

# **Lift Jax, Inc. and Subsidiaries**

## **Independent Auditor’s Report and Consolidated Financial Statements**

**December 31, 2022 and 2021**



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## Independent Auditor's Report

Executive Board  
Lift Jax, Inc. and Subsidiaries  
Jacksonville, FL

### ***Opinion***

We have audited the consolidated financial statements of Lift Jax, Inc. and Subsidiaries (the "Organization"), a non-profit corporation, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, 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, 2022 and 2021, and the results of its operations 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 the 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 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.

# FORVIS

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 Lift Jax, Inc. and Subsidiaries' 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 Lift Jax, Inc. and Subsidiaries' 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.

**FORVIS, LLP**

**Jacksonville, FL  
June 6, 2023**

**Lift Jax, Inc. and Subsidiaries**  
**Consolidated Statements of Financial Position**  
**December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,638,038	\$ 2,835,836
Pledges receivable	480,500	400,000
Other current assets	-	13,975
Total current assets	<b>3,118,538</b>	3,249,811
Property and equipment, net	<b>364,837</b>	-
Pledges receivable, net	-	234,543
Total assets	<b>\$ 3,483,375</b>	<b>\$ 3,484,354</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 16,696	\$ 66,977
Total current liabilities	<b>16,696</b>	66,977
Net assets:		
Without donor restriction	<b>815,089</b>	749,091
With donor restriction	<b>2,651,590</b>	2,668,286
Total net assets	<b>3,466,679</b>	3,417,377
Total liabilities and net assets	<b>\$ 3,483,375</b>	<b>\$ 3,484,354</b>

**Lift Jax, Inc. and Subsidiaries**  
**Consolidated Statement of Activities**  
**Year Ended December 31, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenues:			
Individual and corporate contributions	\$ 55,562	\$ 268,808	\$ 324,370
Foundations and family trusts contributions	-	1,006,449	1,006,449
Releases from restrictions	1,291,953	(1,291,953)	-
	<u>1,347,515</u>	<u>(16,696)</u>	<u>1,330,819</u>
Expenses:			
Program services	1,106,210	-	1,106,210
Supporting services	178,054	-	178,054
	<u>1,284,264</u>	<u>-</u>	<u>1,284,264</u>
Other income:			
Interest and dividends	2,747	-	2,747
	<u>65,998</u>	<u>(16,696)</u>	<u>49,302</u>
Net assets, beginning of year	<u>749,091</u>	<u>2,668,286</u>	<u>3,417,377</u>
Net assets, end of year	<u>\$ 815,089</u>	<u>\$ 2,651,590</u>	<u>\$ 3,466,679</u>

**Lift Jax, Inc. and Subsidiaries**  
**Consolidated Statement of Activities**  
**Year Ended December 31, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
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 restrictions	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>

See accompanying notes.

**Lift Jax, Inc. and Subsidiaries**  
**Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2022**

	Program Expenses			Supporting Services				
	Mixed- Income Housing	Cradle-to- Career Education	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Personnel:								
Salaries	\$ 30,117	\$ 30,117	\$ 90,351	\$ 150,585	\$ 63,384	\$ 55,664	\$ 119,048	\$ 269,633
Employee benefits	529	529	1,587	2,645	1,114	978	2,092	4,737
Payroll taxes	2,237	2,237	6,711	11,185	4,709	4,135	8,844	20,029
Total personnel expenses	<b>32,883</b>	<b>32,883</b>	<b>98,649</b>	<b>164,415</b>	<b>69,207</b>	<b>60,777</b>	<b>129,984</b>	<b>294,399</b>
Other expenses:								
Advertising	73	73	217	363	73	290	363	726
Bank fees	-	-	-	-	198	-	198	198
Insurance	-	-	-	-	2,794	-	2,794	2,794
Depreciation	-	-	4,324	4,324	-	-	-	4,324
Office expense	1,601	1,601	4,802	8,004	1,601	6,403	8,004	16,008
Professional fees	5,879	5,879	17,638	29,396	5,879	23,516	29,395	58,791
Occupancy	249	249	749	1,247	249	997	1,246	2,493
Computer and technology	514	513	1,540	2,567	513	2,054	2,567	5,134
Travel	701	701	2,102	3,504	700	2,803	3,503	7,007
Home repairs	405,036	-	-	405,036	-	-	-	405,036
Career pathway program	-	72,309	-	72,309	-	-	-	72,309
Community wellness	-	-	217,719	217,719	-	-	-	217,719
Capacity building	-	-	130,500	130,500	-	-	-	130,500
Financial vitality	-	-	66,826	66,826	-	-	-	66,826
Total other expenses	<b>414,053</b>	<b>81,325</b>	<b>446,417</b>	<b>941,795</b>	<b>12,007</b>	<b>36,063</b>	<b>48,070</b>	<b>989,865</b>
Total expenses	<b>\$ 446,936</b>	<b>\$ 114,208</b>	<b>\$ 545,066</b>	<b>\$ 1,106,210</b>	<b>\$ 81,214</b>	<b>\$ 96,840</b>	<b>\$ 178,054</b>	<b>\$ 1,284,264</b>

See accompanying notes.



**Lift Jax, Inc. and Subsidiaries**  
**Consolidated 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 Supporting Services	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
Financial vitality	-	-	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. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
Cash flows from operating activities:		
Change in net assets	\$ 49,302	\$ 3,357,769
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Donated securities	-	(988,943)
Depreciation	4,324	-
Change in discount on pledge	(15,457)	15,457
Gain on investments	-	(4,881)
Changes in operating assets and liabilities:		
Pledge receivable	169,500	(650,000)
Other accounts receivable	-	59,608
Other current assets	13,975	(13,975)
Accounts payable and accrued expenses	(50,281)	66,977
Net cash provided by operating activities	<u>171,363</u>	<u>1,842,012</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(369,161)</u>	<u>-</u>
Net cash used by investing activities	<u>(369,161)</u>	<u>-</u>
Cash flows from financing activities:		
Proceeds from sale of investments	<u>-</u>	<u>993,824</u>
Net cash provided by financing activities	<u>-</u>	<u>993,824</u>
Net change in cash and cash equivalents	<u>(197,798)</u>	<u>2,835,836</u>
Cash and cash equivalents, beginning of year	<u>2,835,836</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 2,638,038</u>	<u>\$ 2,835,836</u>

See accompanying notes.

## Notes to the Consolidated Financial Statements

### 1. Organization and Nature of Activities

Lift Jax, Inc. and Subsidiaries (the “Organization”), a non-profit corporation, was incorporated under the laws of the State of Florida in 2020. In January 2022, the Organization formed Lift Jax 1478 Florida, LLC as a wholly-owned subsidiary. In December 2022, the Organization formed Lift Jax 1065 Spearing, LLC as a wholly-owned subsidiary. These subsidiaries were formed for the purpose of purchasing real estate to be used in carrying out the Organization’s mission. 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 consolidated 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.

#### ***Principles of consolidation***

The consolidated financial statements include the accounts of the parent company, Lift Jax, Inc., and its wholly-owned subsidiaries, Lift Jax 1065 Spearing, LLC, and Lift Jax 1478 Florida, LLC.

All significant intercompany account balances and transactions have been eliminated in consolidation.

#### ***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. The Organization has cash balances in excess of the FDIC insured limit. Cash equivalents and short-term investments are stated at cost because that approximates market value.

**Lift Jax, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

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***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, 2022 and 2021.

***Property and equipment***

Property and equipment consist of buildings and are recorded at cost. Depreciation is computed using primarily the straight-line method over the estimated useful lives. Repairs and maintenance costs are expensed as incurred. The buildings are depreciated over a useful life of 40 years.

***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 consolidated statements 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 consolidated statements 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 consolidated 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, 2022 and 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, 2022 and 2021, there were no uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the consolidated financial statements.

**Lift Jax, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

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***Use of estimates***

The preparation of consolidated 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 consolidated financial statements; and (3) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Subsequent events***

The Organization has evaluated the effect subsequent events would have on the consolidated financial statements through June 6, 2023, which is the date the consolidated 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 consolidated statement of financial position date.

Financial assets at December 31 were as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,638,038	\$ 2,835,836
Pledges receivable	<u>480,500</u>	<u>634,543</u>
	<b>3,118,538</b>	3,470,379
Amounts unavailable for general expenditures within one year due to:		
Donor-imposed restrictions with time or purpose restrictions	<u>(2,651,590)</u>	<u>(2,668,286)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 466,948</u>	<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.

**Lift Jax, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

**4. Pledges Receivable**

The Organization has pledges receivable due in future years as follows for December 31:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 480,500	\$ 400,000
Receivable between one to three years	<u>-</u>	<u>250,000</u>
	<b>480,500</b>	650,000
Discount	<u>-</u>	<u>(15,457)</u>
Net pledge receivable	<u><b>\$ 480,500</b></u>	<u><b>\$ 634,543</b></u>

**5. Property and Equipment**

Property and equipment consists of the following at December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 67,871	\$ -
Buildings	<u>301,290</u>	<u>-</u>
	<b>369,161</b>	-
Accumulated depreciation	<u>(4,324)</u>	<u>-</u>
	<u><b>\$ 364,837</b></u>	<u><b>\$ -</b></u>

**6. Net Assets with Donor Restrictions**

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

	<u>2022</u>	<u>2021</u>
Mixed-Income Housing	\$ 1,080,164	\$ 1,276,249
Cradle-to-Career Education	32,763	-
Community Wellness	957,281	545,000
Long-Term Financial Vitality	232,227	73,714
Capacity-Building	<u>349,155</u>	<u>773,323</u>
	<u><b>\$ 2,651,590</b></u>	<u><b>\$ 2,668,286</b></u>

**7. Concentrations**

The Organization recognized revenue from three donors totaling 30% and 73% of revenues for the years ended December 31, 2022 and 2021, respectively. The Organization's pledge receivable balance from two donors totaled 88% as of December 31, 2022. The Organization's pledge receivable balance of \$634,543 was due from one donor as of December 31, 2021.

**8. Related Parties**

The Organization paid a related party, which is controlled by a board member, \$100,000 and \$97,500 for grants and services for the years ended December 31, 2022 and 2021, respectively.