



Lift Jax, Inc.

Financial Statements

Year Ended December 31, 2021



Table of Contents

Independent Auditors' Report.....	1
Financial Statements:	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7



Independent Auditors' Report

Executive Board
Lift Jax, Inc.
Jacksonville, FL

Opinion

We have audited the financial statements of Lift Jax, Inc. (the “Organization”), a non-profit corporation, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 Lift Jax, Inc.'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 Lift Jax, Inc.'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.

Dixon Hughes Goodman LLP

Jacksonville, FL
May 9, 2022

Lift Jax, Inc.
Statement of Financial Position
December 31, 2021

ASSETS

Current assets:

Cash and cash equivalents	\$ 2,835,836
Pledge receivable	400,000
Other current assets	<u>13,975</u>

Total current assets 3,249,811

Pledge receivable, net 234,543

Total assets \$ 3,484,354

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable and accrued expenses \$ 66,977

Net assets:

Without donor restriction 749,091
With donor restriction 2,668,286

Total net assets 3,417,377

Total liabilities and net assets \$ 3,484,354

Lift Jax, Inc.
Statement of Activities
Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Individual and corporate contributions	\$ 340,253	\$ 1,116,975	\$ 1,457,228
Foundations and family trusts contributions	733,537	1,910,489	2,644,026
In-kind contributions	3,362	-	3,362
Releases from restriction	364,059	(364,059)	-
	<u>1,441,211</u>	<u>2,663,405</u>	<u>4,104,616</u>
Expenses:			
Program services	658,234	-	658,234
Supporting services	94,088	-	94,088
	<u>752,322</u>	<u>-</u>	<u>752,322</u>
Other income:			
Interest and dividends	594	-	594
Net gains on investments	-	4,881	4,881
	<u>594</u>	<u>4,881</u>	<u>5,475</u>
Change in net assets	689,483	2,668,286	3,357,769
Net assets, beginning of year	<u>59,608</u>	<u>-</u>	<u>59,608</u>
Net assets, end of year	<u>\$ 749,091</u>	<u>\$ 2,668,286</u>	<u>\$ 3,417,377</u>

Lift Jax, Inc.
Statement of Functional Expenses
Year Ended December 31, 2021

	Program Expenses				Supporting Services			
	Mixed- Income Housing	Cradle-to- Career Education	Other Programs	Total Program Services	Management and General	Fundraising	Total	Total
Personnel:								
Salaries	\$ 26,273	\$ 26,273	\$ 26,273	\$ 78,819	\$ 21,577	\$ 54,796	\$ 76,373	\$ 155,192
Employee benefits	73	73	73	219	60	152	212	431
Payroll taxes	2,010	2,010	2,010	6,030	1,651	4,191	5,842	11,872
Total personnel expenses	28,356	28,356	28,356	85,068	23,288	59,139	82,427	167,495
Other expenses:								
Advertising	85	85	86	256	51	204	255	511
Bank fees	-	-	-	-	114	-	114	114
Insurance	-	-	-	-	2,267	-	2,267	2,267
Office expense	729	729	730	2,188	438	1,749	2,187	4,375
Professional fees	1,898	12,898	1,897	16,693	4,806	-	4,806	21,499
Occupancy	183	183	184	550	109	440	549	1,099
Computer and technology	453	452	452	1,357	271	1,085	1,356	2,713
Travel	43	42	42	127	25	102	127	254
Home repairs	234,184	-	-	234,184	-	-	-	234,184
Career pathway program	-	159,741	-	159,741	-	-	-	159,741
Capacity building	-	-	107,500	107,500	-	-	-	107,500
Revitalization	-	-	50,570	50,570	-	-	-	50,570
Total other expenses	237,575	174,130	161,461	573,166	8,081	3,580	11,661	584,827
Total expenses	\$ 265,931	\$ 202,486	\$ 189,817	\$ 658,234	\$ 31,369	\$ 62,719	\$ 94,088	\$ 752,322

See accompanying notes.

Lift Jax, Inc.
Statement of Cash Flows
Year Ended December 31, 2021

Cash flows from operating activities:	
Change in net assets	\$ 3,357,769
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Donated securities	(988,943)
Discount on pledge	15,457
Gain on investments	(4,881)
Changes in operating assets and liabilities:	
Pledge receivable	(650,000)
Other accounts receivable	59,608
Other current assets	(13,975)
Accounts payable and accrued expenses	66,977
	<hr/>
Net cash provided by operating activities	1,842,012
	<hr/>
Cash flows from financing activities:	
Proceeds from sale of investments	993,824
	<hr/>
Net cash provided by financing activities	993,824
	<hr/>
Cash and cash equivalents, beginning of year	-
	<hr/>
Cash and cash equivalents, end of year	\$ 2,835,836
	<hr/> <hr/>

Notes to Financial Statements

1. Organization and Nature of Activities

Lift Jax, Inc. (the "Organization"), a non-profit corporation, was incorporated under the laws of the State of Florida in 2020. The Organization is an initiative of business and community leaders working to eradicate generational poverty in Jacksonville. The Organization is primarily supported by contributions from corporations and foundations.

2. Summary of Significant Accounting Policies

The financial statements, which are presented on the accrual basis of accounting, have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions.

Basis of Presentation

Net assets and revenue, gains, expenses and losses are required to be classified as without or with donor restrictions based upon the following criteria:

1. Net assets without donor restrictions represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
2. Net assets with donor restrictions consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit in banks and cash invested in liquid asset trust funds with initial maturities of three months or less. Cash equivalents and short-term investments are stated at cost because that approximates market value.

Pledges receivable

Pledges receivable are unconditional promises to give and are recorded when the promises to give are made. Pledges receivable which are expected to be collected in more than one year are stated at the present value of estimated future receipts. The Organization calculated a discount on long-term pledges using an interest rate of 1.57%. The Organization expects to collect the pledge balance outstanding and has not recorded an allowance for uncollectible pledges as of December 31, 2021.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restriction.

The Organization recognizes revenue for certain donated services and other in-kind contributions received at fair value as of the date of the gift.

Functional expense allocation

The costs of providing program, management and general and fundraising activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain categories of expenses that are attributable to more than one program or supporting function have been allocated on a reasonable basis that is consistently applied. Personnel expenses have been allocated on an estimate of time and effort.

Concentrations of credit risk

Cash and cash equivalents consist of cash on deposit in banks and cash invested in liquid asset trust funds with initial maturities of three months or less. The Organization periodically maintains bank deposits in excess of the Federal Deposit Insurance Corporation limit.

Income taxes

The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2021.

The Organization evaluates its tax positions for any uncertainties based on the technical merits of the positions taken. The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be upheld on examination by taxing authorities. The Organization has analyzed the tax positions taken and has concluded that as of December 31, 2021, there were no uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the financial statements.

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect (1) the reported amounts of assets and liabilities; (2) disclosure of contingent assets and liabilities at the date of the financial statements; and (3) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent accounting pronouncements not yet adopted

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the consolidated statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use ("ROU") model that requires, 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 to be recorded. The ASU is effective for the Organization's fiscal years beginning after December 15, 2021 with early adoption permitted. Management is currently evaluating the impact of this ASU on the Organization's financial statements.

Lift Jax, Inc.
Notes to Financial Statements

Contributed nonfinancial assets

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofit organizations to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is applied retrospectively, to annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022.

Subsequent events

In January 2022, the Organization formed Lift Jax 1478 Florida, LLC (the LLC), a wholly owned subsidiary. On January 24, 2022, the Organization transferred \$200,000 to the LLC. On January 25, 2022, the LLC purchased a property for \$168,000 for the purpose of operating a neighborhood market.

The Organization has evaluated the effect subsequent events would have on the financial statements through May 9, 2022, which is the date the financial statements were available to be issued.

3. Availability of Financial Assets

The following reflects the Organization's financial assets as of the financial position date reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date.

Financial assets at December 31, 2021 were as follows:

Cash and cash equivalents	\$ 2,835,836
Pledge receivable	<u>634,543</u>
	3,470,379
Amounts unavailable for general expenditures within one year due to:	
Donor-imposed restrictions with time or purpose restrictions	<u>(2,668,286)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 802,093</u>

The Organization is substantially supported by contributions. Because a donor's restriction on a contribution requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. The Organization also has a significant degree of flexibility and discretion to manage its costs based on the annual contribution levels and financial assets available.

4. Pledge Receivable

The Organization has a pledge receivable due in future years as follows:

Receivable in less than one year	\$ 400,000
Receivable between one to three years	<u>250,000</u>
	650,000
Discount	<u>(15,457)</u>
Net pledge receivable	<u>\$ 634,543</u>

5. Net Assets with Donor Restrictions

Donor restricted net assets consist of the following purpose restricted programs at December 31, 2021:

Mixed-Income Housing	\$ 1,276,249
Community Wellness	545,000
Long-Term Financial Vitality	73,714
Capacity-Building	<u>773,323</u>
	<u>\$ 2,668,286</u>

6. Concentrations

The Organization recognized revenue from three donors totaling 73% of revenues for the year ended December 31, 2021. The Organization's pledge receivable balance of \$634,543 was due from one donor as of December 31, 2021.

7. Related Parties

The Organization paid a related party, which is controlled by a board member, \$87,500 for a capacity-building grant and \$10,000 for case management services.