



**RAISE THE BARR**  
(A California Not-For-Profit Corporation)

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT  
DECEMBER 31, 2023  
(With summarized financial information for 2022)**

**RAISE THE BARR**  
**(A California Not-For-Profit Corporation)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**TABLE OF CONTENTS**

	<b><u>PAGE(S)</u></b>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES (With summarized financial information for 2022)	4
STATEMENT OF FUNCTIONAL EXPENSES (With summarized financial information for 2022)	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7-12



Certified Public Accountants

# Zuehls, Legaspi & Company

404 So. Figueroa Street, Suite 520-B  
Bonaventure- the Galleria  
Los Angeles, California 90071  
Tel: 213-972-4033 Fax: 213-972-4034

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
**Raise the Barr**  
Hawthorne, California

### Opinion

We have audited the accompanying financial statements of Ignite (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, cash flows, and functional expenses 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 Raise the Barr as of December 31, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ignite 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 these 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 Ignite's ability to continue as a going concern within one year after the date 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.

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 misstatements 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 Ignite'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 Ignite'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.

#### **Report on Summarized Comparative Information**

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 15, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Los Angeles, California  
April 22, 2024

**RAISE THE BARR**  
**(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)**

**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 465,529	\$ 593,568
Promises to give, net	1,265,968	90,000
Prepaid expenses	24,089	2,836
<b>TOTAL CURRENT ASSETS</b>	<b>1,755,586</b>	<b>686,404</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,755,586</b>	<b>\$ 686,404</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 30,427	\$ 23,816
Accrued expenses and other liabilities	12,619	-
Deferred revenue	15,000	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>58,046</b>	<b>23,816</b>
<b>TOTAL LIABILITIES</b>	<b>58,046</b>	<b>23,816</b>
<b>NET ASSETS</b>		
Without donor restrictions	1,468,315	170,587
With donor restrictions	229,225	492,001
<b>TOTAL NET ASSETS</b>	<b>1,697,540</b>	<b>662,588</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,755,586</b>	<b>\$ 686,404</b>

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

**RAISE THE BARR**  
**(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022)**

	<b>2023</b>			<b>2022</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 118,528	\$ -	\$ 118,528	\$ 262,255
Grants revenues	1,900,408	75,000	1,975,408	576,750
Program service fees	75,000	-	75,000	-
Interest and dividend income	6,274	-	6,274	-
Other Income	35,000	-	35,000	-
Total support and other revenues	<u>2,135,210</u>	<u>75,000</u>	<u>2,210,210</u>	<u>839,005</u>
Gross special events revenues	375,771	-	375,771	395,691
Less cost of direct benefits to donors	<u>(297,194)</u>	<u>-</u>	<u>(297,194)</u>	<u>(262,803)</u>
Net special events revenues	78,577	-	78,577	132,888
Released from restrictions	<u>337,776</u>	<u>(337,776)</u>	<u>-</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<b>2,551,563</b>	<b>(262,776)</b>	<b>2,288,787</b>	<b>971,893</b>
<b>EXPENSES</b>				
Program services	1,105,728	-	1,105,728	557,684
Management and general	58,421	-	58,421	32,383
Fundraising	89,686	-	89,686	39,184
<b>TOTAL EXPENSES</b>	<u>1,253,835</u>	<u>-</u>	<u>1,253,835</u>	<u>629,251</u>
<b>CHANGE IN NET ASSETS</b>	<b>1,297,728</b>	<b>(262,776)</b>	<b>1,034,952</b>	<b>342,642</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>170,587</u>	<u>492,001</u>	<u>662,588</u>	<u>319,946</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 1,468,315</u></u>	<u><u>\$ 229,225</u></u>	<u><u>\$ 1,697,540</u></u>	<u><u>\$ 662,588</u></u>

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

**RAISE THE BARR**  
**(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022)**

	<b>2023</b>			<b>2022</b>	
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>	<b>Total</b>
Activity and program supplies	\$ 24,189	\$ 237	\$ -	\$ 24,426	\$ 6,964
Advertising and marketing	2,283	-	-	2,283	2,645
Bank and credit card charges	1,163	-	-	1,163	2,537
Dues and subscription	915	-	-	915	3,314
IT and telecommunications	28,628	-	2,495	31,123	15,991
Insurance	41,489	2,858	-	44,347	3,796
Licences and permits	120	139	-	259	225
Office expenses	2,001	156	-	2,157	1,987
Operational expenses	38,333	4,524	-	42,857	12,062
Payroll fees	1,957	114	276	2,347	2,012
Postage and shipping	1,749	-	-	1,749	1,039
Printing and copying	393	-	-	393	824
Professional fees	84,448	24,200	-	108,648	152,741
Rent expense	2,864	350	-	3,214	2,400
Salaries, wages and benefits	625,778	22,679	86,915	735,372	271,854
Scholarships	248,450	2,500	-	250,950	124,552
Special events - indirect expenses	968	664	-	1,632	24,308
Total expenses before amortization and depreciation	1,105,728	58,421	89,686	1,253,835	629,251
Depreciation and amortization	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>\$ 1,105,728</b>	<b>\$ 58,421</b>	<b>\$ 89,686</b>	<b>\$ 1,253,835</b>	<b>\$ 629,251</b>

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

**RAISE THE BARR**  
**(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,034,952	\$ 342,642
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	-	-
Change in operating assets and liabilities		
(Increase) decrease in assets:		
Promises to give, net	(1,175,968)	50,000
Prepaid expenses	(21,253)	18,660
Increase (decrease) in liabilities:		
Accounts payable	6,611	17,871
Accrued expenses and other liabilities	12,619	-
Deferred revenue	15,000	-
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>	<b>(128,039)</b>	<b>429,173</b>
 <b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	 <b>(128,039)</b>	 <b>429,173</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>593,568</b>	<b>164,395</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 465,529</b>	<b>\$ 593,568</b>

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

**RAISE THE BARR  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1: NATURE OF ORGANIZATION**

Raise The Barr (the “Organization”) is a nonprofit organization whose mission is to increase opportunity and economic mobility for low-income single-parent students and their children through higher education. We aim to reduce the generational impacts of poverty through programs including access to affordable housing, educational and career advising, mentorship, financial literacy, and family wellness.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

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

Classification and Reporting of Funds

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958). Under the main provisions of this update, net assets and changes in net assets are presented only for two classes: net assets with donor restrictions and net assets without donor restrictions, rather than the three classes: unrestricted, temporarily restricted, and permanently restricted.

FASB ASC 958-205-45 requires the Organization to report all of its expenses in the assets without donor restrictions (unrestricted), regardless of the source of the funds for the expenditures. A transfer of expenses from the assets without donor restrictions (unrestricted) to the assets with donor restrictions (restricted) will be reported, if applicable, to match the restricted revenue with the restricted expenses.

Cash and Cash Equivalents

Cash and cash equivalents for the Organization include demand deposits with financial institutions. For the statement of cash flows, cash equivalents are defined as short-term, highly liquid amounts of cash or were purchased so near their maturity that they present insignificant risk of change in value because of changes in interest rates.

The total amount of \$465,529 reported as cash and cash equivalents as of December 31, 2023, consists of demand deposits with maturities of 90 days or less and cash on hand.

Receivables and Credit Policies

Grants and pledges receivable are recorded when they meet specific criteria and which consist primarily of noninterest-bearing receivables for services, educational, and training programs. The Organization determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Grants and pledges receivable are written off when deemed uncollectable.

Promises to Give, Net

We record unconditional promises to give that meet specific criteria and which are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset.

**RAISE THE BARR**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Promises to Give, Net (continued)

In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

Contributions Received and Made

In accordance with FASB ASC 958-605-50, revenues from contributions are recognized pursuant to the terms specified by the donor. The Organization recognizes all contributed support received as income in the period received. Contributed support is reported as unrestricted or as restricted depending on the existence of donor stipulations that limit the use of the support or if they are designated as support for future periods.

In accordance with FASB ASC 958-605-50, unconditional grant payments are recognized as an expense in the period in which they are approved. If these grants are to be paid over a period exceeding one year they are recorded at the net present value of the future cash payments, using an applicable discount rate. Grants that are conditional upon a future and uncertain event are expensed when these conditions are substantially met. A conditional promise to give is considered unconditional if the possibility that the condition will not be met is remote.

Revenue and Revenue Recognition

We recognize grants and contributions when cash, securities, or other assets, an unconditional promises to give, or a 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 substantially met.

Revenues from fee-for-service activities are recognized when the services are provided.

Special events revenue is comprised of an exchange element based on the direct benefits donors receive and a contributing element for the difference. We recognize special events revenue as equal to the fair value of direct benefits to donors when the special event takes place. We recognize the contribution element of special event revenue immediately unless there is a right of return if the special event does not take place.

Functional Allocation of Expenses

The costs of providing the program and supporting services have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services based on estimates of employees' time and the usage of resources.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated based on an allocation study that encompasses factors such as square footage. Salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and others are allocated based on estimated time and effort.

**RAISE THE BARR  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Functional Allocation of Expenses (continued)

Accordingly, certain costs have been allocated to program services, management, and general and fundraising. The functional classifications are defined as follows:

- *Program service expenses* – consist of costs incurred in connection with providing services and conducting programs.
- *Management and general expenses* – consist of costs incurred in connection with the overall activities of the Organization, which are allocable to another functional expense category.
- *Fundraising costs* – are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgments contain requests for contributions, joint costs (if any) would be allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising.

Income Taxes

The Organization is exempt from federal income taxation under Section 501(c)(3) classified as a public charity and related state provisions, though it would be subject to tax on any income unrelated to its exempt purposes (unless that income is otherwise excluded by statute). Contributions to the Organization are generally tax-deductible to donors.

The Organization does not earn any unrelated business income and does not pay any material excise taxes. Therefore, no provision for taxes was recorded.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

**NOTE 3: LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 465,529	\$ 593,568
Promises to give, net	1,265,968	90,000
Total	\$ 1,731,497	\$ 683,568

As of December 31, 2023, the financial assets available for general expenditures totaled \$1,731,497 and \$683,568, respectively.

**RAISE THE BARR  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4: PROMISES TO GIVE, NET**

Promises to give are stated at the amount management expects to collect from outstanding balances. Management provides uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and eliminated as an uncollectible receivable.

Management estimates that all promises to give amounts are fully collectible based on their familiarity and history with the donors/sponsors. The allowances for promises to give during the years ended December 31, 2023, and 2022 were both \$0.

The total promises to give, net for the years ended December 31, 2023, and 2022 were \$1,265,968 and \$90,000, respectively.

**NOTE 5: PREPAID EXPENSES**

Prepaid expenses consist of amounts paid in advance for items that had not yet occurred as of the end of the fiscal year period. The amounts of prepaid expenses on December 31, 2023 and 2022, were \$24,089 and \$2,836, respectively.

**NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of December 31, 2023, and 2022 consisted of the following:

	<u><b>2023</b></u>	<u><b>2022</b></u>
Subject to expenditure for a subject purpose:		
Housing subsidy program	\$ 229,225	\$ 492,001
Total net assets with donor restrictions	\$ 229,225	\$ 492,001

All donor-restricted contributions are reported as an increase in net position with restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), restricted assets are reclassified to without donor restrictions and reported in the statement of activities as net position released from restriction.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors for the years ended December 31, 2023, and 2022 totaling \$337,776 and \$73,999, respectively.

**NOTE 7: SPECIAL EVENTS REVENUES, NET**

The Organization held several fundraising events in 2023. All net proceeds from these events went to support the Organization's mission – to increase opportunity and economic mobility for low-income single-parent students and their children through higher education. The amount of special events revenues, net of direct expenses for the years ended December 31, 2023, and 2022 were \$78,577 and \$132,888, respectively.

**RAISE THE BARR  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 8: ADVERTISING AND MARKETING**

Advertising and marketing costs are expensed as incurred and included in the statement of functional expenses. Advertising and marketing expenses for the years ended December 31, 2023, and 2022 were \$2,283 and \$2,645, respectively.

**NOTE 9: FUNCTIONALIZED EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional fees, office expenses interest, insurance, and others, which are allocated based on time and effort.

**NOTE 10: LEASE COMMITMENT**

The Organization subleases property from Ace in the City on a month-to-month basis with a monthly rent of \$200. The incurred rent of \$2,400 is expensed and included in the statement of functional expenses. Rent expense including transitory rents for the years ended December 31, 2023, and 2022 were totaled \$3,214 and \$2,400, respectively.

**NOTE 11: RELATED PARTY TRANSACTIONS**

In accordance with ASC 850, there were no related party transactions for the years ended December 31, 2023 and 2022, respectively.

**NOTE 12: CONTINGENCIES**

The Organization is potentially subject to various claims and legal actions in the normal course of its activities. Based on counsel and management's representations, no current claims are outstanding.

**NOTE 13: NEW ACCOUNTING PRONOUNCEMENTS**

ASU 2016-02

For lessees, any leases that are over 12 months in duration will need to be presented on the entity's statement of financial position as a right-to-use asset and corresponding liability for the obligation to pay rent. The asset and liability should be initially measured at the present value of the lease payments, including payments to be made in optional renewal periods if the lessee is reasonably certain to exercise an option to extend the lease. The present value should be calculated using the discount rate implicit in the lease (if determinable) or the lessee's incremental borrowing rate.

The asset will be depreciated, and the liability will be reduced by lease payments. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and liabilities. As of this report date, ASU 2016-02 will be effective for fiscal years beginning after December 15, 2021, with early adoption permitted.

**RAISE THE BARR**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 15: SUBSEQUENT EVENTS**

In accordance with ASC 855, subsequent events through April 22, 2024, the date of these financial statements, were evaluated. There were no other material subsequent events that required recognition or additional disclosure in these financial statements.