u>
Total Expenses	<u>382,409</u>
Change in Net Assets	(34,235)
Net Assets	
Beginning of Year	<u>241,335</u>
End of Year	<u>\$ 207,100</u>

See accompanying notes and independent accountants' review report.

ELEVATE YOUTH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	<u>Program</u>	<u>Support Services</u>		<u>Total</u>
		<u>Management</u>	<u>Fundraising</u>	
Payroll and payroll costs	\$ 131,264	\$ 91,884	\$ 39,379	\$ 262,527
Insurance		31,005		31,005
Program activity costs	28,641			28,641
Rent	10,930	7,651	3,279	21,860
Fundraising			11,136	11,136
Transportation	7,486			7,486
Food	4,572			4,572
Depreciation	4,387			4,387
Staff development	3,818			3,818
Phone/Internet		1,687		1,687
Marketing		227		227
Other expenses	<u>563</u>	<u>4,500</u>		<u>5,063</u>
Total Expenses	<u>\$ 191,661</u>	<u>\$ 136,954</u>	<u>\$ 53,794</u>	<u>\$ 382,409</u>

See accompanying notes and independent accountants' review report.

ELEVATE YOUTH, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

Cash Flow From Operating Activities

Change in net assets	\$ (34,235)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation expense	4,387
Non cash lease expense	16,285
Changes in operating assets and liabilities:	
Operating lease liability	(16,289)
Other receivables	<u>(156)</u>
Net Cash Provided (Used) by Operating Activities	(30,008)

Cash Flow From Financing Activities

Repayment of long-term debt	<u>(1,990)</u>
Net Change in Cash and Cash Equivalents	(31,998)

Cash and Cash Equivalents

Beginning of Year	<u>235,344</u>
End of Year	<u>\$ 203,346</u>

See accompanying notes and independent accountants' review report.

ELEVATE YOUTH, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies

Nature of Organization

Elevate Youth, Inc., (the Organization) is a Massachusetts nonprofit corporation. The specific purpose of the organization is to empower youth from underserved neighborhoods through regular outdoor experiences with the support of positive adult role models. Elevate Youth, Inc. was started in 2017 with the goal of mentoring the youth and partnering with existing youth organizations.

Basis of Accounting

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.

Basis of Presentation

The Organization reports net assets and revenues, expenses, gains and losses are classified according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net asset with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

Cash and Cash Equivalents

The Organization considers all short-term investments purchased with maturity of three months or less to be cash equivalents.

Concentration of Credit Risk and Income

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash and investments. Accounts at these financial institutions are insured by the Federal Deposit Insurance Corporation for up to \$250,000. At December 31, 2022 the Organization's cash balance was fully insured.

ELEVATE YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Fair Value

The Organization uses fair value reporting for financial assets and liabilities. A hierarchy for reporting the reliability of input measurements used to assess fair value for all assets and liabilities. Fair value is defined as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy established, prioritizes fair value measurements based on the types of inputs used in the valuation technique. Certain financial instruments are carried at cost on the balance sheet, which approximates fair value due to their short term, highly liquid nature.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Accounting Pronouncements Adopted

In 2022, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, Leases, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period (2021). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Organization recognized right-of-use assets of \$39,657 and lease liabilities totaling \$39,657 in its statement of financial position as of January 1, 2022. The Company adopted the standard using the modified retrospective method as of January 1, 2022. There was no cumulative effect adjustment to net assets as of the transition date.

ELEVATE YOUTH, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the program have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are salaries and wages, benefits and payroll taxes which are allocated based on the time spent by each employee on each respective program or supporting function. Depreciation, maintenance and improvements, and loan interest are one-hundred percent allocated to the programs. General and administrative expenses include any overhead costs incurred for the overall support and direction of the Organization.

Income Taxes

The Organization is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes is made in the financial statements.

Uncertain Tax Positions

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of that position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year 2022. The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2019.

Presentation of Certain Taxes

The Organization collects various taxes from customers and remits these amounts to applicable taxing authorities. The Organization's accounting policy is to exclude these taxes from income and program expenses.

ELEVATE YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Subsequent Events

The Organization has evaluated subsequent events through August 17, 2023 which is the date the financial statements were available to be issued.

Note B – Liquidity and Availability of Resources

The Organization’s financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 203,346
Other receivables	<u>1,678</u>
Total financial assets available within one year	<u>\$ 205,024</u>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At December 31, 2022, all net assets were without donor restrictions.

Note C – Equipment

At December 31, 2022, equipment consisted of the following:

Vehicle	\$ 21,933
Less accumulated depreciation	<u>(16,451)</u>
Equipment, net	<u>\$ 5,482</u>

ELEVATE YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS

Note D – Long-Term Debt

At December 31, 2022 , long-term debt consisted of the following:

Loan payable to bank, secured by the Organization’s real and personal property. Payable in monthly installments of \$398, including interest at 4.99%. Matured in February 2023.

\$ 3,410

Cash paid for interest during the year ended December 31, 2022 was \$163.

Note E – Leases

The Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent The Organization’s right to use underlying assets for the lease term, and the lease liabilities represent the Organization’s obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2022, was 4.22%.

The Organization’s operating leases consist of real estate leases for one floor of office space and a two car garage. The operating lease for the two car garage expires December 31, 2023. Monthly payments due under the lease are \$900 for the first year and \$927 for the second year. Rent expense was \$10,800 for the year ended December 31, 2022.

The Organization’s second lease is an operating lease for one floor of office space. This lease expires March 31, 2024. For the first 3 months of 2022 the monthly payment under the lease was \$800. From April 2022 to the end of March of 2024 the monthly payment is \$750. Rent expense for this lease was \$9,150 for the year ended December 31, 2022.

For the year ended December 31, 2022, total operating lease expense as \$20,095. Cash paid for operating leases for the year ended December 31, 2022 was \$19,950. There were no noncash investing and financing transactions related to leasing other than the transition entry described in note A.

ELEVATE YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS

Note E – Leases (Continued)

Future maturities of lease liabilities are presented in the following table, for the fiscal years ending December 31:

2023	\$	20,124
2024		<u>2,250</u>
Total lease payments		22,374
Less present value discount		<u>(993)</u>
Total lease obligations		21,381
Less current portion		<u>(19,222)</u>
Long-term portion of leases	\$	<u><u>2,159</u></u>