

Project LIFT, Inc.
FINANCIAL STATEMENTS
June 30, 2023

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June 30, 2023
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Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

Royal Palm Financial Center
Suite 103
729 Southwest Federal Highway
Stuart, Florida 34994

772/219-0220
FAX: 772/219-0260

Report of Independent Auditors

To the Board of Directors
Project LIFT, Inc.
Palm City, Florida

Opinion

We have audited the accompanying financial statements of Project LIFT, Inc., a non-profit organization, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, cash flows and functional expenses for the year then ended and the related notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Project LIFT, Inc. as of June 30, 2023, and the changes in net assets and 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 and the standards applicable to financial statement audits contained in *Government Auditing Standards*. 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 Project LIFT, Inc., 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.

Report on Summarized Comparative Information

We have previously audited Project LIFT, Inc.'s June 30, 2022 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 6, 2022. Subsequent to the issuance of the report in 2022 the organization adopted FASB ASC Topic 842 pertaining to the reporting of leases, these changes resulted in the restatement of beginning net assets. See Note M. The prior year comparative information has been restated to conform with the change. In our opinion, the restated 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.

Fort Pierce / Stuart



To the Board of Directors
Project LIFT, Inc.

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 Project LIFT, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are issued or 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 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 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.



Berger, Toombs, Elam,
Gaines & Frank
Certified Public Accountants PL

To the Board of Directors
Project LIFT, Inc.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations (CFR)*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards ("Uniform Guidance")* and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated November 10, 2023 on our consideration of Project LIFT, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Project LIFT, Inc.'s internal control over financial reporting and compliance.

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.

*Berger Toombs Elam
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Stuart, Florida

November 10, 2023

Project LIFT, Inc.
STATEMENT OF FINANCIAL POSITION
June 30, 2023
(With Comparative Totals at June 30, 2022)

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 4,611,096	\$ 2,350,335
Pledges receivable, net of discount	270,349	182,769
Grants receivable	345,063	90,183
Other receivables	11,070	34,024
Prepaid and other assets	308,140	113,202
Total current assets	5,545,718	2,770,513
Pledges receivable, net of discount	275,348	634,658
Right-of-use asset - Property, net of accumulated amortization	88,331	122,441 *
Property, plant and equipment, net of accumulated depreciation	2,304,809	1,172,136
Total assets	\$ 8,214,206	\$ 4,699,748
Liabilities and Net Assets		* Restated
Current liabilities		
Accounts payable	\$ 140,786	\$ 81,844
Accrued expenses	218,386	134,621
Deferred revenues	10,663	9,340
Grant payable	7,258	13,041
Lease payable, current portion	96,277	58,724 *
Total current liabilities	473,370	297,570
Noncurrent liabilities		
Lease payable	-	66,669 *
Total liabilities	473,370	364,239
Net Assets		
With Donor Restrictions	4,687,183	2,379,377
Without Donor Restrictions	3,053,653	1,956,132 *
Total net assets	7,740,836	4,335,509 *
Total liabilities and net assets	\$ 8,214,206	\$ 4,699,748

The accompanying notes are an integral part of these financial statements.

Project LIFT, Inc.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023
(With Summarized Comparative Information for the Year Ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2023	2022
Revenues, public support and grants				
Revenues and public support:				
Contributions and local awards	\$ 578,128	\$ 191,141	\$ 769,269	\$ 848,660
Capital contributions	-	2,714,970	2,714,970	1,458,786
Foundation contributions	308,271	468,500	776,771	519,531
In-Kind contributions	628,146	-	628,146	191,576
Program revenues	48,365	-	48,365	126,978
Special fundraising events	448,090	-	448,090	303,532
Less direct costs	(216,342)	-	(216,342)	(130,322)
Investment income	66,872	-	66,872	4,945
Other income	10,971	-	10,971	272,919
Total revenues and public support	<u>1,872,501</u>	<u>3,374,611</u>	<u>5,247,112</u>	<u>3,596,605</u>
Grants and contracts				
United Way	125,835	-	125,835	48,965
Foundation grants	406,000	-	406,000	365,000
Federal grants	1,751,026	-	1,751,026	360,735
Local grants	368,069	-	368,069	205,961
Other grants	105,000	105,000	210,000	720,499
Total grants and contracts	<u>2,755,930</u>	<u>105,000</u>	<u>2,860,930</u>	<u>1,701,160</u>
Net assets released from restrictions	<u>1,171,805</u>	<u>(1,171,805)</u>	<u>-</u>	<u>-</u>
Total revenues, public support, grants and contracts	<u>5,800,236</u>	<u>2,307,806</u>	<u>8,108,042</u>	<u>5,297,765</u>
Expenses				
Program services	3,899,986	-	3,899,986	2,576,722
Supporting services:				
General and administrative	375,261	-	375,261	258,529
Fundraising activities	415,795	-	415,795	259,854
Total supporting services	<u>791,056</u>	<u>-</u>	<u>791,056</u>	<u>518,383</u>
Total expenses	<u>4,691,042</u>	<u>-</u>	<u>4,691,042</u>	<u>3,095,105</u> *
Loss on disposal of property and equipment	<u>11,673</u>	<u>-</u>	<u>11,673</u>	<u>1,854</u>
Total expenses and losses	<u>4,702,715</u>	<u>-</u>	<u>4,702,715</u>	<u>3,096,959</u> *
Changes in net assets	1,097,521	2,307,806	3,405,327	2,200,806
Net assets - beginning of year	<u>1,956,132</u>	<u>2,379,377</u>	* <u>4,335,509</u>	<u>2,134,703</u>
Net assets - end of year	<u>\$ 3,053,653</u>	<u>\$ 4,687,183</u>	<u>\$ 7,740,836</u>	<u>\$ 4,335,509</u> *

* Restated

Project LIFT, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023
(With Summarized Comparative Information for the Year Ended June 30, 2022)

	Supporting Services			Totals 2023	* Restated
	Program Services	General and Administrative	Fund Raising and Development		Total Supporting Services
Compensation					
Salaries	\$ 1,959,429	\$ 236,890	\$ 341,416	\$ 578,306	\$ 1,714,242
Payroll taxes	193,003	23,334	33,629	56,963	136,444
Total compensation and related expenses	<u>2,152,432</u>	<u>260,224</u>	<u>375,045</u>	<u>635,269</u>	<u>1,850,686</u>
Services and supplies					
Advertising	21,462	-	-	-	21,462
Depreciation	75,692	-	-	-	75,692
Lease expense	69,299	-	-	-	69,299 *
Insurance	133,320	12,228	16,565	28,793	162,113
Office	20,880	2,524	3,638	6,162	27,042
Occupancy	125,351	1,042	1,501	2,543	127,894 *
Printing and Postage	4,433	536	773	1,309	5,742
Program Supplies/Related Expenses	966,505	8,574	3,808	12,382	978,887
Professional fees	300,894	76,010	9,288	85,298	386,192
Travel and education	29,718	14,123	5,177	19,300	49,018
Total expenses	<u>\$ 3,899,986</u>	<u>\$ 375,261</u>	<u>\$ 415,795</u>	<u>\$ 791,056</u>	<u>\$ 4,691,042</u>
					<u>\$ 3,095,105</u>

Project LIFT, Inc.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2023

	2023
Cash Flows From Operating Activities	
Change in net assets	\$ 3,405,327
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	142,335
Loss on sale of equipment	11,673
Unrealized loss on investments	2,879
In-kind contributions	(628,146)
(Increase) decrease in assets:	
Grants receivable	(254,880)
Pledge receivable	271,730
Accounts receivable	22,954
Other assets	(194,938)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	142,708
Grants payable	(5,783)
Deferred revenue	1,323
Net cash provided by operating activities	2,917,182
Cash Flows From Investing Activities	
Proceeds from sale of fixed assets	1,150
Cash paid for purchases of capital assets	(593,266)
Net cash used in investing activities	(592,116)
Cash Flows From Financing Activities	
Payments on leases payable	(64,305)
Net increase in cash	2,260,761
Cash at beginning of year	2,350,335
Cash at end of year	\$ 4,611,096
Supplemental disclosure of cash flow information	
Cash paid for interest	\$ -

Project LIFT, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE A - DESCRIPTION OF ORGANIZATION

Project Lift, Inc. (the "Organization") is a Florida not-for-profit corporation, which was formed in 2011 under the laws of the State of Florida. The primary purpose of the Organization is to provide at-risk youth programs that combine mental health and substance abuse therapy, job training, community service and behavior modification. The project is a multi-systemic program designed to build on the strengths of at-risk youth by introducing skills that inspire youth to explore opportunities to be successful outside of delinquent behavior. The program activities include comprehensive mental health and substance abuse counseling, tutoring and study skills training, work experience, occupational skills training, mentoring, leadership development opportunities and community service and serves Martin County, Palm Beach County and St. Lucie County, Florida.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Financial Statements

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles. Assets and related revenue are recorded when earned, and liabilities and related expenses are recognized as incurred. In applying generally accepted accounting principles to program service revenue, the legal and contractual requirements of the individual programs are used as guidance.

The financial statements report net assets and changes in net assets in two classes that are based on the existence or absence of restrictions on use that are placed by its donors as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in corporate documents and the application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

Project LIFT, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statements (continued)

Net Assets With Donor Restrictions (continued)

The organization's unspent contributions are included in this class if the donor limited their use. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Cash Equivalents

Cash equivalents include cash on hand, time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Allowance for Doubtful Accounts

The Organization determines an allowance for uncollectible receivables by specifically identifying balances which are doubtful as to collectability. As of June 30, 2023, management has determined that an allowance for doubtful accounts was not necessary.

Grants Receivable

Grants receivable include funds owed by federal, state and local organizations for the purpose of supporting the Organization's programs.

Property, Plant and Equipment

The Organization capitalizes all long-lived assets with an estimated useful life of three years or more and original cost of \$2,500 or more. Property and equipment are stated at cost and depreciation is being provided by use of the straight-line method over the following estimated useful lives:

Building and building improvements	15-40 years
Furniture and equipment	3-10 years

Contributions of property and equipment are recorded as revenue at their estimated fair value. Such contributions are reported as unrestricted revenue unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted revenue. Absent donor stipulations regarding how long those donor assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Project LIFT, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Organization is exempt from federal and state income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. The Organization is not considered a private foundation.

In-kind Contributions

The Organization records in-kind contributions of services requiring special skills that create or enhance the value of non-financial assets at their fair market values consistent with those amounts which would be paid for similar products and services.

Leases

The Organization has implemented FASB ASC Topic 842, *Leases*, in the current year, which changes the accounting and financial reporting for leases. FASB ASU 2016-02 defines a lease as a contract that conveys the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Under FASB ASU 2016-02, leases other than short-term leases, defined as having a maximum possible term of 12 months or less, are required to be recognized on the Statement of Financial Position. A lessee should recognize a lease liability and an intangible right of use asset, while a lessor should recognize a lease receivable and a deferred income. Contracts that transfer ownership should be accounted for as finance leases by the lessee or sales-type leases by the lessor.

The Organization determines if an arrangement is a lease, or contains a lease, at inception. Lessee arrangements recognize a lease liability and a right of use (ROU) asset in the Statement of Financial Position at the commencement date of the lease. The lease liability represents the Organization's obligation to make lease payments arising from the lessee arrangement and is initially and subsequently recognized based on the present value of future lease payments. The ROU asset represents the Organization's right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction, and is amortized on a straight-line basis over the terms of the associated leases. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

Payment for short-term leases with a lease term of less than twelve months, and lease agreements below the Organization's approved annualized threshold, are recognized as expenses as incurred. The Organization has established a \$5,000 threshold, for total annual payments, for leases subject to FASB ASC Topic 842. Short-term leases and leases under the threshold are not included as lease liabilities or right of use assets on the Statement of Financial Position.

At implementation on July 1, 2022, the Organization, as lessee, recognized a lease liability of \$125,393 along with a corresponding right of use asset of \$122,441.

Project LIFT, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Donated Services

While the Organization receives donated services throughout the year that enhance the effectiveness of the programs, these services do not create or enhance non-financial assets nor do they require specialized skills that if not provided by a volunteer would be purchased. Accordingly, while these services contribute to the success of the programs, they have not been reflected in the accompanying financial statements.

Expense Allocation

The costs of the various programs have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, costs have been allocated among the Program and Supporting Services, based upon the relative square footage of the building that different programs utilize and a percentage of time spent by employees.

Advertising

The Organization defers the cost of direct solicitation advertising and amortizes it over the future periods in which the revenue is expected to be earned. All other advertising costs are expensed in the period incurred. All advertising costs have been expensed in the accompanying financial statements.

Accounting 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. Generally Accepted Accounting Principles. Accordingly, such information should be read in conjunction with Project LIFT, Inc.'s financial statements for the year ended June 30, 2022, from which the summarized information was derived.

NOTE C – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of demand deposits and short-term money market funds. These financial instruments are potentially subject to concentrations of credit risk as follows. Cash balances are maintained at financial institutions located in Martin County, Florida. Cash accounts at each of these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization had uninsured cash balances of \$630,754 and \$1,177,567 at June 30, 2023 and 2022. Included in this amount are money market accounts which total \$494,525 and \$1,059,657 at June 30, 2023 and 2022. The money market accounts are insured by the Securities Investor Protection Corporation (SIPC). The asset protection provided by the SIPC is not against losses from fluctuations in value, but rather only if the brokerage firm ceases doing business.

Project LIFT, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE D – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2023 are:

Financial Assets	
Cash	\$ 4,611,096
Accounts receivable	11,070
Pledges receivable	270,349
Grants receivable	345,063
Less financial assets held to meet donor imposed restrictions	<u>(4,687,183)</u>
Amount available for general expenditures within one year	<u>\$ 550,395</u>

NOTE E – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following at June 30, 2023 and 2022:

	2023	2022
Building and improvements	\$ 606,302	\$ 606,302
Land and improvements	927,007	327,007
Furniture and fixtures	491,015	227,192
Vehicles	58,626	58,776
Construction in Progress	456,464	117,680
	2,539,414	1,336,957
Less: accumulated depreciation	234,605	164,821
	2,304,809	1,172,136

NOTE F – CHILDREN’S SERVICES COUNCIL AGREEMENTS

Project LIFT

During the year ended June 30, 2023, the Organization expended and received \$235,751 from the Children’s Services Council of Martin County for the 2022/2023 contract year ending June 30, 2023 for the Project LIFT programs.

During the year ended June 30, 2023, the Organization expended and received \$117,319 from the Children’s Services Council of St. Lucie County for the 2022/2023 contract year ending June 30, 2023 for the Project LIFT programs.

NOTE G - RISK MANAGEMENT

The Organization is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Organization maintains commercial insurance coverage and claims have not exceeded policy provisions for the years ended June 30, 2023 and 2022.

Project LIFT, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE H – NET ASSETS

Net Assets With Donor Restrictions

During the fiscal year 2023, the Organization received \$3,479,611 that was restricted by the donors for a specific use or program services to be provided in a subsequent period. Also, during the fiscal year, the Organization released \$1,171,805 in net assets with donor restrictions due to the passage of time and the use for the restricted purpose. Net assets with donor restrictions totaled \$4,687,183 at June 30, 2023 and can be used for specified program expenses and capital campaign expenditures for the fiscal year ending June 30, 2024.

During the fiscal year 2022, the Organization received \$2,229,486 that was restricted by the donors for a specific use or program services to be provided in a subsequent period. Also, during the fiscal year, the Organization released \$256,565 in net assets with donor restrictions due to the passage of time and the use for the restricted purpose. Net assets with donor restrictions totaled \$2,379,377 at June 30, 2022 and can be used for specified program expenses and capital campaign expenditures for the fiscal year ending June 30, 2023.

NOTE I – INCOME TAXES

In accordance with generally accepted accounting principles as they relate to income taxes, the Organization evaluates uncertain tax positions for each reporting period based on the circumstances related to each transaction or affiliation. At June 30, 2023, the Organization does not believe that there are unrecognized tax benefits or tax liabilities that would be considered significant to the financial statements. The Organization's Federal tax returns for fiscal years ending June 30, 2022, 2021 and 2020 remain open to examination by the Internal Revenue Service.

NOTE J – LEASES

The Organization has obligations as a lessee for office space and office equipment with initial noncancelable terms in excess of one year. The Organization has classified these leases as operating leases. The Organization's office space leases generally contain yearly renewal options. Because the Organization is not reasonably certain to exercise these renewal options, the optional periods are not included in determining the lease term, and associated payments under these renewal options are excluded from lease payments. The Organization's leases do not include termination options for either party to the lease. Payments due under the lease arrangements are comprised entirely of fixed payments, with some agreements including an agreed upon annual increase of the fixed amount.

Project LIFT, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE J – LEASES (continued)

Palm City Admin Office

In April 2023, the Organization entered into an agreement to lease building space which required 12 monthly payments ranging from \$1,500 for the first 2 months with a base rent of \$3,000 for the other 10 months. The lease liability was measured at a discount rate of 2.88%, which is the Organization's risk-free borrowing rate. As a result of the lease, the Organization reported a right of use asset with a net book value of \$27,111 at June 30, 2023.

Palm City Rental Space

In January 2022, the Organization entered into an agreement to lease building space which required monthly payments ranging from \$1,500 to \$1,545, based on annual base payment increases. The Organization will pay 3 months' rent at a time. The lease liability was measured at a discount rate of 2.88%, which is the Organization's risk-free borrowing rate. As a result of the lease, the Organization reported a right of use asset with a net book value of \$17,661 at June 30, 2023.

Palm City Rental Space

In July 2021, the Organization entered into an agreement to lease building space which required 12 monthly payments of \$3,500. In July 2022, the Organization renewed the initial agreement to lease the building space for an additional 12 months which required monthly payments of \$3,605. In July 2023, the Organization renewed the agreement to lease the space for another 12 months which required monthly payments of \$4,200. All of these agreements required the Organization to pay the rent for 6 months at a time. The lease liability was measured at a discount rate of 2.88%, which is the Organization's risk-free borrowing rate. As a result of the lease, the Organization reported a right of use asset with a net book value of \$43,559 at June 30, 2023.

The lease cost for the year ended June 30, 2023 are as follows:

Operating Lease Cost	<u>\$ 130,948</u>
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Supplemental cash flow information related to leases was as follows:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	<u>\$ 64,305</u>
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Non-cash investing and financing activities:

Additions to right of use assets obtained from:

New operating lease liabilities	<u>\$ 29,608</u>
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Project LIFT, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE J – LEASES (continued)

Supplemental balance sheet information related to leases was as follows:

Operating Lease Right of Use Assets	\$ 88,331
	<u> </u>
Operating Lease Liabilities	\$ 96,277
	<u> </u>

Future minimum payments of lease liabilities under noncancellable operating leases as of June 30, 2023, were as follows:

Year Ending June 30,	Total
2024	\$ 97,395
2025	-
2025	-
2026	-
Total minimum lease payments	97,395
Less: amount representing interest	(1,118)
Lease liability as of June 30, 2023	96,277

As of June 30, 2023, the weighted-average remaining lease term for all operating leases is 1 year. As the discount rate was not indicated on the lease agreements, the Organization utilized the risk-free borrowing rate as the discount rate. The weighted-average discount rate associated with all operating leases is 2.88%.

NOTE K – MANAGEMENT’S REVIEW

Management has evaluated subsequent events for potential recognition or disclosure through November 10, 2023, the date on which the financial statements were available to be issued.

NOTE L – PRIOR PERIOD ADJUSTMENT – FASB ASC TOPIC 842 ADOPTION

During fiscal year 22/23 the Organization adopted FASB ASC Topic 842 pertaining to leases. The Organization leases multiple locations through operating leases. The lease terms continue for another 12 months after June 30, 2023 and provide for renewal options. Upon adoption of the new guidance, the Organization has elected to apply the following package practical expedients:

- Contracts need not be reassessed to determine whether they are or contain leases.
- All existing leases that were previously classified as operating leases continue to be classified as operating leases, and all existing leases that were previously classified as capital leases continue to be classified as financial (capital) leases, if applicable.

Project LIFT, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE M – RESTATEMENT OF NET ASSETS

Net assets were restated to properly reflect beginning net assets related to the implementation of a new accounting standard (Note L).

Net assets without donor restrictions – July 1, 2022, as previously reported	\$1,959,084
Increase in right of use assets	122,441
Increase in lease liabilities	<u>(125,393)</u>
Net Assets without donor restrictions – July 1, 2022, restated	<u>\$1,956,132</u>

SUPPLEMENTARY INFORMATION

Project LIFT, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	PROGRAM YEAR	PROJECT/GRANT #	FEDERAL ASSISTANCE #	FUNDING PERIOD	TOTAL EXPENDED
UNITED STATES DEPARTMENT OF LABOR - EMPLOYMENT AND TRAINING ADMINISTRATION					
APPRENTICESHIP BUILDING AMERICA (ABA) GRANT PROGRAM	2022/2023	AP-38641-22-60-A-12	17.285	07/01/22-06/30/23	\$ 1,027,766
UNITED STATES DEPARTMENT OF THE TREASURY					
PASS-THROUGH FROM THE MARTIN COUNTY, FLORIDA BOARD OF COUNTY COMMISSIONERS					
CORONAVIRUS RELIEF FUND	2022/2023	ARPA 2022/23	21.019	07/01/22-06/30/23	472,096
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
PASS-THROUGH FROM INDIAN RIVER STATE COLLEGE					
COMMUNITY DEVELOPMENT BLOCK GRANTS/DISASTER RECOVERY	2022/2023	AW-000232	14.228	07/01/22-06/30/23	251,164
TOTAL EXPENDITURES OF FEDERAL AWARDS					\$ 1,751,026

Project LIFT, Inc.
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
For the Year Ended June 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of Project LIFT, Inc. under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Project LIFT, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Project LIFT, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The organization has elected to use the 10% de minimus indirect cost rate as covered in 2 CFR 200.414.

NOTE 3 – PROGRAM CLUSTERS

The Uniform Guidance defines a cluster of programs as a grouping of closely related programs that share common compliance requirements. According to this definition, similar programs deemed to be a cluster of programs are considered to be one program and are tested accordingly.

NOTE 4 – SUB-RECIPIENT MONITORING

Project LIFT, Inc. has provided no federal awards to subrecipients.

NOTE 5 – MATCHING REQUIREMENT

All matching requirements for the contracts in effect from July 1, 2022 through June 30, 2023 have been met by Project LIFT, Inc.

NOTE 6 – CONTINGENCIES

Amounts received, or receivable, from grantor agencies are subject to audit and adjustment by grantor agencies. If any expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of Project LIFT, Inc. In the opinion of Management, any such adjustment would not be significant.

**Project LIFT, Inc.
 Schedule of Findings and Questioned Costs –
 Federal Programs
 For the Year Ended June 30, 2023**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal Control over major programs/projects:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major federal programs and state projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? Yes No

Identification of major programs/projects:

<u>Assistance Number(s)</u>	<u>Name of Federal Program(s) or Cluster</u>
17.285	Apprenticeship Building America (ABA) Grant Program
21.019	Coronavirus Relief Fund
14.228	Community Development Block Grants/Disaster Relief

Dollar threshold used to distinguish between Type A and B Federal Programs: \$750,000

Auditee qualified as low-risk auditee Pursuant to the Uniform Guidance? Yes No

**Project LIFT, Inc.
Schedule of Findings and Questioned Costs –
Federal Programs
For the Year Ended June 30, 2023**

FINDINGS – FINANCIAL STATEMENTS

No reportable findings.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS

No reportable findings.

OTHER ISSUES – SUMMARY OF PRIOR AUDIT FINDINGS

There were no audit findings for the year ended June 30, 2022, as June 30, 2023 was the first year the organization was subject to the Uniform Guidance.



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

Royal Palm Financial Center
Suite 103
729 Southwest Federal Highway
Stuart, Florida 34994

772/219-0220
FAX: 772/219-0260

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
Project LIFT, Inc.
Palm City, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of Project LIFT, Inc., which comprise the statement of financial position as of June 30, 2023 and the related statements of activities, functional expenses and cash flows for the year then ended, and have issued our report thereon dated November 10, 2023.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Project LIFT, Inc.'s internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Project LIFT, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Project LIFT, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



The Board of Directors
Project LIFT, Inc.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. During our audit, we noted no deficiencies, significant deficiencies or material weaknesses in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Project LIFT, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Berger Toombs Elam
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Stuart, Florida

November 10, 2023



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

Royal Palm Financial Center
Suite 103
729 Southwest Federal Highway
Stuart, Florida 34994

772/219-0220
FAX: 772/219-0260

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Directors
Project LIFT, Inc.
Palm City, Florida

Report on Compliance for Each Major Federal Program

We have audited Project LIFT, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Project LIFT, Inc.'s major Federal programs for the year ended June 30, 2023. Project LIFT, Inc.'s major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Project LIFT, Inc.'s major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("*Uniform Guidance*"). Those standards and the Uniform Guidance, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Project LIFT, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Project LIFT, Inc.'s compliance.

The Board of Directors
Project LIFT, Inc.

Opinion on Each Major Federal Program

In our opinion, Project LIFT, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2023.

Report on Internal Control Over Compliance

The management of Project LIFT, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Project LIFT, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Project LIFT, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies. During our audit, we noted no deficiencies, significant deficiencies or material weaknesses in internal control over compliance.



Berger, Toombs, Elam,
Gaines & Frank
Certified Public Accountants PL

The Board of Directors
Project LIFT, Inc.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Berger Toombs Elam
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Stuart, Florida

November 10, 2023