EQUITICITY

FINANCIAL STATEMENTS

For the Year Ended
April 30, 2023

EQUITICITY

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D&A
Desmond &Ahern, Ltd.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditor's Report

To the Board of Directors
Equiticity
Chicago, Illinois

Opinion

We have audited the accompanying financial statements of Equiticity (the 'Organization'), which comprise the statement of financial position as of April 30, 2023, and the related statements of activities, functional expenses and cash flow 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 Equiticity as of April 30, 2023, and the changes 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 Equiticity 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 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.

In preparing the financial statements, management is require to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Equiticity's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibility 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. 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 Equiticity'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 Equiticity'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.

Desmond & Ahern, Ltd

September 30, 2023
Chicago, IL

EQUITICITY
STATEMENT OF FINANCIAL POSITION
April 30, 2023

<u>Assets</u>	
Current Assets	
Cash and cash equivalents	$ 1,286,909
Contributions receivable	550,555
Prepaid expenses	5,716
Total current assets	1,843,180
Property and Equipment	
Equipment	5,418
Less: accumulated depreciation	(301)
Net property and equipment	5,117
Total Assets	$ 1,848,297
<u>Liabilities and Net Assets</u>	
Current Liabilities	
Accounts payable	$ 7,317
Credit card payable	1,902
Total current liabilities	9,219
Net Assets	
Without donor restrictions	1,289,078
With donor restrictions	550,000
Total net assets	1,839,078
Total Liabilities and Net Assets	$ 1,848,297

EQUITICITY
STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Foundation contributions	$ 883,611	$ 500,000	1,383,611
Corporation contributions	719,819	50,000	769,819
Grants and donations	426,506	-	426,506
Consulting income	15,300	-	15,300
In-kind donation	14,000	-	14,000
Interest income	102	-	102
Net assets released from restrictions	-	-	-
Total Revenue and Support	2,059,338	550,000	2,609,338
Expenses			
Program services	550,645	-	550,645
Management and general	190,488	-	190,488
Fundraising	29,127	-	29,127
Total Expenses	770,260	-	770,260
Change in Net Assets	1,289,078	550,000	1,839,078
Net Assets, Beginning of Year	-	-	-
Net Assets, End of Year	$ 1,289,078	$ 550,000	$ 1,839,078

EQUITICITY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended April 30, 2023

	Program Services	Management and General	Fundraising	Total
Functional Expenses				
Salaries and wages	$ 163,130	$ 30,587	$ 10,195	$ 203,912
Payroll taxes	12,237	2,294	765	15,296
Employee benefites	4,922	923	308	6,153
Professional fees	51,136	107,374	13,289	171,799
Office supplies and equipment	64,818	25,639	-	90,457
Program consultants	162,241	-	-	162,241
Advertising	-	-	1,404	1,404
Repairs and maintenance	-	867	-	867
Shipping and postage	-	3,784	-	3,784
Travel and meetings	41,495	-	-	41,495
Insurance	-	9,219	-	9,219
Fees and subscriptions	13,618	2,553	851	17,022
Depreciation	-	301	-	301
Miscellaneous	37,048	6,947	2,315	46,310
Total Expenses	$ 550,645	$ 190,488	$ 29,127	$ 770,260

EQUITICITY
STATEMENT OF CASH FLOWS
For the Year Ended April 30, 2023

Cash Flows from Operating Activities	
Change in net assets	$ 1,839,078
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation	301
(Increase) in operating assets:	
Contribution receivable	(550,555)
Prepaid expenses	(5,716)
Increase in operating liabilities:	
Accounts payable	7,317
Credit card payable	1,902
Net cash provided by operating activities	1,292,327
Cash Flows from Investing Activities:	
Purchase of equipment	(5,418)
Net cash used in investing activities	(5,418)
Net increase in cash and cash equivalents	1,286,909
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	$ 1,286,909

The accompanying notes are an integral part of the financial statements

EQUITICITY
NOTES TO FINANCIAL STATEMENTS
April 30, 2023

Note 1 – Nature of Operations and Summary of Significant Accounting Policies

Organization
Equiticity (the Organization), is a not-for-profit Illinois corporation exempt from Federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. The purpose of the Organization is to operationalize racial equity by harnessing the collective power through research, advocacy, programs, community mobility rituals, and social enterprises to improve the lives of black, brown, and indigenous people in our society.

Basis of Accounting
The financial statements are prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Basis of Presentation
As required by the generally accepted accounting principles for Not-for-Profit accounting, the Organization is required to report information regarding its financial position and activities according to two classes:

Without donor restrictions – Net assets that are not subject to donor-imposed restrictions. Such gifts include gifts without restrictions, including restricted gifts whose donor-imposed restrictions were met during the year.

With donor restrictions – Net assets subject to donor-imposed restrictions which will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Restrictions that have been met on net assets with donor restrictions are reported as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor restrictions.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles 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 the revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents
Cash and cash equivalents consist of deposits in federally insured accounts that provide additional insurance for cash deposits. At times, its cash in bank deposit accounts may exceed federally insured limits. For purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments, if any, purchased with an original maturity of three months or less to be cash equivalents. During the year ended April 30, 2023 no cash was paid for interest or taxes.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Contributions Receivable
Contributions are recognized when received or when the donor makes an unconditional promise to give to the Organization. Contributions of cash and other assets are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Management believes that all receivables would be fully collectible, therefore, no allowance for doubtful accounts is recorded in the accompanying financial statements.

Prepaid Expenses and Other Assets
Prepaid expenses consist of expenses that have been paid before incurred primarily related to insurance policies.

Property and Equipment
Expenditures for property and equipment, and items which substantially increase the useful lives of existing assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of these assets ranging from three to five years. The Organization capitalizes all expenditures and contributions of property and equipment over $1,500. The Organization had a depreciation expense of $301 for the year ended April 30, 2023.

Support and Revenue
The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. 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 met. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as without donor restriction support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets 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 long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. During the year ending April 30, 2023 no such gifts of land, buildings, or equipment were received.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

The Organization recognizes contract revenue at an amount that reflects consideration to which the Organization expects to be entitled to in exchange for transferring goods or services to a customer. There are currently no contracts that the Organization is engaged on, which is based on performance reporting. All contracts recognize revenue in accordance with ASU No. 2014-09.

For performance reporting contracts, a customer pays the agreed upon amounts after the completion and submission of specified deliverables in the contract. For these contracts, the Organization will allocate the transaction price of the contract to the specific performance obligations based on the contract. The Organization recognizes revenue when the performance obligations are met and delivered to the customer. Payment terms on invoiced amounts are typically 30 days. The Organization has determined that a significant financing component generally does not exist. The primary purpose of the Organization's invoicing terms is to provide customers with simplified and predictable ways of purchasing the services and not to receive financing from or provide financing to the customer.

In-Kind Contributions and Donated Facilities

In addition to receiving cash contributions, the Organization may receive in-kind contributions and donated facilities from various donors. It is the policy of the Organization to record the estimated fair market value of certain in-kind donations as an expense in its financial statements, and similarly increase donations by a like amount. For the year ending April 30, 2023, the Organization received $14,000 of equipment donations.

Donated Services

Contributions of services are required to be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the year ending April 30, 2023, no donated services met the criteria for recognition.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to the specific program or supporting service. Expenses related to more than one function are allocated to program expenses and supporting services based on estimates of time and effort.

Adoption of New Accounting Standard

The Organization has adopted the new lease accounting standard, ASU 842, effective January 1, 2022. The Organization has determined that its leases are all short-term or immaterial, and as such, has elected to account for them using the practical expedient. The impact of the adoption of ASU 842 on the financial statements was not material.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Income Tax Status

The Organization was granted an exemption from income taxes by the Internal Revenue Service pursuant to the provisions of Internal Code Section 501(c)(3). The Organization qualifies for the charitable contribution deduction and has been classified as an organization that is not a private Organization under Section 509(a)(1). The Organization continues to operate in compliance with its tax-exempt purpose. Management believes that it did not engage in any unrelated business activities; as such, no provision for income taxes has been provided for in the financial statements. The Organization's Form 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after filing.

Subsequent Events

Accounting principles generally accepted in the United States of America establish general standards of accounting for, and disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Organization has evaluated subsequent events through September 30, 2023, which is the date the statements were available to be issued. No subsequent events have been identified that are required to be disclosed as of that date.

Note 2 – Financial Assets and Liquidity Resources

The Organization monitors the availability of resources required to meet its operating needs and other contractual commitments. For the purpose of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures as part of its operating needs.

As of April 30, 2023, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

Financial assets at year-end	
Cash and cash equivalents	$ 1,286,909
Contributions receivable	550,555
Total financial assets	1,837,464
Less amounts not available to be used within one year	
Net assets with donor restriction	(325,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,512,464

In addition to the financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Note 3 – Net Assets with Donor Restrictions

The Organization has received certain donations designated by the donor for specific uses. If these restrictions were met during the year that the contribution was made, the contribution was classified as without donor restrictions. Net assets with donor restrictions for future period use is $550,000 as of April 30, 2023.

Note 4 – Contributions Receivable

Contribution receivable as of April 30, 2023, represent unconditional promises to give and are due as follows:

Less than one year	$ 225,000
One to five years	325,000
	$ 550,000