

## **FINANCIAL STATEMENTS**



**FOR THE YEAR ENDED JUNE 30, 2023  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2022**

**LIFT, INC.**

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## CPAs & ADVISORS

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
LIFT, Inc.  
Washington, D.C.

#### Opinion

We have audited the accompanying financial statements of LIFT, Inc. (LIFT), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LIFT as of June 30, 2023, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LIFT 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 LIFT's 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.

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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 LIFT'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 LIFT's ability to continue as a going concern for a reasonable period of time.

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

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

We have previously audited LIFT's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



January 3, 2024

## LIFT, INC.

**STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2023  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

## ASSETS

	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 9,831,915	\$ 6,890,560
Grants and pledges receivable	3,084,485	2,869,235
Accounts receivable	5,495	10,652
Prepaid expenses	<u>76,125</u>	<u>132,433</u>
Total current assets	<u>12,998,020</u>	<u>9,902,880</u>
<b>PROPERTY AND EQUIPMENT</b>		
Software	72,217	52,217
Leasehold improvements	490,038	490,038
Equipment	<u>155,259</u>	<u>188,640</u>
	717,514	730,895
Less: Accumulated depreciation and amortization	<u>(430,079)</u>	<u>(403,514)</u>
Net property and equipment	<u>287,435</u>	<u>327,381</u>
<b>NONCURRENT ASSETS</b>		
Deposits	43,305	47,430
Grants and pledges receivable, net of current portion and present value discount	2,359,661	775,563
Right-of-use asset, net	<u>994,722</u>	<u>-</u>
Total noncurrent assets	<u>3,397,688</u>	<u>822,993</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 16,683,143</u></b>	<b><u>\$ 11,053,254</u></b>

## LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 982,105	\$ 437,987
Operating lease liability	226,876	-
Deferred rent	<u>-</u>	<u>62,487</u>
Total current liabilities	<u>1,208,981</u>	<u>500,474</u>
<b>NONCURRENT LIABILITIES</b>		
Operating lease liability, net of current portion	1,249,276	-
Deferred rent, net of current portion	<u>-</u>	<u>481,431</u>
Total liabilities	<u>2,458,257</u>	<u>981,905</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Board Designated	2,878,330	-
Undesignated	<u>5,147,134</u>	<u>5,832,138</u>
Total net assets without donor restrictions	8,025,464	5,832,138
With donor restrictions	<u>6,199,422</u>	<u>4,239,211</u>
Total net assets	<u>14,224,886</u>	<u>10,071,349</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 16,683,143</u></b>	<b><u>\$ 11,053,254</u></b>

See accompanying notes to financial statements.

## LIFT, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2023  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	<u>2023</u>			<u>2022</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>				
Institutions and family foundation grants	\$ 3,510,526	\$ 2,413,590	\$ 5,924,116	\$ 7,987,129
Contributions - individuals	2,366,489	3,200,000	5,566,489	1,675,872
Government grants	435,579	-	435,579	643,617
In-kind contributions	179,752	-	179,752	1,132,166
Investment income (loss)	64,226	-	64,226	(3,918)
Special events, less direct expenses of \$0 and \$658, respectively	39,678	-	39,678	70,901
Net assets released from donor restrictions	<u>3,653,379</u>	<u>(3,653,379)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>10,249,629</u>	<u>1,960,211</u>	<u>12,209,840</u>	<u>11,505,767</u>
<b>EXPENSES</b>				
Program Services	<u>6,729,657</u>	<u>-</u>	<u>6,729,657</u>	<u>6,349,972</u>
Supporting Services:				
Management and General	967,472	-	967,472	1,079,629
Fundraising	<u>359,174</u>	<u>-</u>	<u>359,174</u>	<u>519,917</u>
Total supporting services	<u>1,326,646</u>	<u>-</u>	<u>1,326,646</u>	<u>1,599,546</u>
Total expenses	<u>8,056,303</u>	<u>-</u>	<u>8,056,303</u>	<u>7,949,518</u>
Change in net assets	2,193,326	1,960,211	4,153,537	3,556,249
Net assets at beginning of year	<u>5,832,138</u>	<u>4,239,211</u>	<u>10,071,349</u>	<u>6,515,100</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 8,025,464</u></b>	<b><u>\$ 6,199,422</u></b>	<b><u>\$ 14,224,886</u></b>	<b><u>\$ 10,071,349</u></b>

## LIFT, INC.

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	<b>2023</b>				<b>2022</b>	
	<b>Supporting Services</b>			<b>Total Supporting Services</b>	<b>Total Expenses</b>	<b>Total Expenses</b>
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>			
Salaries, taxes and benefits	\$ 4,673,546	\$ 612,012	\$ 278,187	\$ 890,199	\$ 5,563,745	\$ 4,836,217
Professional fees	513,477	118,793	30,564	149,357	662,834	644,794
Member services	641,513	-	-	-	641,513	515,920
Lease expense/utilities/repairs	279,382	36,586	16,630	53,216	332,598	360,002
Technology	169,988	22,260	10,118	32,378	202,366	177,714
In-kind goods and services	54,015	125,737	-	125,737	179,752	1,132,166
Events	125,272	16,405	7,457	23,862	149,134	11,983
Travel	91,470	11,978	5,445	17,423	108,893	45,058
Miscellaneous	61,432	8,045	3,657	11,702	73,134	61,259
Depreciation and amortization	50,355	6,594	2,997	9,591	59,946	63,500
Insurance	25,764	3,374	1,534	4,908	30,672	33,155
Dues and subscriptions	10,524	1,378	626	2,004	12,528	16,805
Recruitment and advertising	8,697	1,139	518	1,657	10,354	10,611
Board expenses	7,156	937	426	1,363	8,519	24,827
Supplies	5,803	760	345	1,105	6,908	5,564
Printing/publications	5,499	720	327	1,047	6,546	7,429
Education/training/professional development	4,318	565	257	822	5,140	-
Postage/delivery	1,446	189	86	275	1,721	3,172
Subtotal	6,729,657	967,472	359,174	1,326,646	8,056,303	7,950,176
Direct costs of special events	-	-	-	-	-	(658)
<b>TOTAL</b>	<b>\$ 6,729,657</b>	<b>\$ 967,472</b>	<b>\$ 359,174</b>	<b>\$ 1,326,646</b>	<b>\$ 8,056,303</b>	<b>\$ 7,949,518</b>

See accompanying notes to financial statements.

## LIFT, INC.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 4,153,537	\$ 3,556,249
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	59,946	63,500
Unrealized loss	-	4,900
Realized gain on contributed securities	(10)	(609)
Receipt of contributed securities	(24,964)	(77,900)
Proceeds from the sale of contributed securities	24,974	100,699
Change in discount on grants and pledges receivable	98,923	13,906
Amortization of right-of-use asset	134,042	-
(Increase) decrease in:		
Grants and pledges receivable	(1,898,271)	(1,574,794)
Accounts receivable	5,157	(8,893)
Prepaid expenses	56,308	(44,483)
Deposits	4,125	23,399
Increase (decrease) in:		
Accounts payable and accrued liabilities	544,118	57,543
Deferred rent	-	(56,120)
Operating lease liability	(196,530)	-
Net cash provided by operating activities	<u>2,961,355</u>	<u>2,057,397</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(20,000)	-
Net cash used by investing activities	<u>(20,000)</u>	<u>-</u>
Net increase in cash and cash equivalents	2,941,355	2,057,397
Cash and cash equivalents at beginning of year	6,890,560	4,833,163
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 9,831,915</b>	<b>\$ 6,890,560</b>
<b>SCHEDULE OF NON-CASH TRANSACTIONS:</b>		
Right-of-Use Asset	<b>\$ 1,133,792</b>	<b>\$ -</b>
Operating Lease Liability for Right-of-Use Asset	<b>\$ 1,672,682</b>	<b>\$ -</b>



## LIFT, INC.

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organization -

The mission of LIFT, Inc. is to bring economic equity to marginalized communities at scale by redesigning social service systems to treat parents with dignity and trust. LIFT's program breaks the cycle of poverty by investing in families through integrated financial, educational, and employment coaching along with direct cash support. LIFT's one-on-one coaching program helps parents set and achieve goals – such as going back to school, improving credit, eliminating debt, or securing a living wage – that put their families on the path to economic mobility. This direct service work serves as an action tank, providing a foundation for meaningful partnerships and advocacy efforts that yield research insights, policy influence, and systems change.

##### Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

##### New accounting pronouncement adopted -

During 2023, LIFT adopted ASU 2019-01, *Leases* (Topic 842), which changed the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. LIFT applied the new standard using the modified retrospective approach. See Note 9 for further details.

##### Cash and cash equivalents -

LIFT considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, LIFT maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

LIFT, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
**(Continued)**

Investments -

Investments are recorded at their readily determinable fair value. Investments acquired by gift are recorded at their fair value at the date of the gift. LIFT's policy is to liquidate all gifts of investments as soon as possible after the gift.

Grants, pledges and accounts receivable -

Grants, pledges, and accounts receivable expected to be collected within one year are recorded at their net realizable value, which approximates fair value. Grants and pledges receivables that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in institutions and family foundations grants revenue. Conditional promises to give are not included as support until the conditions are substantially met. Management considers all receivables to be fully collectable. Accordingly, an allowance for doubtful accounts has not been established.

Property and equipment -

Property and equipment in excess of \$2,000 are capitalized and stated at cost. Equipment is depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses as incurred. Depreciation and amortization expense for the year ended June 30, 2023 totaled \$59,946.

Income taxes -

LIFT is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is only subject to tax on unrelated business income. LIFT is not a private foundation.

Uncertain tax positions -

For the year ended June 30, 2023, LIFT has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Support and revenue recognition -

The majority of LIFT's revenue is received through contributions as well as grants from governments, private institutions, family foundations and other entities. Grants and contributions are recognized in the appropriate category of net assets in the period received.

LIFT performs an analysis of the individual grant and contribution to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

LIFT, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)

Support and revenue recognition (continued) -

For grants and contributions qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Grants and contributions qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restriction. Funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Grant agreements qualifying as conditional contributions contain a right of return from obligation provision that limits LIFT on how funds transferred should be spent. Additionally, a barrier is present that is related to the purpose of the agreement. Revenue is recognized when the condition or conditions on which they depend are substantially met. Most grants from governments and other entities are for direct and indirect program costs. These transactions are nonreciprocal and classified as conditional and are therefore recognized as contributions when the revenue becomes unconditional. Typically, these agreements also contain a right of return or right of release from obligation provision and the entity has limited discretion over how funds transferred should be spent. As such, LIFT recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For grants and contributions treated as conditional contributions, LIFT had no unrecognized conditional awards as of June 30, 2023.

LIFT receives sponsorships for its annual events, which is included in events revenue on the accompanying Statement of Activities and Change in Net Assets. LIFT performs an analysis of the individual sponsorship to determine if the sponsorship revenue follows the contribution rules or if they should be recorded as an exchange transaction or should be appropriately bifurcated between amounts deemed reciprocal or nonreciprocal. For amounts qualifying under the contribution rules, revenue is recognized upon execution of the sponsorship agreement and included in net assets with donor restrictions. The release occurs when the related event occurs.

In-kind contributions -

LIFT received in-kind contributions of \$179,752 for the year ended June 30, 2023. In-kind contributions consisted of donated services in the amount of \$44,640 and donated food and supplies in the amount of \$135,112.

Contributed goods and services are valued at their estimated fair value based on current market rates for similar services or items. There were no donor-imposed restrictions associated with in-kind contributions.

To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended June 30, 2023.

Legal, coaching and program services	\$ 135,112
Food and supplies	<u>44,640</u>
<b>TOTAL</b>	<b><u>\$ 179,752</u></b>

LIFT, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
**(Continued)**

In-kind contributions (continued) -

The following programs have benefited from these donated services:

Program Services	\$ 54,015
Management and General	<u>125,737</u>
<b>TOTAL</b>	<b><u>\$ 179,752</u></b>

Use of estimates -

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of LIFT are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort.

Special event expenses -

The Statement of Functional Expenses includes event expenses which are deducted from event revenue in the Statement of Activities and Change in Net Assets.

Fair value measurement -

LIFT adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. LIFT accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

2. **INVESTMENTS**

Included in investment income, net are the following:

Interest and dividends	\$ 64,366
Realized gain	10
Investment fees	<u>(150)</u>
<b>TOTAL INVESTMENT INCOME, NET OF</b>	
<b>INVESTMENT EXPENSES</b>	<b><u>\$ 64,226</u></b>

LIFT, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**3. GRANTS AND PLEDGES RECEIVABLE**

As of June 30, 2023, contributors to LIFT have made written promises to give, of which \$5,577,485, remained due and outstanding.

Amounts due beyond one year have been recorded at their present value of their future cash flows, using a discount rate of the daily treasury long-term rate. The discount rate applied was 3.98%.

Grants are due as follows at June 30, 2023:

Less than one year	\$ 3,084,485
One to five years	<u>2,493,000</u>
Total	5,577,485
Less: Present value discount	<u>(133,339)</u>
<b>TOTAL GRANTS RECEIVABLE</b>	<b><u>\$ 5,444,146</u></b>

**4. LINE OF CREDIT**

LIFT holds a line of credit for \$1,000,000. The line of credit is renewable and its current expiration date is January 30, 2024. Amounts borrowed under this agreement bear interest equal to the Bank's Prime rate plus 0.10%. The line is secured by personal property of LIFT. The agreement requires compliance with certain financial loan covenants. As of June 30, 2023, there was no balance due on the line of credit.

**5. BOARD DESIGNATED NET ASSETS**

As of June 30, 2023, net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

<b>Operating Reserve</b>	<b><u>\$ 2,878,330</u></b>
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**6. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at June 30, 2023:

Program Services	\$ 2,262,261
Time Restricted	<u>3,937,161</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 6,199,422</u></b>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Program Services	\$ 1,304,035
Passage of Time	<u>2,349,344</u>
<b>NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 3,653,379</u></b>

LIFT, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

7. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 9,831,915
Grants and pledges receivable	3,084,485
Accounts receivable	<u>5,495</u>
Subtotal financial assets available within one year	12,921,895
Less: Donor restricted funds, excluding grants and pledges due within one year	(3,114,937)
Less: Board Designated operating reserve	<u>(2,878,330)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 6,928,628</u></b>

LIFT has a policy to structure its financial assets to be available and liquid as its obligations become due. In addition, LIFT's Board has designated a portion of its operating surplus to its operating reserve, which amounts to \$2,878,330 as of June 30, 2023. LIFT also has a line of credit agreement (as further discussed in Note 4) which allows for additional available borrowings up to \$1,000,000.

8. RETIREMENT PLAN

LIFT provides retirement benefits to its employees through a 403(b) retirement savings plan covering all full-time employees. LIFT's retirement benefits policy is to match 100% of employee contributions up to 5% of gross pay after one year of service. The employer match for the year ended June 30, 2023 totaled \$125,864 and is included in salaries, taxes and benefits in the accompanying Statement of Functional Expenses.

9. LEASE COMMITMENTS

On August 4, 2017, LIFT entered into a lease agreement for office space in D.C., which went into effect April 1, 2018. The lease term is eleven years and has a fifteen month rent abatement with an annual 2.0% escalation. The lease required a security deposit of \$39,088. Additionally, LIFT received \$449,100 of tenant improvements in connection with the terms of the lease.

During the year ended June 30, 2023, LIFT adopted ASU 2019-01, *Leases* (Topic 842), which changed the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. LIFT implemented the ASU electing the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. LIFT also elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. LIFT adopted the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. As a result, LIFT recorded a right-of-use asset in the amount of \$1,133,792, net of the landlord unamortized portion of the tenant improvement allowance and deferred rent balance of \$538,890. LIFT recorded an operating lease liability in the amount of \$1,672,682 by calculating the present value using the discount rate of 3%.

LIFT, INC.

NOTES TO FINANCIAL STATEMENTS  
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9. LEASE COMMITMENTS (Continued)

The following is a schedule of the future minimum lease payments:

<u>Year Ending June 30,</u>	
2024	\$ 267,560
2025	274,249
2026	281,106
2027	288,133
2028	295,337
Thereafter	<u>200,146</u>
	1,606,531
Less: Current portion	<u>(226,876)</u>
	1,379,655
Less: Imputed interest	<u>(130,379)</u>
<b>LONG-TERM PORTION</b>	<b><u>\$ 1,249,276</u></b>

LIFT also leases office space in multiple other locations for its resource centers on month-to-month bases.

Lease expense, including utilities, repairs and real estate taxes, for the year ended June 30, 2023, totaled \$332,598.

10. RELATED PARTY

During the year ended June 30, 2023, LIFT paid \$4,919 to a related party organization for website services, which were authorized by the Board of Directors. One of LIFT's Board Members is currently employed as the CEO and Owner of this related party organization. As of June 30, 2023, there was \$1,596 owed to this organization.

In addition, LIFT received several related party pledges during fiscal year 2023 from Board Members and organizations owned by LIFT Board Members. During the year ended June 30, 2023, LIFT received \$435,169 in pledges from these Board Members and their organizations.

11. SUBSEQUENT EVENTS

In preparing these financial statements, LIFT has evaluated events and transactions for potential recognition or disclosure through January 3, 2024, the date the financial statements were issued.