



LADDER UP

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

For the Years Ended June 30, 2021 and 2020



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TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT	3-4
FINANCIAL STATEMENTS	
Statements of Financial Position.....	5
Statements of Activities	6-7
Statements of Functional Expenses.....	8-9
Statements of Cash Flows	10
Notes to Financial Statements	11-23

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ladder Up

We have audited the accompanying financial statements of Ladder Up (the Organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ladder Up as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2021, on our consideration of the Organization'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 effectiveness of Organization's 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 Organization's internal control over financial reporting and compliance.

Sikich LLP

Naperville, Illinois
December 16, 2021

FINANCIAL STATEMENTS

LADDER UP

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 69,718	\$ 104,846
Contributions receivable	-	22,765
Government agency grants receivable	590,227	651,472
Prepaid expenses	14,973	1,159
Investments	2,922,548	2,116,995
Property and equipment, less accumulated depreciation	314,287	418,353
TOTAL ASSETS	<u>\$ 3,911,753</u>	<u>\$ 3,315,590</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 24,180	\$ 30,126
Accrued expenses	88,615	134,192
Refundable grant advance	136,110	-
Loan payable	29,886	40,754
Total liabilities	<u>278,791</u>	<u>205,072</u>
NET ASSETS		
Without donor restrictions		
Board designated	2,922,548	2,116,995
Undesignated	667,914	900,936
Total net assets without donor restrictions	<u>3,590,462</u>	<u>3,017,931</u>
With donor restrictions	<u>42,500</u>	<u>92,587</u>
Total net assets	<u>3,632,962</u>	<u>3,110,518</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,911,753</u>	<u>\$ 3,315,590</u>

See accompanying notes to financial statements.

LADDER UP

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 752,890	\$ 30,000	\$ 782,890
In-kind donations, including pro bono services	700,193	-	700,193
Government agency grants	1,691,693	-	1,691,693
Special events	67,305	-	67,305
Investment return, net of expenses	474,746	-	474,746
Other	105	-	105
Net assets released from restrictions	80,087	(80,087)	-
Total revenues and other support	3,767,019	(50,087)	3,716,932
EXPENSES			
Program expenses			
Tax services	2,037,055	-	2,037,055
Tax clinic	364,958	-	364,958
Financial capability	139,674	-	139,674
Total program expenses	2,541,687	-	2,541,687
Support services			
Management and general	406,178	-	406,178
Fundraising	246,623	-	246,623
Total support services	652,801	-	652,801
Total expenses	3,194,488	-	3,194,488
CHANGE IN NET ASSETS	572,531	(50,087)	522,444
NET ASSETS, BEGINNING OF YEAR	3,017,931	92,587	3,110,518
NET ASSETS, END OF YEAR	\$ 3,590,462	\$ 42,500	\$ 3,632,962

See accompanying notes to financial statements.

LADDER UP

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 854,590	\$ 90,087	\$ 944,677
In-kind donations, including pro bono services	1,209,713	-	1,209,713
Government agency grants	1,443,055	-	1,443,055
Special events	172,816	-	172,816
Investment return, net of expenses	(3,880)	-	(3,880)
Other	233,208	-	233,208
Net assets released from restrictions	466,455	(466,455)	-
Total revenues and other support	4,375,957	(376,368)	3,999,589
EXPENSES			
Program expenses			
Tax services	2,541,361	-	2,541,361
Tax clinic	516,431	-	516,431
Financial capability	278,607	-	278,607
Total program expenses	3,336,399	-	3,336,399
Support services			
Management and general	444,212	-	444,212
Fundraising	342,759	-	342,759
Total support services	786,971	-	786,971
Total expenses	4,123,370	-	4,123,370
CHANGE IN NET ASSETS	252,587	(376,368)	(123,781)
NET ASSETS, BEGINNING OF YEAR	2,765,344	468,955	3,234,299
NET ASSETS, END OF YEAR	\$ 3,017,931	\$ 92,587	\$ 3,110,518

See accompanying notes to financial statements.

LADDER UP

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021

	Tax Services	Tax Clinic	Financial Capability	Total	Management and General	Fundraising	Total Expenses
Personnel	\$ 702,848	\$ 185,724	\$ 84,450	\$ 973,022	\$ 269,018	\$ 160,739	\$ 1,402,779
Occupancy	179,560	34,082	21,542	235,184	28,186	24,960	288,330
Professional services, including pro bono	835,487	132,040	24,169	991,696	82,561	28,857	1,103,114
Supplies and printing	204,633	4,861	4,910	214,404	13,361	19,833	247,598
Travel	3,777	454	-	4,231	1,157	77	5,465
Depreciation	106,061	6,841	4,499	117,401	5,132	5,132	127,665
Fees and miscellaneous	4,689	956	104	5,749	6,763	7,025	19,537
TOTAL FUNCTIONAL EXPENSES	\$ 2,037,055	\$ 364,958	\$ 139,674	\$ 2,541,687	\$ 406,178	\$ 246,623	\$ 3,194,488

See accompanying notes to financial statements.

LADDER UP

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020

	Tax Services	Tax Clinic	Financial Capability	Total	Management and General	Fundraising	Total Expenses
Personnel	\$ 1,064,828	\$ 232,517	\$ 153,008	\$ 1,450,353	\$ 282,653	\$ 179,448	\$ 1,912,454
Occupancy	273,597	32,776	21,159	327,532	24,290	24,625	376,447
Professional services, including pro bono	739,512	233,363	31,739	1,004,614	100,047	93,734	1,198,395
Supplies and printing	326,368	5,836	61,062	393,266	9,208	25,516	427,990
Travel	12,888	2,767	6,017	21,672	417	189	22,278
Depreciation	108,930	7,402	4,840	121,172	5,551	5,551	132,274
Fees and miscellaneous	15,238	1,770	782	17,790	22,046	13,696	53,532
TOTAL FUNCTIONAL EXPENSES	\$ 2,541,361	\$ 516,431	\$ 278,607	\$ 3,336,399	\$ 444,212	\$ 342,759	\$ 4,123,370

See accompanying notes to financial statements.

LADDER UP**STATEMENTS OF CASH FLOWS**

For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 522,444	\$ (123,781)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	127,665	132,274
Gain (loss) on sale of investments	(172,968)	(136,187)
Unrealized (gain) loss on investments	(267,917)	158,164
Increase (decrease) in		
Contributions receivable	22,765	189,015
Government agency grants receivable	61,245	430,932
Other receivables	-	1,532
Prepaid expenses and other assets	(13,814)	(132)
Increase (decrease) in		
Accounts payable	(5,946)	(277,787)
Accrued expenses	(45,577)	22,469
Refundable grant advance	136,110	-
Net cash from operating activities	<u>364,007</u>	<u>396,499</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(23,599)	(29,680)
Purchases of investments	(697,578)	(2,351,894)
Sales and maturities of investments	332,910	1,806,572
Net cash from investing activities	<u>(388,267)</u>	<u>(575,002)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on loan payable	(10,868)	(10,867)
Net cash from financing activities	<u>(10,868)</u>	<u>(10,867)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(35,128)	(189,370)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>104,846</u>	<u>294,216</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 69,718</u>	<u>\$ 104,846</u>
SUPPLEMENTAL CASH FLOWS INFORMATION		
Interest paid	<u>\$ 2,201</u>	<u>\$ 1,134</u>

See accompanying notes to financial statements.

LADDER UP

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

1. NATURE OF BUSINESS

Ladder Up (the Organization) is an Illinois not-for-profit organization incorporated on February 20, 1996, to help provide the working poor with the financial resources and opportunity needed to climb up the economic ladder. By leveraging a volunteer corps comprising over 1,000 members (unaudited), many recruited from the Chicago and State of Illinois area's top companies and universities, the Organization offers free tax preparation, financial aid, and financial education services to tens of thousands of families and individuals each year (unaudited). With a small staff and through its application of volunteer time and talent, the Organization helps its clients access the economic benefits they need to climb up and out of poverty.

Tax Services: Operating one of the largest Volunteer Income Tax Assistance (VITA) programs in the country, the Organization provides low-income families with free, high quality tax preparation and an alternative to paid tax preparers.

Tax Clinic: The Organization provides free professional legal representation to low-income taxpayers facing an Internal Revenue Service (IRS) controversy. Through its year-round tax clinic, the Organization also offers education and outreach on the earned income tax credit (EITC), taxpayer rights and responsibilities, innocent spouse claims, worker classification, and collection alternatives.

Financial Capability: The Organization provides year-round financial education workshops, coordinates a tax-time savings campaign, helps students and families access financial aid for postsecondary education, and offers one-on-one financial coaching to help clients set financial goals, create a spending plan, access safe and affordable financial products, and review and correct credit reports and improve credit scores.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenditures are recognized when the related liabilities are incurred, and certain measurement and matching criteria are met. Financial statement presentation follows accounting principles generally accepted in the United States of America (USGAAP).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for a board-designated reserve.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with USGAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less. The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. At June 30, 2021 and 2020, the Organization's cash accounts did not exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Cash held as part of board-designated reserve is not considered cash and cash equivalents and is included in investments in the statements of financial position.

Receivables

Contributions and government agency grants receivable are recorded net of an allowance for uncollectible accounts at the amount expected to be collected and are expected to be collected within one year. The allowance for doubtful accounts is established based on historical experience and analysis of specific accounts. Uncollectible accounts are written off in the year they are deemed to be worthless. Recoveries of any written off amounts would be recorded when received. No provision for doubtful accounts has been recorded at June 30, 2021 and 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment in excess of \$1,000 are recorded at cost when purchased or at fair value at the date of donation. Maintenance, repairs, and minor improvements are expensed as incurred.

The Organization reports gifts of property, plant, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of property, plant, and equipment with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire property, plant, and equipment are reported as restricted support. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service or as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Depreciation is determined using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Equipment	3-5
Furniture and fixtures	5-7
Computer software	3
Leasehold improvements	Lesser of length of the lease or ten years

Investments

Investments in marketable securities with readily determinable fair value are reported at their fair values. Fair value is determined by reference to quoted market prices and other relevant information generated by market transactions. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal expenses. Investment returns that are initially classified as with donor restrictions for which the restrictions are met in the same period that the return is recognized are classified as increases in net assets without donor restrictions.

Revenue and Support

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when promised, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Support (Continued)

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Restricted contributions that are initially classified as conditional and for which the restriction is met in the same period that the revenue is recognized are classified as increases in net assets without donor restrictions.

Contributions with donor-imposed restrictions are reported as increases in net assets with donor restrictions. Contributions without donor-imposed restrictions are reported as increases in net assets without donor restrictions. Contributions for which the restriction is met in the same period that the revenue is recognized are classified as increases in net assets without donor restrictions.

Government agency grants are conditioned upon the incurrence of allowable qualifying expenses, and revenue is recognized when the conditions are met. As of June 30, 2021 and 2020, the Organization had approximately \$326,000 and \$776,000, respectively, of conditional contributions that have not been recorded as qualifying expenses have not yet been incurred.

Other income for the year ended June 30, 2020, primarily consists of loan forgiveness in the amount of approximately \$215,700 under the Paycheck Protection Program (PPP), as described in Note 6.

Donated Services and Assets

The Organization receives significant in-kind contributions of time and pro bono services from members of the community and volunteers related to program operations, special events, and fund-raising campaigns. The Organization also receives the use of donated facilities for its program operations and supporting services. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

Income Taxes

The Organization is a not-for profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3). The Organization is not classified as a private foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and fringe benefits are allocated based on the employee's service area of work which is based on actual hours worked. Occupancy, supplies and printing, and fees and miscellaneous expense are allocated using a split based on the percent of total salaries in each service area from the fiscal year's budget.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, as amended by ASU No. 2015-14, which supersedes or replaces nearly all revenue recognition guidance under USGAAP. This standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and will expand disclosures about revenue. ASU No. 2014-09, as amended by ASU No. 2020-05, is effective for nonpublic entities for fiscal years beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021. The Organization has implemented this standard on the modified retrospective basis for the year ended June 30, 2021. There was no material difference between revenue recognition under the new standard and revenue recognition under legacy USGAAP.

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, to increase the transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts and requires additional disclosures about leasing arrangements. ASU No. 2016-02, as amended by ASU No. 2020-05, is effective for nonpublic entities for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. ASU No. 2016-02 originally specified a modified retrospective transition method which requires the entity to initially apply the new leases standard at the beginning of the earliest period presented in the financial statements. In July 2018, FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*, providing a second, optional transition method which allows the entity to apply the new standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. The Organization is currently assessing the impacts of this new standard, including the two optional transition methods.

LADDER UP
NOTES TO FINANCIAL STATEMENTS (Continued)

3. LIQUIDITY AND AVAILABILITY

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, are as follows:

	2021	2020
Cash and cash equivalents	\$ 69,718	\$ 104,846
Contributions receivable	-	22,765
Government agency grants receivable	590,227	651,472
Investments	2,922,548	2,116,995
	<hr/>	<hr/>
Total financial assets	3,582,493	2,896,078
Less amounts not available to be used for general expenditures within one year		
Due to donor-imposed restrictions	(30,000)	(92,587)
Due to Board of Directors-imposed designations	(2,922,548)	(2,116,995)
	<hr/>	<hr/>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 629,945	\$ 686,496
	<hr/>	<hr/>

The Organization receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses. The Organization has a policy to target a year end balance of reserves of net assets without donor restrictions to meet 30 to 45 days of expected expenditures. To achieve these targets, the Organization forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves annually. During the years ended June 30, 2021 and 2020, the level of liquidity and reserves was managed within the policy requirements.

LADDER UP
NOTES TO FINANCIAL STATEMENTS (Continued)

4. PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

	2021	2020
Equipment	\$ 923,848	\$ 902,252
Furniture and fixtures	54,678	54,678
Computer software	21,267	21,267
Leasehold improvements	259,587	257,587
Total cost	1,259,380	1,235,784
Accumulated depreciation	(945,093)	(817,431)
NET PROPERTY AND EQUIPMENT	<u>\$ 314,287</u>	<u>\$ 418,353</u>

5. FAIR VALUE MEASUREMENTS

USGAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. USGAAP requires the Organization to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

LADDER UP
NOTES TO FINANCIAL STATEMENTS (Continued)

5. FAIR VALUE MEASUREMENTS (Continued)

Valuation Techniques

Following is a description of the valuation techniques used for assets and liabilities measured at fair value on a recurring basis. There have been no changes to the techniques used during the years ended June 30, 2021 and 2020.

- Common stock securities: Valued at the closing quoted price in an active market.
- Mutual funds: Valued at the NAV of shares on the last trading day of the fiscal year.
- Corporate debt securities: The investment grade corporate bonds held by the Organization generally do not trade in active markets on the measurement date. Therefore, corporate debt securities are valued using inputs including yields currently available on comparable securities of issuers with similar credit ratings, recent market price quotations (where observable), bond spreads, and fundamental data relating to the issuer.

Recurring Measurements

Assets and liabilities measured at fair value on a recurring basis as of June 30, 2021 are as follows:

	Level 1	Level 2	Level 3	Total
ASSETS				
Mutual funds:				
Equities	\$ 2,325,569	\$ -	\$ -	\$ 2,325,569
Fixed income	547,508	-	-	547,508
TOTAL ASSETS AT FAIR VALUE	<u>\$ 2,873,077</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,873,077</u>
Cash held in investment deposit account*				<u>49,471</u>
TOTAL INVESTMENTS				<u>\$ 2,922,548</u>

* Reported at cost

LADDER UP
NOTES TO FINANCIAL STATEMENTS (Continued)

5. FAIR VALUE MEASUREMENTS (Continued)

Recurring Measurements (Continued)

Assets and liabilities measured at fair value on a recurring basis as of June 30, 2020 are as follows:

	Level 1	Level 2	Level 3	Total
ASSETS				
Common stocks	\$ 583,344	\$ -	\$ -	\$ 583,344
Mutual funds	1,468,507	-	-	1,468,507
Corporate bonds	-	55,160	-	55,160
TOTAL ASSETS AT FAIR VALUE	<u>\$ 2,051,851</u>	<u>\$ 55,160</u>	<u>\$ -</u>	2,107,011
Cash held in investment deposit account*				<u>9,984</u>
TOTAL INVESTMENTS				<u>\$ 2,116,995</u>

* Reported at cost

6. REFUNDABLE GRANT ADVANCE

The Organization was granted a loan on April 6, 2020, in the amount of \$215,706, pursuant to the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period, with certain exceptions. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization considers the PPP loan to be a conditional contribution and believes all barriers to entitlement had been met at June 30, 2020, and has accordingly recognized revenue for the full amount of the PPP loan during the year ended June 30, 2020. The amount of revenue recognized during the year ended June 30, 2020 is included in other income in the statements of activities. The Organization received full forgiveness of the loan during the year ended June 30, 2021.

LADDER UP
NOTES TO FINANCIAL STATEMENTS (Continued)

6. REFUNDABLE GRANT ADVANCE (Continued)

The Organization was granted a second loan in the amount of \$136,110, pursuant to the CARES Act, as amended by the Paycheck Protection Program Flexibility Act of 2020 on February 8, 2021. The loan may be forgiven if used for certain qualifying expenses. Any portion not forgiven bears interest at a rate of 1% per annum, payable in monthly installments commencing June, 2022 and matures February, 2026. The Organization received notice that the loan will be fully forgiven subsequent to year end. This amount is included in refundable grant advance in the statements of financial position, as the conditions for forgiveness were not met prior to June 30, 2021.

7. LOAN PAYABLE

Loan payable at June 30, 2021 and 2020 consists of the following:

	2021	2020
Unsecured loan payable to a bank in monthly installments of \$906, with interest waived. The note is due on March 1, 2024.	\$ 29,886	\$ 40,754

The balance of the above debt matures as follows:

Years Ending June 30,	Amount
2022	\$ 10,868
2023	10,868
2024	8,150
TOTAL	\$ 29,886

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of June 30, 2021 and 2020:

	2021	2020
Restricted for purpose		
Sponsorship	\$ -	\$ 2,500
Tax and financial services	30,000	80,087
Tax clinic	-	10,000
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 30,000	\$ 92,587

LADDER UP
NOTES TO FINANCIAL STATEMENTS (Continued)

9. BOARD-DESIGNATED FUND

The Board of Directors has established a board-designated investment fund. The purpose of the fund is for investment, growth, and emergency liquidity needs. While there is no specific policy for transfers to and from the reserve, it is typically used either for large one-time expenses, such as the buildout of the new office space, or short-term cash management. Any transfer out is tracked and replenished from operating accounts when funds are available.

The change in the board-designated fund consists of the following for the years ended June 30, 2021 and 2020:

	2021	2020
BOARD-DESIGNATED FUND, BEGINNING OF YEAR	\$ 2,116,995	\$ 1,593,574
Contributions	653,314	602,300
Investment return	474,746	(3,879)
Transfers to undesignated	(322,507)	(75,000)
BOARD-DESIGNATED FUND, END OF YEAR	<u>\$ 2,922,548</u>	<u>\$ 2,116,995</u>

10. IN-KIND CONTRIBUTIONS (INCLUDING PRO-BONO SERVICES)

During fiscal year 2021, the Organization received donated services for tax preparation, legal consultation, and other consulting services. The Organization also received contributions of the use of facilities and donated goods.

Program or Supporting Service	Donated Space	Donated Services	Donated Goods	Total
Tax services	\$ 156,706	\$ 287,335	\$ -	\$ 444,041
Tax clinic	28,943	115,237	-	144,180
Financial capability program	18,089	11,870	-	29,959
Management and general	21,707	14,243	-	35,950
Fundraising	21,707	14,243	10,113	46,063
TOTAL	<u>\$ 247,152</u>	<u>\$ 442,928</u>	<u>\$ 10,113</u>	<u>\$ 700,193</u>

For the year ended June 30, 2021, 9% of management and general expenses, and 19% of fundraising expenses, as shown in the statements of activities, relate to the in-kind contributions detailed above.

During fiscal year 2020, the Organization received donated services for tax preparation, legal consultation, and other consulting services. The Organization also received contributions of the use of facilities and donated goods.

LADDER UP
NOTES TO FINANCIAL STATEMENTS (Continued)

10. IN-KIND CONTRIBUTIONS (INCLUDING PRO-BONO SERVICES)
(Continued)

Program or Supporting Service	Donated Space	Donated Services	Donated Goods	Total
Tax services	\$ 250,523	\$ 536,982	\$ 7,672	\$ 795,177
Tax clinic	28,942	249,365	-	278,307
Financial capability program	18,089	20,948	-	39,037
Management and general	21,707	19,935	-	41,642
Fundraising	21,707	19,936	13,907	55,550
TOTAL	\$ 340,968	\$ 847,166	\$ 21,579	\$ 1,209,713

For the year ended June 30, 2020, 9% of management and general expenses, and 15% of fundraising expenses, as shown in the statements of activities, relate to the in-kind contributions detailed above.

11. RETIREMENT PLANS

The Organization has a 401(k) plan (the Plan) covering substantially all of its employees, providing they meet certain requirements. Under the Plan, the Organization matches \$0.65 for every \$1 contributed by the employee on up to 2% of the employee's salary (meaning the matching contributions will not exceed 1.3% of the employee's salary). Additionally, the Organization contributes 3% of employee's salary, regardless of employee's deferral activity, as a safe harbor contribution, and 3.5% of employee's salary as profit sharing. The Organization made contributions of \$49,802 and \$71,242 to the Plan for the years ended June 30, 2021 and 2020, respectively.

12. CONCENTRATION

For the year ended June 30, 2021, funding from each of the City of Chicago, Illinois Department of Human Services, and IRS amounted to approximately 55% of total funding received, excluding in-kind donations. The amount of revenue from these funders amounted to \$1,657,132. Receivables from these funders as of June 30, 2020 amounted to \$560,695.

For the year ended June 30, 2020, funding from each of the City of Chicago, Illinois Department of Human Services, and IRS amounted to approximately 51% of total funding received, excluding in-kind donations. The amount of revenue from these funders amounted to \$1,412,384. Receivables from these funders as of June 30, 2020 amounted to \$478,499.

13. RISKS AND UNCERTAINTIES

Beginning around March 2020, the Covid-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range industries and countries could be severely impacted for month or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic.

In September 2020, the Organization thoroughly reviewed all positions and made the decision to reduce its workforce to better position the Organization for the upcoming tax season and manage the impact of the pandemic. Additionally, the Organization has engaged a consultant to develop a service delivery model that is adaptable to changes due to Covid 19 restrictions as well as position the organization for future growth. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

14. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 16, 2021, the date the financial statements were available to be issued and determined that there were no significant nonrecognized subsequent events through that date, except as disclosed in Note 6.