



# Financial Statements

## The Lift Garage

Minneapolis, Minnesota

For the years ended June 30, 2023 and 2022



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The Lift Garage  
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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
The Lift Garage  
Minneapolis, Minnesota

### Opinion

We have audited the accompanying financial statements of The Lift Garage (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years 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 The Lift Garage as of June 30, 2023 and 2022, and the 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. 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 The Lift Garage and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



**Abdo**  
Minneapolis, Minnesota  
November 27, 2023



## FINANCIAL STATEMENTS

The Lift Garage  
Statements of Financial Position  
June 30, 2023 and 2022

|                                    | 2023         | 2022         |
|------------------------------------|--------------|--------------|
| Assets                             |              |              |
| Current Assets                     |              |              |
| Cash and cash equivalents          | \$ 706,239   | \$ 1,337,376 |
| Investments                        | 179,014      | -            |
| Certificates of deposit            | 593,455      | -            |
| Accounts receivable                | 7,740        | 14,274       |
| Inventory                          | 9,582        | 7,832        |
| Prepaid expenses                   | 10,688       | 8,566        |
| Total Current Assets               | 1,506,718    | 1,368,048    |
| Property and Equipment             |              |              |
| Building                           | 971,534      | 971,534      |
| Furniture and equipment            | 141,750      | 132,606      |
| Leasehold improvements             | 29,780       | 23,258       |
| Total Property and Equipment, Cost | 1,143,064    | 1,127,398    |
| Less Accumulated Depreciation      | (130,200)    | (87,387)     |
| Total Property and Equipment, Net  | 1,012,864    | 1,040,011    |
| Other Assets                       |              |              |
| Right-of-use asset - operating     | 33,214       | -            |
| Total Assets                       | \$ 2,552,796 | \$ 2,408,059 |

See Independent Auditor's Report and Notes to Financial Statements.

**The Lift Garage**  
**Statements of Financial Position (Continued)**  
**June 30, 2023 and 2022**

|  | 2023                | 2022                |
|--|---------------------|---------------------|
| <b>Liabilities and Net Assets</b>  |                     |                     |
| <b>Current Liabilities</b>   |                     |                     |
| Accounts payable   | \$ 50,066           | \$ 21,287           |
| Accrued expenses   | 63,333              | 44,327              |
| Current maturities of notes payable  | 29,260              | 25,351              |
| Operating lease liability - short-term portion   | 23,273              | -                   |
| <b>Total Current Liabilities</b>   | <b>165,932</b>      | <b>90,965</b>       |
| <b>Long-Term Liabilities</b>   |                     |                     |
| Notes payable, noncurrent, net of closing costs and loan fees of<br>\$11,575 and \$16,020 in 2023 and 2022, respectively | 278,992             | 383,527             |
| Operating lease liability - long-term portion  | 9,942               | -                   |
| <b>Total Long-Term Liabilities</b>   | <b>288,934</b>      | <b>383,527</b>      |
| <b>Total Liabilities</b>   | <b>454,866</b>      | <b>474,492</b>      |
| <b>Net Assets</b>  |                     |                     |
| <b>Without donor restriction</b>   |                     |                     |
| Undesignated   | 1,217,836           | 1,752,619           |
| Board designated   | 805,000             | -                   |
| <b>Total Without Donor Restrictions</b>  | <b>2,022,836</b>    | <b>1,752,619</b>    |
| <b>With donor restriction</b>  | 75,094              | 180,948             |
| <b>Total Net Assets</b>  | <b>2,097,930</b>    | <b>1,933,567</b>    |
| <b>Total Liabilities and Net Assets</b>  | <b>\$ 2,552,796</b> | <b>\$ 2,408,059</b> |

See Independent Auditor's Report and Notes to Financial Statements.

**The Lift Garage**  
**Statements of Activities**  
For the Year Ended June 30, 2023  
(With Comparative Totals For the Year Ended June 30, 2022)

|   | 2023                         |                           |                     | 2022                |
|---|------------------------------|---------------------------|---------------------|---------------------|
|   | Without Donor<br>Restriction | With Donor<br>Restriction | Total               | Total               |
| Support and Revenue   |                              |                           |                     |                     |
| Support   |                              |                           |                     |                     |
| Contributions   | \$ 1,573,422                 | \$ 86,505                 | \$ 1,659,927        | \$ 1,612,705        |
| In-kind contributions   | 51,316                       | -                         | 51,316              | 44,241              |
| Total Support   | <u>1,624,738</u>             | <u>86,505</u>             | <u>1,711,243</u>    | <u>1,656,946</u>    |
| Revenue   |                              |                           |                     |                     |
| Sales, net of cost of goods sold of \$331,008 and \$291,221<br>in 2023 and 2022, respectively | (35,750)                     | -                         | (35,750)            | (13,096)            |
| Interest income   | 12,859                       | -                         | 12,859              | 1,174               |
| Investment income (loss)  | 7,672                        | -                         | 7,672               | -                   |
| Loss on sale of asset   | -                            | -                         | -                   | (4,530)             |
| Miscellaneous income  | 1,642                        | -                         | 1,642               | 7,160               |
| Total Revenue   | <u>(13,577)</u>              | <u>-</u>                  | <u>(13,577)</u>     | <u>(9,292)</u>      |
| Total Support and Revenue Before Releases   | 1,611,161                    | 86,505                    | 1,697,666           | 1,603,413           |
| Net Assets Released from Restrictions   | <u>192,359</u>               | <u>(192,359)</u>          | <u>-</u>            | <u>-</u>            |
| Total Support and Revenue   | <u>1,803,520</u>             | <u>(105,854)</u>          | <u>1,697,666</u>    | <u>1,603,413</u>    |
| Expenses  |                              |                           |                     |                     |
| Program services  | 1,089,445                    | -                         | 1,089,445           | 814,550             |
| Supporting services   |                              |                           |                     |                     |
| Management and general  | 244,998                      | -                         | 244,998             | 177,624             |
| Fundraising   | 198,860                      | -                         | 198,860             | 174,348             |
| Total Expenses  | <u>1,533,303</u>             | <u>-</u>                  | <u>1,533,303</u>    | <u>1,166,522</u>    |
| Change in Net Assets  | 270,217                      | (105,854)                 | 164,363             | 436,891             |
| Beginning Net Assets  | <u>1,752,619</u>             | <u>180,948</u>            | <u>1,933,567</u>    | <u>1,452,435</u>    |
| Ending Net Assets   | <u>\$ 2,022,836</u>          | <u>\$ 75,094</u>          | <u>\$ 2,097,930</u> | <u>\$ 1,889,326</u> |

See Independent Auditor's Report and Notes to Financial Statements.

**The Lift Garage**  
**Statements of Activities (Continued)**  
**For the Year Ended June 30, 2022**

|   | Without Donor<br>Restriction | With Donor<br>Restriction | Total        |
|---|------------------------------|---------------------------|--------------|
| Support and Revenue                           |                              |                           |              |
| Support                                       |                              |                           |              |
| Contributions                                 | \$ 1,383,433                 | \$ 229,272                | \$ 1,612,705 |
| In-kind contributions                         | 44,241                       | -                         | 44,241       |
| Total Support                                 | 1,427,674                    | 229,272                   | 1,656,946    |
| Revenue                                       |                              |                           |              |
| Sales, net of cost of goods sold of \$291,221 | (13,096)                     | -                         | (13,096)     |
| Interest income                               | 1,174                        | -                         | 1,174        |
| Loss on sale of asset                         | (4,530)                      | -                         | (4,530)      |
| Miscellaneous income                          | 7,160                        | -                         | 7,160        |
| Total Revenue                                 | (9,292)                      | -                         | (9,292)      |
| Total Support and Revenue Before Releases     | 1,418,382                    | 229,272                   | 1,647,654    |
| Net Assets Released from Restrictions         | 267,273                      | (267,273)                 | -            |
| Total Support and Revenue                     | 1,685,655                    | (38,001)                  | 1,647,654    |
| Expenses                                      |                              |                           |              |
| Program services                              | 814,550                      | -                         | 814,550      |
| Supporting services                           |                              |                           |              |
| Management and general                        | 177,624                      | -                         | 177,624      |
| Fundraising                                   | 174,348                      | -                         | 174,348      |
| Total Expenses                                | 1,166,522                    | -                         | 1,166,522    |
| Change in Net Assets                          | 519,133                      | (38,001)                  | 481,132      |
| Beginning Net Assets                          | 1,233,486                    | 218,949                   | 1,452,435    |
| Ending Net Assets                             | \$ 1,752,619                 | \$ 180,948                | \$ 1,933,567 |

See Independent Auditor's Report and Notes to Financial Statements.

**The Lift Garage**  
**Statements of Functional Expenses**  
**For the Year Ended June 30, 2023**  
(With Comparative Totals for the Year Ended June 30, 2022)

|  | 2023                |                           |                   | 2022                |                     |
|--|---------------------|---------------------------|-------------------|---------------------|---------------------|
|  | Program<br>Services | Management<br>and General | Fundraising       | Total<br>Expenses   | Total<br>Expenses   |
| <b>Personnel Costs</b>   |                     |                           |                   |                     |                     |
| Salaries and wages   | \$ 656,229          | \$ 110,495                | \$ 111,762        | \$ 878,486          | \$ 663,051          |
| Employee benefits  | 109,278             | 12,590                    | 18,232            | 140,100             | 90,929              |
| Payroll taxes  | 41,222              | 3,631                     | 25,014            | 69,867              | 54,159              |
| <b>Total Personnel Costs</b>                                       | <b>806,729</b>      | <b>126,716</b>            | <b>155,008</b>    | <b>1,088,453</b>    | <b>808,139</b>      |
| <b>Expenses</b>  |                     |                           |                   |                     |                     |
| Bad debts  | 2,543               | -                         | -                 | 2,543               | -                   |
| Bank charges   | 451                 | 113                       | -                 | 564                 | 80                  |
| Contracted services  | 4,105               | -                         | 7,888             | 11,993              | 11,984              |
| Dues and subscriptions   | 1,953               | -                         | 864               | 2,817               | 3,074               |
| Equipment  | -                   | 7,973                     | -                 | 7,973               | 4,217               |
| In-kind donations  | 39,354              | -                         | 11,755            | 51,109              | 46,551              |
| Fundraising  | -                   | -                         | 10,942            | 10,942              | 5,819               |
| Information technology   | 13,367              | 27,138                    | -                 | 40,505              | 33,703              |
| Insurance  | 33,007              | -                         | -                 | 33,007              | 41,763              |
| Interest   | -                   | 14,157                    | -                 | 14,157              | 15,523              |
| Meals and entertainment  | -                   | 1,326                     | -                 | 1,326               | 422                 |
| Meetings   | -                   | 7,967                     | -                 | 7,967               | 1,348               |
| Miscellaneous  | 13,436              | 3,362                     | -                 | 16,798              | 13,030              |
| Office expense   | -                   | 18,295                    | -                 | 18,295              | 18,380              |
| Postage  | -                   | -                         | 2,531             | 2,531               | 8,889               |
| Professional fees  | -                   | 19,113                    | -                 | 19,113              | 21,462              |
| Property taxes   | 281                 | 70                        | -                 | 351                 | 57                  |
| Rent   | 8,000               | 2,000                     | -                 | 10,000              | -                   |
| Repairs and maintenance  | 25,600              | -                         | 6,169             | 31,769              | 41,195              |
| Shop expense   | 27,746              | -                         | -                 | 27,746              | 15,898              |
| Supplies   | 7,718               | 8,021                     | -                 | 15,739              | 12,533              |
| Tax and licenses   | 7,238               | -                         | -                 | 7,238               | -                   |
| Telephone  | -                   | -                         | -                 | -                   | 8,730               |
| Towing   | 7,442               | -                         | -                 | 7,442               | -                   |
| Training and development   | 18,096              | -                         | -                 | 18,096              | -                   |
| Travel   | -                   | 4,293                     | -                 | 4,293               | 464                 |
| Utilities  | 16,566              | 4,454                     | 3,703             | 24,723              | 15,788              |
| <b>Total Expenses Before Depreciation<br/>    and Amortization</b> | <b>1,033,632</b>    | <b>244,998</b>            | <b>198,860</b>    | <b>1,477,490</b>    | <b>1,129,049</b>    |
| <b>Depreciation and amortization</b>                               | <b>55,813</b>       | <b>-</b>                  | <b>-</b>          | <b>55,813</b>       | <b>37,473</b>       |
| <b>Total Expenses</b>  | <b>\$ 1,089,445</b> | <b>\$ 244,998</b>         | <b>\$ 198,860</b> | <b>\$ 1,533,303</b> | <b>\$ 1,166,522</b> |

See Independent Auditor's Report and Notes to Financial Statements.

**The Lift Garage**  
**Statements of Functional Expenses (Continued)**  
**For the Year Ended June 30, 2022**

|  | Program<br>Services      | Management<br>and General | Fundraising              | Total<br>Expenses          |
|--|--------------------------|---------------------------|--------------------------|----------------------------|
| <b>Personnel Costs</b>                                 |                          |                           |                          |                            |
| Salaries and wages                                     | \$ 495,299               | \$ 70,552                 | \$ 97,200                | \$ 663,051                 |
| Employee benefits                                      | 70,925                   | 9,461                     | 10,543                   | 90,929                     |
| Payroll taxes  | 31,954                   | 207                       | 21,998                   | 54,159                     |
| Total Personnel Costs                                  | <u>598,178</u>           | <u>80,220</u>             | <u>129,741</u>           | <u>808,139</u>             |
| <b>Expenses</b>  |                          |                           |                          |                            |
| Bank charges   | 64                       | 16                        | -                        | 80                         |
| Contracted services                                    | 4,102                    | -                         | 7,882                    | 11,984                     |
| Dues and subscriptions                                 | 2,130                    | -                         | 944                      | 3,074                      |
| Equipment  | -                        | 4,217                     | -                        | 4,217                      |
| In-kind donations                                      | 35,844                   | -                         | 10,707                   | 46,551                     |
| Fundraising  | -                        | -                         | 5,819                    | 5,819                      |
| Information technology                                 | 11,122                   | 22,581                    | -                        | 33,703                     |
| Insurance  | 41,763                   | -                         | -                        | 41,763                     |
| Interest   | -                        | 15,523                    | -                        | 15,523                     |
| Meals and entertainment                                | -                        | 422                       | -                        | 422                        |
| Meetings   | -                        | 1,348                     | -                        | 1,348                      |
| Miscellaneous  | 10,424                   | 2,606                     | -                        | 13,030                     |
| Office expense   | -                        | 18,380                    | -                        | 18,380                     |
| Postage  | -                        | -                         | 8,889                    | 8,889                      |
| Professional fees                                      | -                        | 21,462                    | -                        | 21,462                     |
| Property taxes   | 45                       | 12                        | -                        | 57                         |
| Repairs and maintenance                                | 33,195                   | -                         | 8,000                    | 41,195                     |
| Shop expense   | 15,898                   | -                         | -                        | 15,898                     |
| Supplies   | 6,146                    | 6,387                     | -                        | 12,533                     |
| Telephone  | 7,586                    | 1,144                     | -                        | 8,730                      |
| Travel   | -                        | 464                       | -                        | 464                        |
| Utilities  | 10,580                   | 2,842                     | 2,366                    | 15,788                     |
| Total Expenses Before Depreciation<br>and Amortization | <u>777,077</u>           | <u>177,624</u>            | <u>174,348</u>           | <u>1,129,049</u>           |
| Depreciation and amortization                          | <u>37,473</u>            | <u>-</u>                  | <u>-</u>                 | <u>37,473</u>              |
| Total Expenses   | <u><u>\$ 814,550</u></u> | <u><u>\$ 177,624</u></u>  | <u><u>\$ 174,348</u></u> | <u><u>\$ 1,166,522</u></u> |

See Independent Auditor's Report and Notes to Financial Statements.

The Lift Garage  
Statements of Cash Flows  
For the Years Ended June 30, 2023 and 2022

|   | 2023       | 2022         |
|---|------------|--------------|
| Cash Flows from Operating Activities  |            |              |
| Change in net assets  | \$ 164,363 | \$ 481,132   |
| Adjustment to reconcile change in net assets<br>to net cash provided by operating activities: |            |              |
| Depreciation and amortization   | 51,368     | 33,028       |
| Deferred financing costs  | 4,445      | 4,445        |
| Bad debts   | 2,543      | -            |
| Unrealized gain on investments  | 7,672      | -            |
| Loss on sale of fixed asset   | -          | 4,526        |
| Amortization of right-of-use asset  | 10,000     | -            |
| (Increase) decrease in assets:  |            |              |
| Accounts receivable   | 3,991      | (10,752)     |
| Inventory   | (1,750)    | (3,906)      |
| Prepaid expenses  | (2,122)    | 475          |
| Security deposit  | -          | 1,008        |
| Increase (decrease) in liabilities:   |            |              |
| Accounts payable  | 28,779     | 19,281       |
| Accrued expenses  | 19,006     | (20,724)     |
| Net Cash Provided by Operating Activities   | 288,295    | 508,513      |
| Cash Flows from Investing Activities  |            |              |
| Purchase of property and equipment  | (24,220)   | (79,760)     |
| Sale of furniture and equipment   | -          | 2,082        |
| Purchase of investments   | (186,686)  | -            |
| Purchase of certificates of deposit   | (593,455)  | -            |
| Net Cash Used by Investing Activities   | (804,361)  | (77,678)     |
| Cash Flows From Financing Activities  |            |              |
| Payments on notes payable   | (105,071)  | (99,443)     |
| Payments on operating lease liability   | (10,000)   | -            |
| Net Cash Used by Financing Activities   | (115,071)  | (99,443)     |
| Change in Cash and Cash Equivalents   | (631,137)  | 331,392      |
| Beginning Cash and Cash Equivalents   | 1,337,376  | 1,005,984    |
| Ending Cash and Cash Equivalents  | \$ 706,239 | \$ 1,337,376 |
| Supplemental Disclosure of Cash Flow Information  |            |              |
| Cash paid during the year for:  |            |              |
| Interest  | \$ 14,157  | \$ 15,523    |
| Noncash Investing Activities:   |            |              |
| Disposal of fully depreciated property and equipment  | \$ 8,555   | \$ 11,424    |
| Noncash Financing Activities:   |            |              |
| Right-of-use assets obtained in exchange for new operating lease liabilities                  | \$ 46,417  | \$ -         |

See Independent Auditor's Report and Notes to Financial Statements.

The Lift Garage  
Notes to the Financial Statements  
June 30, 2023 and 2022

**Note 1: Summary of Significant Accounting Policies**

**A. Nature of Activities**

The Lift Garage (the Organization) was organized as a Minnesota nonprofit corporation in 2013. The Organization is an affordable, non-profit auto repair service that moves people out of poverty and homelessness by providing low-cost quality car repair, connecting with community partners to strengthen the support network, and linking customers to needed resources.

**B. Statement Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting with revenue being recorded when earned and expenditures recorded when the obligation is incurred or the benefits are received in accordance with Generally Accepted Accounting Principles (GAAP). Net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions (Unrestricted) - Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions (Restricted) - Net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time or are to be maintained permanently.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions are reported as net assets released from restrictions. Contributions with donor restrictions whose restrictions are met in the same period are recorded as contributions without donor restrictions.

**C. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**D. Concentrations of Credit Risk**

The Organization maintains the majority of its cash in bank deposit accounts with financial institutions, which at times may exceed federally insured limits. The Organization believes that no significant concentration of credit risk exists on the cash balances.

**E. Cash and Cash Equivalents**

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents. Certain cash accounts are insured by the FDIC.

**F. Accounts Receivable**

Accounts receivable consist of amounts due for program services rendered but not yet received. All amounts are expected to be collected within one year. No interest is accrued on accounts receivable. The estimate of allowance for uncollectible amounts is based on historical collection experience and a review of the current status of accounts receivable. No allowance for uncollectible amounts is considered necessary as of June 30, 2023 and 2022, since management expects all receivables to be collectible.

The Lift Garage  
Notes to the Financial Statements  
June 30, 2023 and 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

**G. Inventory**

Inventory consists of car parts and is stated at average cost. The Organization keeps minimal inventory.

**H. Property and Equipment**

Property and equipment is recorded at cost or estimated fair value at the date of contribution. The Organization capitalizes all property and equipment acquisitions in excess of \$2,500. Depreciation is recognized using the straight-line method based on estimated useful lives as follows:

| Assets                  | Useful Lives in<br>Years |
|-------------------------|--------------------------|
| Building                | 39                       |
| Furniture and equipment | 3 - 10                   |
| Leasehold improvements  | 5                        |

For the years ended June 30, 2023 and 2022, depreciation and amortization expense was \$55,813 and \$37,473, respectively.

**I. In-kind Contributions**

Contributions of gifts in-kind that can be used or sold by the Organization are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

**J. Functional Allocation of Expenses**

The costs of providing the Organization's various programs have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses, except for certain items accounted for on a direct allocation basis, are allocated among the program and supporting service categories based on management estimates.

**K. Income Taxes**

The Organization is exempt from income tax under section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. The Organization is a public charity and contributions to the Organization may be tax-deductible by the contributors.

**L. New Accounting Pronouncements**

In March 2016, the FASB issued ASU No. 2016-02, *Leases*, as a new topic, Accounting Standards Codification 842. The objective of ASU No. 2016-02 is to increase transparency and comparability among organizations by reorganizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and shall be applied using either a full retrospective or modified retrospective approach. Early adoption is permitted. The new guidance is effective for The Lift Garage for the year ended June 30, 2023.

The Lift Garage  
Notes to the Financial Statements  
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**Note 1: Summary of Significant Accounting Policies (Continued)**

**M. Subsequent Events**

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 27, 2023, the date the financial statements were available to be issued.

**Note 2: Notes Payable**

Notes payable at June 30, 2023 and 2022 consisted of the following:

|   | 2023       | 2022       |
|---|------------|------------|
| Note payable with Affinity Plus Federal Credit Union commencing in August 2020 for purchase of the building. The note requires monthly payments of \$2,169 at 3.5% interest. The note matures in August 2030.       | \$ 117,124 | \$ 214,229 |
| Note payable with Affinity Plus Federal Credit Union commencing in August 2020 for construction on the building. The note requires monthly payments of \$1,282 at 4.25% interest. The note matures in January 2031. | 202,703    | 210,669    |
| Total Notes Payable   | 319,827    | 424,898    |
| Closing Costs and Unamortized Loan Fees   | (11,575)   | (16,020)   |
| Less: Current Portion   | (29,260)   | (25,351)   |
| Long-term Notes Payable   | \$ 278,992 | \$ 383,527 |

Current maturities of notes payable are as follows for the years ended June 30:

|            | Note Payable | Closing Costs<br>and Loan Fees | Total      |
|------------|--------------|--------------------------------|------------|
| 2024       | \$ 29,260    | \$ (4,445)                     | \$ 24,815  |
| 2025       | 30,210       | (4,445)                        | 25,765     |
| 2026       | 31,339       | (2,685)                        | 28,654     |
| 2027       | 32,512       | -                              | 32,512     |
| 2028       | 31,075       | -                              | 31,075     |
| Thereafter | 165,431      | -                              | 165,431    |
| Total      | \$ 319,827   | \$ (11,575)                    | \$ 308,252 |

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**Note 3: Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted as follows:

|   | 2023             | 2022              |
|---|------------------|-------------------|
| Emergency services                      | \$ 75,094        | \$ 180,813        |
| Time restriction                        | -                | 135               |
|   | <u>\$ 75,094</u> | <u>\$ 180,948</u> |
| Total Net Assets with Donor Restriction | <u>\$ 75,094</u> | <u>\$ 180,948</u> |

**Note 4: Board Designated Net Assets**

The Board of Directors of the Organization has designated funds for certain purposes. Net assets designated by the Board consist of the following:

|                                   | 2023              | 2022        |
|-----------------------------------|-------------------|-------------|
| Building and equipment reserve    | \$ 380,000        | \$ -        |
| Operating reserve                 | 350,000           | -           |
| Opportunity reserve               | 75,000            | -           |
|                                   | <u>\$ 805,000</u> | <u>\$ -</u> |
| Total Board Designated Net Assets | <u>\$ 805,000</u> | <u>\$ -</u> |

**Note 5: In-Kind Contributions**

In-kind contributions consist of the following as of June 30, 2023 and 2022:

|                         | 2023             | 2022             | Usage in<br>Programs/Activities | Donor<br>Restriction | Fair Value<br>Techniques  |
|-------------------------|------------------|------------------|---------------------------------|----------------------|---|
| Repair services         | \$ 16,060        | \$ 538           | Operations                      | None                 | Estimated based on time rates for each practitioner<br>Estimated wholesale prices of identical or similar products if purchased in the region<br>Estimated wholesale prices of identical or similar products if purchased in the region<br>Estimated rental rates of identical or similar spaces in the region<br>Estimated based on time rates for each practitioner |
| Auto parts and supplies | 15,963           | 39,574           | Operations                      | None                 |   |
| Gifts and gift cards    | 9,091            | 2,419            | Fundraiser                      | None                 |   |
| Rent                    | 7,922            | -                | Operations                      | None                 |   |
| Training                | 2,280            | 1,710            | Operations                      | None                 |   |
| Total                   | <u>\$ 51,316</u> | <u>\$ 44,241</u> |                                 |                      |   |

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**Note 6: Leases - Operating**

The Organization was under a lease agreement for a building in Minneapolis, Minnesota. The lease commenced on October 1, 2018, and was set to expire on September 30, 2023. The Organization purchased the building in August 2020, which terminated the agreement.

The Organization entered into a lease agreement with Turbo Tim’s Anything on December 1, 2022. The lease is for two automotive repair bays and a storage closet, and it is permitted for auto repairs. The agreement terminates on November 30, 2024.

The Organization’s total rent expense for the years ended June 30, 2023 and 2022 was \$10,000 and \$0, respectively.

Additional information about the Organization’s lease under ASC 842 for the year ended June 30, 2023, is as follows:

|  |  |                  |
|--|--|------------------|
| Lease Expense  |  |                  |
| Operating lease expense  |  | <u>\$ 10,000</u> |
| Other Information  |  |                  |
| Cash paid for amounts included in the measurement of lease liabilities |  |                  |
| Operating cash flows for operating leases                              |  | \$ 10,000        |
| ROU assets obtained in exchange for new operating lease liabilities    |  | \$ 46,417        |
| Weighted-average remaining lease term in years for operating leases    |  | 0.417            |
| Weighted-average discount rate for operating leases                    |  | 3.527%           |

Maturities of operating lease liabilities are as follows:

|                               |      |                  |
|-------------------------------|------|------------------|
| Year Ended June 30:           |      |                  |
|                               | 2024 | \$ 24,000        |
|                               | 2025 | <u>10,000</u>    |
| Total undiscounted cash flows |      | <u>34,000</u>    |
| Less: present value discount  |      | <u>(785)</u>     |
| Total lease liabilities       |      | <u>\$ 33,215</u> |

**Note 7: Liquidity and Availability of Financial Resources**

The Organization's board of directors has approved and monitors a comprehensive set of policies which govern the responsibilities and limitations of financial management. In turn, management routinely monitors liquidity and cash reserves which fund operations and program service delivery in accordance with these board established policies. Additionally, liquidity measures are tracked and provided to the board of directors as part of its regular reporting cycle and to funders as requested.

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**Note 7: Liquidity and Availability of Financial Resources (Continued)**

The Organization's liquid financial assets available to meet cash needs for general expenditures within one year of June 30, 2023 and 2022 are summarized as follows:

|  | 2023       | 2022         |
|--|------------|--------------|
| Cash and Cash Equivalents  | \$ 706,239 | \$ 1,337,376 |
| Investments  | 179,014    | -            |
| Certificates of Deposit  | 593,455    | -            |
| Accounts Receivable  | 7,740      | 14,274       |
| Total Financial Assets Available Within One Year                                       | 1,486,448  | 1,351,650    |
| Less: amounts unavailable for general expenditures within one year, due to:            |            |              |
| Board designated   | (805,000)  | -            |
| Net assets with donor restrictions   | (75,094)   | (180,813)    |
| Total Assets Unavailable   | (880,094)  | (180,813)    |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 606,354 | \$ 1,170,837 |

As part of our liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due.