

Gifted Resource Council
Financial Statements
For the Years Ended
December 31, 2021 and December 31, 2022



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Independent Accountants' Review Report

Board of Directors
Gifted Resource Council
St. Louis, Missouri

We have reviewed the accompanying financial statements of Gifted Resource Council (the Council), a not-for-profit organization, which comprise the statement of assets, liabilities and net assets on the modified cash basis as of December 31, 2021 and 2022, and the related statements of support and revenues, expenses, and changes in net assets, functional expenses, and cash flows, all presented on the modified cash basis, for the years then ended, and the related notes to the financial statements.

A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Council's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting, as described in Note 2; including determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Gifted Resource Council and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our review.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that must be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting, as described in Note 2.

Lewis and Associates, P.C.

St. Louis, Missouri

April 29, 2024

GIFTED RESOURCE COUNCIL

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS ON THE MODIFIED CASH BASIS

	December 31,	
	<u>2021</u>	<u>2022</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 91,390	\$ 106,901
Accounts receivable		<u>12,268</u>
Total Current Assets	91,390	119,169
Property and Equipment		
Furniture and equipment (net of accumulated depreciation of \$21,486 in 2021 and 2022)	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 91,390</u>	<u>\$ 119,169</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ <u>3,000</u>	<u>0</u>
Total Current Liabilities	3,000	0
Net Assets		
Without donor restrictions	72,243	105,256
With donor restrictions (Note 4)	<u>16,147</u>	<u>13,913</u>
Total Net Assets	<u>88,390</u>	<u>119,169</u>
Total Liabilities and Net Assets	<u>\$ 91,390</u>	<u>\$ 119,169</u>

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GIFTED RESOURCE COUNCIL

STATEMENT OF SUPPORT AND REVENUES, EPXENSES, AND CHANGES IN NET ASSETS ON THE MODIFIED CASH BASIS

	For the Year Ended December 31,	
	<u>2021</u>	<u>2022</u>
Changes in Net Assets without Donor Restrictions		
Support		
Membership dues	\$ 21,349	\$ 20,835
Gifts and grants (Note 5)	29,916	24,507
PPP loan forgiveness (Note 1)	47,885	0
Net assets released from restrictions (Note 4)	<u>6,845</u>	<u>4,295</u>
Total Support	105,995	49,637
Revenues		
Programs	\$ 170,265	\$ 240,465
Extended Day	5,459	17,733
Sales items	<u>384</u>	<u>1,699</u>
Total Revenues	<u>176,108</u>	<u>259,897</u>
Total Support and Revenues	282,103	309,534
Expenses		
Program services	\$ 189,371	\$ 236,244
Supporting activities:		
General and administrative	32,621	34,163
Development	<u>5,939</u>	<u>6,114</u>
Total Expenses	<u>227,931</u>	<u>276,521</u>
Increase (Decrease) in Net Assets without Donor Restrictions	<u>54,172</u>	<u>33,013</u>
Changes in Net Assets with Donor Restrictions		
Gifts and grants (Note 5)	\$ 13,126	\$ 2,061
Net assets released from restrictions (Note 4)	<u>(6,845)</u>	<u>(4,295)</u>
Increase in Net Assets with Donor Restrictions	<u>6,281</u>	<u>(2,234)</u>
Increase (Decrease) in Net Assets	\$ 60,453	\$ 30,779
Net Assets – Beginning of Year	<u>27,937</u>	<u>88,390</u>
Net Assets – End of Year	<u>\$ 88,390</u>	<u>\$ 119,169</u>

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GIFTED RESOURCE COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES ON THE MODIFIED CASH BASIS

For the Year Ended December 31, 2021

	<u>Program</u>	<u>Administrative</u>	<u>Development</u>	<u>Total</u>
Salaries	\$ 139,265	\$ 16,390	\$ 3,733	\$ 159,388
Payroll taxes	10,622	1,161	286	12,069
Payroll preparation	1,474	302		1,776
Employee benefits	2,383	488		2,871
Advertising		694		694
Conference		416		416
Depreciation		404		404
Honoraria	400			400
Insurance	2,059	422		2,481
Miscellaneous	172	44		216
Postage		89	802	891
Printing	309		464	773
Professional fees		10,000		10,000
Rent	14,969	1,029		15,998
Scholarships	6,845			6,845
Supplies and equipment	6,134	509	654	7,297
Telephone	1,892	473		2,365
Tuition collection fees	2,783			2,783
Volunteer appreciation	64			64
Website maintenance		200		200
Total	<u>\$ 189,371</u>	<u>\$ 32,621</u>	<u>\$ 5,939</u>	<u>\$ 227,931</u>

See Independent Accountant's Review Report

GIFTED RESOURCE COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES ON THE MODIFIED CASH BASIS For the Year Ended December 31, 2022

	<u>Program</u>	<u>Administrative</u>	<u>Development</u>	<u>Total</u>
Salaries	\$ 171,497	\$ 18,992	\$ 4,000	\$ 194,489
Payroll taxes	13,120	1,359	306	14,785
Payroll preparation	1,501	307		1,808
Employee benefits	2,730	559		3,289
Advertising		1,575		1,575
Conference		45		45
Depreciation				
Honoraria	900			900
Insurance	2,467	505		2,972
Miscellaneous	1,194			1,194
Postage		71	639	710
Printing	779		1,169	1,948
Professional fees		7,940		7,940
Rent	20,842	1,216		22,058
Scholarships	4,295			4,295
Supplies and equipment	10,187	1,245		11,432
Telephone	2,267	349		2,616
Tuition collection fees	4,161			4,161
Volunteer appreciation	304			304
Website maintenance				
Total	<u>\$ 236,244</u>	<u>\$ 34,163</u>	<u>\$ 6,114</u>	<u>\$ 276,521</u>

See Independent Accountant's Review Report

GIFTED RESOURCE COUNCIL

STATEMENT OF CASH FLOWS ON THE MODIFIED CASH BASIS

	For the Year Ended December 31,	
	<u>2021</u>	<u>2022</u>
Cash Flows from Operating Activities		
Increase(decrease) in net assets	\$ 60,453	\$ 30,779
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	404	
Increase in accounts receivable		(12,268)
Increase (decrease) in accounts payable	<u>3,000</u>	<u>(3,000)</u>
Net Cash Provided by (Used in) Operating Activities	63,857	15,511
Cash and Cash Equivalents – Beginning of Year	<u>27,533</u>	<u>91,390</u>
Cash and Cash Equivalents – End of Year	<u>\$ 91,390</u>	<u>\$ 106,901</u>

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GIFTED RESOURCE COUNCIL
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2022

1. Operations

The Gifted Resource Council (the Council) is a not-for-profit educational organization serving the greater St. Louis metropolitan area. Its purpose is to bring together the resources of the community, schools, and parents to help gifted and talented children achieve their potential.

In January 2020, a novel strain of coronavirus (COVID-19) spread worldwide including the United States. In March 2020, the World Health Organization characterized COVID-19 as a pandemic, and the President declared the COVID-19 outbreak in the United States as a national emergency. In compliance with government mandates, the Council's employees worked remotely and canceled or modified program activities. In May 2020, the Council received a loan under the Paycheck Protection Program (PPP) that was signed into law as part of Coronavirus Aid, Relief, and Economic Security (CARES) Act in the amount of \$26,400. The entire amount of the loan was forgiven in December 2020. In February 2021, the Council received a second PPP loan in the amount of \$47,885. The entire amount of the loan was forgiven in September 2021.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Council uses a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These financial statements include only those transactions for which amounts have been collected or disbursed, except as discussed below for furniture and equipment.

Net Assets

The Council reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Brief explanations of the net asset categories are presented below:

Net Assets without Donor Restrictions

Net assets without donor restrictions are assets whose use is not restricted by donors. All contributions are considered to be without donor restrictions unless specifically restricted by the donor.

Net Assets with Donor Restrictions

Net assets with donor restrictions are assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues and Public Support

Membership dues, gifts and grants, and program revenues are recognized as revenue when they are received.

The Council classifies gifts received of cash and other assets into two categories: gifts without donor restrictions and gifts with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

Gifts received that are restricted by donors are reported as an increase in net assets with donor restrictions.

When donor restrictions are accomplished, the corresponding net assets with donor restriction are reclassified to net assets without donor restrictions. They are reported as net assets released from restrictions in the statement of support and revenues, expenses, and changes in net assets on the modified cash basis.

Cash Equivalents

The Council considers all temporary cash investments with original maturities of three months or less to be cash equivalents.

Furniture and Equipment

Furniture and equipment are carried at cost if purchased or at fair market value as of the date of donation if donated, less accumulated depreciation. Depreciation is computed using the straight-line method over periods ranging from three to seven years.

Donated Services

Professional services were donated to the Council in 2021. No professional services were donated to the Council in 2022. Donated services that met the AICPA criteria for recognition are recorded at fair value market as of the date of donation. A substantial number of volunteers also donated significant time to the Council, but their donated services have not been recorded because they do not meet the AICPA criteria for recognition as charitable contributions.

Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Description of Program Services and Supporting Activities

Expenses for the following program services and supporting activities are included in the accompanying financial statements:

Program

Program expenses include expenditures used to assist the Council in helping gifted and talented children achieve their potential. The classes offered to children include Fall and Winter Learning Labs; Space Academy; Ancient Academy; Academy Americana; Junior Science Searchers; Math, Marvels, and More; and ECO Academy. An Academic Challenge Cup is held annually. The Council also offers parenting classes throughout the year.

Due to Covid-related issues, the Academic Challenge Cup was not offered in 2021 and attendance at the Winter Learning Lab was very small. Attendance at the Summer Academies (Space Academy, Ancient Academy, Academy Americana, ECO Academy, Junior Science Searchers, and Math, Marvels and More) was impacted by classroom availability and lack of instructors and this led to smaller-than-normal attendance. The Fall Learning Lab took place with 132 students.

In 2022, attendance at the Winter Learning Lab was approximately 30 % smaller than in 2021, and attendance at the Fall Learning Lab was only 7% greater than attendance in 2021. Enrollment in the Summer Academies , however, rose substantially in 2022, with increases ranging from 50% to 92% over 2021. The number of participants in the Academic Challenge Cup in 2022 was more than three times the number who participated in 2021.

General and Administrative

General and administrative expenses include expenditures for the functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination and articulation of the Council's program strategy, secure proper administrative functioning of the Board of Directors, and manage the financial and budgetary responsibilities of the Council.

Development

Development expenses include expenditures used to develop and maintain corporate interest and support for current programs and to identify needs for future programs.

Expense Allocation

The statement of functional expenses on a modified cash basis presents expenses by functional and natural classification. Expenses directly attributed to a specific functional area of the Council are reported as specific to that functional area. Expenses that benefit multiple functional or program areas, such as payroll and related expenses, have been allocated across programs and other supporting services based on time studies for the Council's employees. Expenses related to telephone are allocated based on estimated usage, and expenses related to space, such as rent and depreciation, are allocated based on square footage estimates. All other expenses are allocated based on actual usage.

Tax Status

The Council constitutes a qualified not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and is, therefore, exempt from federal income taxes on related exempt income.

The Council's federal tax returns for tax years 2021 and later remain subject to examination by taxing authorities.

Subsequent Events

Management evaluates subsequent events through the date the financial statements are available for issue, which is the date of the Independent Accountants' Review Report.

3. Liquidity and Available Resources

As of December 31, assets available for general expenditures within one year of the date of the statement of assets, liabilities, and net assets on the modified cash basis are as follows:

	<u>2021</u>	<u>2022</u>
Cash and cash equivalents	\$ 91,390	\$ 106,901
Less: Donor-imposed restrictions	(16,147)	(13,913)
Accounts receivable		<u>12,268</u>
Assets available for general expenditures within one year	<u>\$ 75,243</u>	<u>\$ 105,256</u>

The Council regularly monitors liquidity required to meet its operating needs. The Council's sources of liquidity at its disposal include cash and cash equivalents. The Council collected the accounts receivable balance as of December 31, 2022 in full in January 2023.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Council considers all expenditures related to its ongoing programs as well as the conduct of services undertaken to support those programs to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Council anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

4. Net Assets

As of December 31, 2021 and 2022, net assets with donor restrictions are restricted for scholarships.

Net assets with donor restrictions of \$6,845 were released from restrictions during 2021 for scholarships. During 2022, net assets of \$4,295 were released from restrictions for scholarships.

5. Gifts and Grants

As of December 31, assets available for general expenditures within one year of the date of the statement of assets, liabilities, and net assets on the modified cash basis are as follows:

Gifts and grants consist of:

	<u>2021</u>	<u>2022</u>
Cash and cash equivalents	\$ 43,042	\$ 26,568
Professional services	<u>5,600</u>	<u> </u>
Total gifts and grants received	<u>\$ 48,642</u>	<u>\$ 26,568</u>

6. Retirement Plan

The Council has a defined contribution plan, which covers eligible employees. Contributions under this plan are applied to individual annuities issued to each participant by Teachers Insurance and Annuity Association (TIAA) and/or College Retirement Equities Fund (CREF). All annuity contracts issued under this plan are solely the property of the individual participant; therefore, benefits are not subject to, or covered by, federal plan termination insurance. The Council's contributions to the plan amounted to \$2,871 in 2021 and \$3,289 in 2022, equal to 3% of eligible employees' compensation.

7. Commitment

The Council rents its office space at a monthly rental of \$550 under a lease that auto-renews annually on August 1. Rent expense related to the office lease was \$6,050 in 2021 (January 2021 rent was paid in advance in December 2020) and \$7,150 in 2022 (January 2023 rent was paid in advance in December 2022).