



# LIFT Orlando, Inc. and Subsidiaries

Consolidated Financial Statements  
Years Ended December 31, 2020 and 2019

# **LIFT Orlando, Inc. and Subsidiaries**

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Consolidated Financial Statements  
Years Ended December 31, 2020 and 2019

# LIFT Orlando, Inc. and Subsidiaries

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## **Independent Auditor's Report**

The Board of Directors  
LIFT Orlando, Inc. and Subsidiaries  
Orlando, Florida

### ***Opinion***

We have audited the accompanying consolidated financial statements of LIFT Orlando, Inc. and its subsidiaries (the Organization), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2020 and 2019, and changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Consolidated Financial Statements***

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

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



### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

*BDO USA, LLP*

Certified Public Accountants  
March 24, 2021

## **Consolidated Financial Statements**

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**LIFT Orlando, Inc. and Subsidiaries**  
**Consolidated Statements of Financial Position**

<i>December 31,</i>	2020	2019
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 8,026,853	\$ 6,462,032
Contributions receivable, net, current	166,060	148,599
Related-party receivables, current	704,908	610,893
Prepays and other current assets	36,223	6,657
<b>Total Current Assets</b>	<b>8,934,044</b>	<b>7,228,181</b>
Rental Property	4,155,563	4,140,286
Construction in Progress	591,755	310,080
Contributions Receivable, Net, long-term	52,473	189,012
Note Receivable from Related Party	250,000	250,000
Related-Party Receivables, long-term	756,205	2,024,157
Investment in West Lakes Phase I	500,000	500,000
Investment in West Lakes Phase II	150,000	150,000
<b>Total Assets</b>	<b>\$ 15,390,040</b>	<b>\$ 14,791,716</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and other accrued expenses	\$ 71,225	\$ 83,280
Loan payable, net	379,213	956,934
Deferred lease revenue, current	27,273	27,273
<b>Total Current Liabilities</b>	<b>477,711</b>	<b>1,067,487</b>
Note Payable to City of Orlando	1,250,000	1,250,000
Loan Payable - SBA Paycheck Protection Program	168,300	-
Deferred Lease Revenue, long-term	1,345,454	1,372,727
<b>Total Liabilities</b>	<b>3,241,465</b>	<b>3,690,214</b>
<b>Contingencies (Note 11)</b>		
<b>Net Assets</b>		
Without donor restrictions	4,648,727	4,580,266
With donor restrictions	7,499,848	6,521,236
<b>Total Net Assets</b>	<b>12,148,575</b>	<b>11,101,502</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 15,390,040</b>	<b>\$ 14,791,716</b>

*See accompanying notes to consolidated financial statements.*

**LIFT Orlando, Inc. and Subsidiaries**  
**Consolidated Statements of Activities**

*Year ended December 31,*

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Support</b>						
Contributions	\$ 828,043	\$ 1,811,534	\$ 2,639,577	\$ 1,263,656	\$ 5,432,279	\$ 6,695,935
Development fee revenue	260,054	-	260,054	880,156	-	880,156
Lease revenue	27,273	-	27,273	27,273	-	27,273
In-kind contributions	11,578	-	11,578	112,141	-	112,141
Other income	10,399	33,379	43,778	14,243	46,636	60,879
Net assets released from restrictions	866,301	(866,301)	-	989,402	(989,402)	-
<b>Total Revenues and Support</b>	<b>2,003,648</b>	<b>978,612</b>	<b>2,982,260</b>	<b>3,286,871</b>	<b>4,489,513</b>	<b>7,776,384</b>
<b>Expenses</b>						
Program	1,180,445	-	1,180,445	1,787,760	-	1,787,760
Management and general	514,582	-	514,582	415,982	-	415,982
Fundraising	240,160	-	240,160	216,116	-	216,116
<b>Total Expenses</b>	<b>1,935,187</b>	<b>-</b>	<b>1,935,187</b>	<b>2,419,858</b>	<b>-</b>	<b>2,419,858</b>
<b>Change in Net Assets</b>	<b>68,461</b>	<b>978,612</b>	<b>1,047,073</b>	<b>867,013</b>	<b>4,489,513</b>	<b>5,356,526</b>
<b>Net Assets, beginning of year</b>	<b>4,580,266</b>	<b>6,521,236</b>	<b>11,101,502</b>	<b>3,713,253</b>	<b>2,031,723</b>	<b>5,744,976</b>
<b>Net Assets, end of year</b>	<b>\$ 4,648,727</b>	<b>\$ 7,499,848</b>	<b>\$ 12,148,575</b>	<b>\$ 4,580,266</b>	<b>\$ 6,521,236</b>	<b>\$ 11,101,502</b>

*See accompanying notes to consolidated financial statements.*

**LIFT Orlando, Inc. and Subsidiaries**  
**Consolidated Statements of Functional Expenses**

*Year ended December 31,*

	2020				2019			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries and benefits	\$ 485,370	\$ 379,872	\$ 184,503	\$ 1,049,745	\$ 554,216	\$ 286,816	\$ 134,073	\$ 975,105
Economic viability grants	177,938	-	-	177,938	255,450	-	-	255,450
Education grants	167,878	-	-	167,878	437,280	-	-	437,280
Professional fees	110,925	-	42,121	153,046	244,163	1,601	44,700	290,464
Office administration	10,647	71,712	7,490	89,849	30,701	50,671	10,529	91,901
Other program costs	74,480	-	-	74,480	-	-	-	-
Community engagement grants	58,125	-	-	58,125	46,000	-	-	46,000
Communications	16,233	32,610	-	48,843	96,623	10,509	2,791	109,923
Legal fees	34,378	6,627	-	41,005	22,313	24,457	-	46,770
Insurance	21,445	9,191	-	30,636	17,796	4,324	-	22,120
Occupancy costs	15,368	5,959	3,577	24,904	19,215	3,189	3,521	25,925
Miscellaneous	2,096	8,096	721	10,913	2,903	32,051	887	35,841
Meetings	3,479	515	1,748	5,742	52,800	2,364	19,615	74,779
Amortization	2,083	-	-	2,083	6,250	-	-	6,250
Miscellaneous grants	-	-	-	-	2,050	-	-	2,050
	<b>\$ 1,180,445</b>	<b>\$ 514,582</b>	<b>\$ 240,160</b>	<b>\$ 1,935,187</b>	<b>\$ 1,787,760</b>	<b>\$ 415,982</b>	<b>\$ 216,116</b>	<b>\$ 2,419,858</b>

*See accompanying notes to consolidated financial statements.*

# LIFT Orlando, Inc. and Subsidiaries

## Consolidated Statements of Cash Flows

<i>Year ended December 31,</i>	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,047,073	\$ 5,356,526
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization	2,083	6,250
Contributions restricted for capital projects	(1,000,000)	(4,380,000)
Contributed interest	(11,484)	(10,308)
Donated services capitalized to construction in progress	-	(98,000)
Forgiveness of related party receivable	25,000	-
Decrease (increase) in:		
Contributions receivable	119,078	(232,611)
Related-party receivables	1,148,937	(192,768)
Prepaid and other current assets	(29,566)	62,616
Increase (decrease) in:		
Accounts payable and accrued expenses	4,101	(227,370)
Deferred lease revenue	(27,273)	(27,273)
<b>Net Cash Provided by Operating Activities</b>	<b>1,277,949</b>	<b>257,062</b>
<b>Cash Flows from Investing Activities</b>		
Additions to construction in progress	(281,675)	(212,080)
<b>Cash Flows from Financing Activities</b>		
Payment on loan payable	(599,753)	(768,678)
Loan proceeds - SBA Paycheck Protection Program	168,300	-
Contributions restricted for capital projects	1,000,000	4,380,000
<b>Net Cash Provided by Financing Activities</b>	<b>568,547</b>	<b>3,611,322</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>1,564,821</b>	<b>3,656,304</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>6,462,032</b>	<b>2,805,728</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 8,026,853</b>	<b>\$ 6,462,032</b>
<b>Non-Cash Investing and Financing Activities</b>		
Capitalized interest	\$ 26,761	\$ 103,379

*See accompanying notes to consolidated financial statements.*

# LIFT Orlando, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### 1. Nature of Organization

Lift Orlando, Inc. (LIFT Orlando) is a non-profit organization working with residents, business leaders and community partners towards neighborhood revitalization. LIFT Orlando strengthens neighborhoods through mixed-income housing, cradle to career education, health and wellness, and economic viability. LIFT Orlando achieves its mission of accelerating community transformation through neighborhood revitalization by investing in people, places and partnerships.

LIFT Orlando is the sole member and manager of the following wholly owned subsidiaries (collectively, the Organization):

- *LIFT Orlando Community Land, LLC (LOCL)* - A Florida limited liability company formed in February 2015 for the purpose of acquiring, financing and operating real property that will be used to foster low income housing.
- *LIFT Orlando GP, LLC (LOGP)* - A Florida limited liability company formed in February 2015 for the purpose of serving as the charitable general partner of West Lakes Phase I, LP (WLP I), which was formed for the purpose of leasing certain land to develop and construct Phase I of a mixed-income multifamily apartment complex (Phase I) named Pendana at West Lakes (Pendana) completed in June 2018. See Note 4 for further discussion.
- *LIFT Orlando Community Development, LLC (LOCD)* - A Florida limited liability company formed in February 2015 for the purpose of development activity that fosters low income housing.
- *LIFT Orlando Phase II SLP, LLC (LOSLP)* - A Florida limited liability company formed in December 2015 for the purpose of serving as the special limited partner in West Lakes Phase II, LP (WLP II), which was formed for the purpose of owning and constructing an affordable senior housing community (Phase II) named Pendana Senior Residences at West Lakes completed in June 2020. See Note 5 for further discussion.
- *LIFT Orlando Impact Investment Fund Manager, LLC (LOIFM)* - A Florida limited liability company formed in September 2016 for the purpose of serving as the manager of Lift Orlando Impact Investment Fund, LLC (LOIF). See Note 2, *Investment in LOIF*, for further discussion.
- *Guinyard & Graham, LLC (G&G)* - A Delaware limited liability company formed in April 2017 for the purpose of entering into contracts for land acquisitions and other pre-development activities.

### 2. Summary of Significant Accounting Policies

#### *Basis of Accounting*

The consolidated financial statements of the Organization are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

#### *Principles of Consolidation*

The consolidated financial statements include the accounts of LIFT Orlando and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

# LIFT Orlando, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### ***Use of Estimates***

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues, gains, and other support and expenses during the reporting period. Actual results could differ from those estimates.

### ***Cash and Cash Equivalents***

Cash equivalents are defined as highly liquid investments with original maturities of three months or less at the date of purchase and consist of money market accounts.

### ***Contributions Receivable***

Contributions receivable represent unconditional promises to give and are recorded on the date the contribution is promised. Unconditional promises to give that are expected to be collected beyond one year are recorded at the present value of their future cash flows using risk-adjusted interest rates applicable to the years in which the promises are to be received. The Organization provides an allowance for uncollectible contributions receivable based on historical collection experience.

### ***Investment in LIFT Orlando Impact Investment Fund, LLC (LOIF)***

LOIF is a Florida limited liability company formed in September 2016 for the purpose of acquiring, developing, constructing, financing, holding for investment and eventually selling, exchanging, disposing and otherwise dealing with the investments or any other assets. LOIFM was the sole member and manager of LOIF until additional investors were admitted into LOIF in 2017 and, as a result, LOIFM's ownership became 1%. Investment in LOIF is accounted for under the equity method of accounting due to LOIFM's significant influence over the operating and financial policies of LOIF. LOIFM's share of the equity in LOIF at December 31, 2020 and 2019 and the years then ended was determined to be immaterial to the consolidated financial statements and is therefore not recorded.

### ***Rental Property***

Rental property consists of land and related capitalizable costs of acquiring the land to be used for Phase I.

### ***Construction in Progress***

Construction in progress represents predevelopment costs incurred primarily relating to the architecture and design of the Community Health & Wellness Center (the Center). The Center is expected to be completed during 2021, at which time the costs will be depreciated over the estimated useful life of the building.

### ***Impairment of Long-Lived Assets***

In the event that facts and circumstances indicate that long-lived assets or other assets, including intangibles, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset would be compared to the asset's carrying amount to determine if a write-down is required. If a write-down

# LIFT Orlando, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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is required, the Organization would prepare a discounted cash flow analysis to determine the amount of the write-down. There was no impairment of long-lived assets during 2020 and 2019.

### ***Net Assets***

*Net Assets 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 Assets with Donor Restrictions* - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires—that is, when a stipulated time restriction ends or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restriction and reported in the consolidated statements of activities as net assets released from restrictions.

See Note 8 for more information on the composition of net assets with donor restrictions and the release of restrictions.

### ***Contributions Revenue***

The Organization recognizes contributions when cash, securities or other assets or an unconditional promise to give 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 met. At December 31, 2019, the Organization had a conditional contribution of \$300,000, which was recognized as contribution revenue during 2020 as the related conditions were met. There are no conditional promises to give at December 31, 2020.

Contributions of assets other than cash are recorded at fair market value at the date of donation. Contributed services are recognized as contributions if the services create or enhance nonfinancial assets, require specialized skills and are performed by individuals with those skills, and would otherwise be purchased by the Organization. During 2020 and 2019, the Organization received contributed legal services in the amount of \$11,578 and \$14,141, respectively, which is recorded as in-kind contribution revenue and professional fees on the accompanying consolidated financial statements. In addition, during 2019, the Organization received contributed architectural services in the amount of \$98,000, which is recorded as in-kind contribution revenue and capitalized to construction in progress on the accompanying consolidated financial statements.

### ***Debt Issuance Costs***

Debt issuance costs related to the Organization's loan payable are amortized using the effective interest method, over the term of the related agreement. Debt issuance costs, net of accumulated amortization, are recorded in loan payable, net, on the accompanying consolidated statements of financial position.

### ***Development Fee Revenue***

Development fees are recognized as revenue when control of the promised services, which represent the Organization's performance obligations and are defined in the related *Development Services*

# LIFT Orlando, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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*Agreements* (see Notes 4 and 5), is transferred to the property owner in an amount that reflects the consideration the Organization expects to be entitled to in exchange for these services.

The Organization has considered several factors in determining that control of these services is transferred to the property owner over time, and therefore, satisfies its performance obligation and recognizes revenue over time. These factors include that the Organization is performing services that enhances an asset that is controlled by the property owner and has a right to payment as these services are performed. Management has determined that revenue will be recognized using the input method, which recognizes revenue on the basis of efforts or inputs expended relative to the total expected inputs to be expended, and represents construction costs incurred. As a result, accounts receivable have been recorded in the amount that has not yet been received for the services that have been performed and is included in related-party receivables on the accompanying consolidated statements of financial position.

### ***Lease Revenue and Deferred Lease Revenue***

During 2016, the Organization received a one-time lease payment, which will be recognized over the term of the related lease (see Note 4). The unrecognized amount is shown as deferred lease revenue on the accompanying consolidated statements of financial position.

### ***Functional Allocation of Expenses***

The accompanying consolidated statements of functional expenses present expenses by function and natural classification. Salaries and related payroll expenses and certain office administration expenses are allocated among functional categories based on the estimated proportion of time spent relative to each function. Occupancy and certain office administration expenses are allocated among functional categories based on the estimated square footage used by employees in the various functional categories.

### ***Income Taxes***

LIFT Orlando is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from state income taxes under similar provisions in the Florida Income Tax Code. LIFT Orlando's wholly owned subsidiaries were incorporated under the Florida Revised Limited Liability Company Act and are considered disregarded entities for federal and state income tax purposes, except for LOGP. Therefore, no provision for income taxes has been included in the accompanying consolidated financial statements.

During 2018, LOGP elected to be treated as a taxable corporation under provisions of the IRC and the Florida Income Tax Code. LOGP did not have any revenues during 2020 or 2019. Therefore, no provision for income taxes has been included in the accompanying consolidated financial statements.

The Organization identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the consolidated statements of financial position. The Organization has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Organization would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating

# LIFT Orlando, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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expenses. The Organization's tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

### ***Fair Value Measurements***

The Organization reports its financial assets and liabilities using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

*Level 1* - This level consists of unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

*Level 2* - This level consists of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates), and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

*Level 3* - This level consists of inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying values of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include cash equivalents, related-party receivables, current, accounts payable and accrued expenses. The fair value of the Organization's note receivable, related-party receivable, long-term and loans payable are estimated based on current rates that would be available for debt of similar terms, which is not significantly different from its stated value.

The Organization does not have any financial assets or liabilities that are required to be fair valued on a recurring basis that would need to be disclosed as Level 1, 2 or 3 financial instruments in the fair value hierarchy.

### ***Accounting Pronouncement Issued but Not Yet Adopted***

#### ***Leases***

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This ASU requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. A lessee making this

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**Notes to Consolidated Financial Statements**

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accounting policy election would recognize lease expense over the term of the lease, generally in a straight-line pattern. Early adoption is permitted. In transition, a lessee and a lessor will recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients. These practical expedients relate to identifying and classifying leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset. ASU 2018-11, Leases was issued in June 2018, which permits entities to choose to initially apply ASU 2016-02 at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities* that allows entities to elect to postpone adoption until fiscal years beginning after December 15, 2021. Management is currently evaluating the impact of this ASU on its consolidated financial statements and has not yet determined the method by which it will adopt this standard.

***Reclassifications***

Certain items have been reclassified in the 2019 consolidated financial statements to conform to the 2020 presentation. These reclassifications did not have an impact on change in net assets.

**3. Contributions Receivable**

Contributions receivable are due as follows:

<i>December 31,</i>	2020	2019
Less than one year	\$ 171,500	\$ 155,000
One to five years	62,250	200,750
	<b>233,750</b>	<b>355,750</b>
Less:		
Allowance for uncollectible contributions receivables	(5,517)	(8,517)
Present value discount on contributions receivable ranging from 1.58% to 1.62%	(9,700)	(9,622)
	<b>\$ 218,533</b>	<b>\$ 337,611</b>
Contributions receivable, current, net	\$ 166,060	\$ 148,599
Contributions receivable, long-term, net	52,473	189,012
	<b>\$ 218,533</b>	<b>\$ 337,611</b>

**4. Investment in West Lakes Phase I, LP**

Investment in WLP I is recorded at carrying value on the consolidated statements of financial position. Recognized gains and losses, dividends, interest and other income generated by this investment will be reported in the consolidated statements of activities as increases in net assets without donor restrictions. WLP I was formed on February 24, 2015 for the purpose of leasing certain land to develop and construct Phase I of Pendana to consist of 200 mixed-income housing units. WLP I obtained financing for Phase I in the form of tax incentive credits and equity financing and entered into a ground lease as discussed below for the underlying property owned by LOCL. Phase I

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## Notes to Consolidated Financial Statements

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constitutes a “qualified low-income housing project”, as defined by Section 42(g)(1) of the IRC and was completed in June 2018. LOGP made a capital contribution to WLP I in the amount of \$500,000 in 2017 and has a 0.0051% interest in WLP1.

Effective May 4, 2015, LOCL entered into a 55-year ground lease with WLP 1 for the real property owned by LOCL for Phase I and received a one-time rent payment of \$1,500,000 on April 28, 2016, in the form of cash of \$1,250,000 and a promissory note for the remaining amount due of \$250,000 presented as note receivable from related party on the accompanying consolidated statements of financial position. The note receivable accrues interest at 3% per annum and is due on April 28, 2048, including accrued interest, and is subordinated to other debt of WLP I. As of December 31, 2020 and 2019, accrued interest of \$35,096 and \$27,596, respectively, is included in related-party receivables, long-term on the accompanying consolidated statements of financial position. The one-time rent payment of \$1,500,000 was recorded as deferred lease revenue on the accompanying consolidated statements of financial position and is amortized to lease revenue over the term of the lease. Deferred lease revenue was \$1,372,727 and \$1,400,000 at December 31, 2020 and 2019, respectively. The Organization recognized \$27,273 of lease revenue during each of years ended December 31, 2020 and 2019.

Effective April 15, 2016, WLP I entered into a Development Services Agreement (DSA) with LOCD and New Affordable Housing Partners, LLC (NAHP) (collectively, the Developers), as amended on March 3, 2017. NAHP is an affiliate of the general and limited partner of WLP I. NAHP and LOCD earned a development fee for supervising and coordinating the development and construction of Phase I completed in June 2018. Total developer fees earned by LOCD and due from WLP I as of December 31, 2020 and 2019 are \$497,558 and \$1,370,176, respectively, and are payable as stipulated in the agreement, but no later than the fifteenth anniversary date of the completion of Phase I, and are included in related-party receivables, current of \$0 and \$41,967 and related-party receivables, long-term of \$497,558 and \$1,328,209, respectively.

### 5. Investment in West Lakes Phase II, LP

Investment in WLP II is recorded at carrying value on the consolidated statements of financial position. Recognized gains and losses, dividends, interest and other income generated by this investment will be reported in the consolidated statements of activities as increases in net assets without donor restrictions. WLP II is a Florida limited liability company formed in June 2015 for the purpose of holding the contract right to purchase fee interest in land from LOCL for Phase II of Pendana. WLP II obtained financing for Phase II in the form of tax incentive credits and equity financing and HOME project funds from the City of Orlando. Phase II is a “qualified low-income housing project” as defined by Section 42(g)(1) of the IRC and was completed in June 2020 and placed in service in September 2020. LIFT Orlando made a \$150,000 capital contribution to WLP II in 2018, which is shown as investment in WLP II on the accompanying consolidated statements of financial position. LOSLP and several third parties were admitted as special classes of limited partners and LIFT Orlando, the general partner, has a 0.007% interest in WLP II following the admissions of the limited partners.

Effective September 24, 2018, WLP II entered into a DSA with LOCD and NAHP (collectively, the Developers). NAHP is an affiliate of the general and limited partner of WLP II. NAHP and LOCD earned a development fee for supervising and coordinating the development and construction of Phase II, and the portion earned by LOCD of \$260,054 and \$880,156 was recorded as development fee revenue during the years ended December 31, 2020 and 2019, respectively. Total developer fees earned by LOCD and due from WLP II as of December 31, 2020 and 2019 are payable as stipulated

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**Notes to Consolidated Financial Statements**

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in the agreement, but no later than the fifteenth anniversary date of the completion of Phase II, and are included in related-party receivables, current of \$679,908 and \$543,926 and related-party receivables, long-term of \$166,666 and \$586,520, respectively.

**6. Loan Payable**

On May 1, 2015, LOCL entered into a \$4,000,000 loan agreement (the Loan) with a local foundation (the Foundation) to acquire the land and cover the costs of the demolition (including environmental remediation) of the vacant apartment complex for Phase I and Phase II of Pendana.

Annual interest under the Loan is 1%, which is considered a below market interest rate. The Organization recorded contributions with donor restrictions at the time the proceeds were drawn under the Loan for the difference in the stated interest rate and market interest rate, which was recorded as a reduction of Loan payable as “unamortized interest rate contribution” and is amortized to real property (since the proceeds of the Loan were used to purchase and improve real property) over the term of the Loan. Net assets with donor restrictions are released from restriction as amounts are amortized. The Loan states that upon timely principle payments, all outstanding accrued interest will be forgiven and will be recorded as in-kind contributions. During 2020 and 2019, \$19,949 and \$89,480, respectively, were released from net assets with donor restrictions for amortization of the interest rate contribution. In addition, during 2020 and 2019, \$11,484 and \$10,308, respectively, was recorded as an in-kind contribution for the forgiveness of the 1% interest for payments made on the Loan. At December 31, 2020 and 2019, interest of \$519,758 and \$504,481, respectively, has been capitalized and included in rental property.

Loan payable is summarized as follows:

<i>December 31,</i>	<b>2020</b>	<b>2019</b>
Loan payable; interest at 1%; maturity date of December 31, 2020 extended to June 30, 2021, at which time any unpaid principal and accrued interest will be due; collateralized by all developer fees payable to LOCL under the WLP I and WLP II DSAs	\$ 381,569	\$ 981,322
Less:		
Unamortized interest rate contribution	(2,356)	(22,305)
Unamortized debt issuance costs	-	(2,083)
<b>Loan Payable, Net</b>	<b>\$ 379,213</b>	<b>\$ 956,934</b>

**7. City of Orlando Agreements**

***Contract of Sale for Real Property and Development Agreement***

During 2015, the City of Orlando entered into a Contract of Sale with LIFT Orlando for the sale of certain land and two vacant apartment complexes to be used for Phase I and Phase II of Pendana for a purchase price of approximately \$2,826,000. The Phase II portion of the land was sold during 2018, with the remaining amount related to Phase I of \$2,293,677 included in rental property on the accompanying consolidated statements of financial position. In connection with the Contract for Sale, the City of Orlando entered into a Development Agreement with LIFT Orlando and LOCL to redevelop the two apartment complexes, which required the demolition of two of the vacant

**LIFT Orlando, Inc. and Subsidiaries**  
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apartment complexes and construction of Phase I and II of Pendana. Phase I was completed in June 2018 and Phase II was completed in June 2020.

***Note Payable and Community Development Block Grant***

On October 26, 2015, LIFT Orlando and LOCL entered into a Community Development Block Grant Program Agreement (CDBG Agreement) with the City of Orlando, whereby the City will provide \$1,250,000 in the form of a loan (see discussion below) for the removal of asbestos and environmental contamination from the apartment complex for Phase I (the Property), which was completed by September 30, 2016, in accordance with the CDBG Agreement. The CDBG Agreement requires the Property be restricted to use as affordable housing for low and moderate-income households for five years and 51% of the units be occupied by such households by December 31, 2018, the expiration date of the CDBG Agreement. All units were occupied as of December 31, 2018.

On November 3, 2016, LOCL entered into a Promissory Note (CDBG Note) for \$1,250,000 in connection with the CDBG Agreement, which is due on December 31, 2023; however, if LOCL is not in default under the terms of the CDBG Agreement or CDBG Note, the amount will be forgiven in its entirety. The CDBG Note is secured by a mortgage on the Property held by WLP I, which is subordinate to the Loan payable to the Foundation (see Note 6), and other mortgages held for the construction of Phase I.

At December 31, 2020 and 2019, \$1,250,000 is recorded as note payable to the City of Orlando on the accompanying consolidated statements of financial position until the CDBG Note is forgiven, at which time it will be recognized as a contribution.

**8. Net Assets with Donor Restrictions and Releases from Restrictions**

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

<i>December 31,</i>	<b>2020</b>	<b>2019</b>
Construction of Health & Wellness Center	\$ 6,375,292	\$ 5,623,588
CIP assets not yet placed in service	591,755	310,080
Time-restricted contribution receivable	233,750	355,750
Financial Wellbeing Center	195,367	132,891
Community economic viability	68,612	-
Community health and wellness	23,983	67,213
Restricted for fundraising support	4,544	-
Boys & Girls Clubs of Central Florida, Inc. project leadership	4,189	7,409
In-kind contribution of interest on loan payable	2,356	22,305
Jones High School Choir	-	2,000
	<b>\$ 7,499,848</b>	<b>\$ 6,521,236</b>

**LIFT Orlando, Inc. and Subsidiaries**  
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Net assets were released from donor restrictions as follows:

<i>Year ended December 31,</i>	<b>2020</b>	<b>2019</b>
Financial Wellbeing Center	\$ 237,524	\$ 293,451
Time-restricted contribution receivable	162,000	55,000
Community health and wellness	143,230	132,787
Community Quarterback support	83,684	40,000
Education grants	77,000	40,000
Legends Academy	70,850	200,000
Fundraising support	35,456	-
Community economic viability	31,388	-
In-kind contribution of interest on loan payable	19,949	89,480
Boys & Girls Clubs of Central Florida, Inc. project leadership	3,220	-
Jones High School Choir	2,000	-
JPMorgan Chase economic viability	-	131,564
Other programs	-	7,120
	<b>\$ 866,301</b>	<b>\$ 989,402</b>

The in-kind contribution of interest on the loan payable as discussed in Note 6 will be released over the remaining term of the loan.

## 9. Financial Assets and Liquidity Resources

Financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and scheduled principal payments on debt, were as follows:

<i>December 31,</i>	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 8,026,853	\$ 6,462,032
Contributions receivable, current	166,060	148,599
Related-party receivable, current	679,908	585,893
Other current assets	-	969
<b>Total Financial Assets Available Within One Year</b>	<b>8,872,821</b>	<b>7,197,493</b>
Less:		
Expected repayment on notes payable	(379,213)	(956,934)
Net assets with time or purpose restrictions	(6,739,677)	(6,040,252)
<b>Total Financial Assets Available to Management for General Expenditure Within One Year</b>	<b>\$ 1,753,931</b>	<b>\$ 200,307</b>

# LIFT Orlando, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### *Liquidity Management*

Cash and cash equivalents and current receivables as reported on the consolidated statements of financial position at December 31, 2020 and 2019, are the primary liquid resources used by the Organization to meet its general expenditure needs within the next year. As part of liquidity management, the Organization's policy is to manage its financial assets and budget to meet its general expenditure needs. To help manage unanticipated liquidity needs, the Organization seeks financial support of the Board of Directors, community partners and other donors. Included in net assets with time or purpose restrictions is approximately \$297,000 and \$202,000 at December 31, 2020 and 2019, respectively, which represents funds that the Organization is permitted and expects to use for mission-related expenses within twelve months of year-end. Although these expenses are operational in nature, because they are restricted for specific programs of the Organization, they are not considered general expenditures for purposes of the table above.

## **10. Concentrations**

### *Concentration of Credit Risk*

Financial instruments that potentially expose the Organization to concentrations of credit risk, as defined by accounting principles generally accepted in the United States of America, include bank accounts in excess of federally insured balances at December 31, 2020. In management's opinion, the capitalization and operating history of the financial institution that holds its accounts is such that the likelihood of loss is remote.

### *Concentration of Revenues and Support*

A substantial portion of the Organization's revenues and support are derived from contributions from donors in the Orlando area. If a significant reduction in the level of contributions occurred, this may have an adverse effect on the Organization's programs and activities.

## **11. Contingencies**

The Organization may be involved in lawsuits in the normal course of business. Management cannot predict the outcome of the lawsuits or estimate the amount of any loss that may result. Accordingly, no provision for any contingent liabilities that may result has been made in the consolidated financial statements. Management believes that losses resulting from these matters, if any, would not have a material adverse effect on the financial position or results of operations of the Organization.

## **12. Related-Party Transactions**

On January 1, 2019, the Organization entered into an employment agreement with its President. Amongst other provisions, the agreement stipulated that the Organization pay the President an advance in the amount of \$100,000. This advance will accrue interest at a rate of 2.37% per annum and will be repaid to the Organization if the President's employment is terminated, as defined in the agreement. If the President remains employed, the Organization will forgive a portion of the advance, including any accrued interest, annually beginning in 2020 until the expiration of the agreement on December 31, 2023.

# LIFT Orlando, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

The Organization has also entered into various other related-party transactions disclosed within the notes to the consolidated financial statements. The following represents a summary of the related-party receivable balances outstanding:

### *December 31, 2020*

		Current	Long-Term
Developer fees due from WLP I (Note 4)	\$	-	\$ 497,558
Developer fees due from WLP II (Note 5)		679,908	166,666
Advance due from President		25,000	50,000
Accrued interest on note receivable from WLP I (Note 4)		-	35,096
Other		-	6,885
<b>Total Related-Party Receivables</b>	<b>\$</b>	<b>704,908</b>	<b>\$ 756,205</b>

### *December 31, 2019*

		Current	Long-Term
Developer fees due from WLP I (Note 4)	\$	41,967	\$ 1,328,209
Developer fees due from WLP II (Note 5)		543,926	586,520
Advance due from President		25,000	75,000
Accrued interest on note receivable from WLP I (Note 4)		-	27,596
Other		-	6,832
<b>Total Related-Party Receivables</b>	<b>\$</b>	<b>610,893</b>	<b>\$ 2,024,157</b>

The other amount shown above represents various borrowings that are unsecured and have no set repayment terms and are therefore shown as long-term in the accompanying consolidated financial statements.

## 13. COVID-19 and CARES Act

### *COVID-19*

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The pandemic represents a market risk factor, which has caused significant volatility in U.S. and international markets. During 2020, the Organization experienced decreases in contributions and expenses due to COVID-19. Specifically, tours, events, and travel were canceled or held online because of COVID-19 which resulted in decreases in expenses and contributions. Due to mandatory stay-at-home orders, the Organization's employees started to work from home in March 2020 which reduced office and general administrative expenses. In addition, the Organization reduced costs by renegotiating contracts due to the impact of COVID-19 on programming activities. There is uncertainty around the breadth and duration of business disruptions related to COVID-19, and if the pandemic continues, it may have an impact on the Organization's operations, financial position and liquidity in fiscal year 2021. However, the Organization is optimistic that the current national and world-wide vaccination roll-out will address much of this uncertainty.

# LIFT Orlando, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### *CARES Act*

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, and deferment of employer side social security payments. It also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. The Organization applied for, and received, funds under the Paycheck Protection Program in the amount of \$168,300 on April 20, 2020, which matures on April 20, 2022. This loan bears interest at a rate of 1% per annum and monthly payments of principal plus interest are scheduled to begin in May 2021 if the loan is not forgiven and the application process has not begun. The application for these funds requires the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Organization. This certification further requires the Organization to take into account its current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Organization having initially qualified for the loan and qualifying for the forgiveness of such loan based on its future adherence to the forgiveness criteria. The Organization used the funds in the manner and timing required for full forgiveness and therefore expects the loan to be fully forgiven. The Organization met the criteria for a loan under the second round of funding of the Paycheck Protection Program and has submitted an application for such loan.

The Organization continues to examine the impact that the CARES Act may have on its business. Currently, the Organization is unable to determine the impact that the CARES Act will have on its financial condition, results of operation or liquidity.

### **14. Subsequent Events**

The Organization has evaluated events and transactions occurring subsequent to December 31, 2020 as of March 24, 2021, which is the date the consolidated financial statements were available to be issued. Subsequent events occurring after March 24, 2021 have not been evaluated by management. No material events have occurred since December 31, 2020 that require recognition or disclosure in the consolidated financial statements.