

Gifted Resource Council
Financial Statements
For the Years Ended
December 31, 2022 and December 31, 2023



Table of Contents

| | <u>Page No.</u> |
|--|-----------------|
| Independent Accountants' Review Report | 4-5 |
| Financial Statements | |
| Statement of Assets, Liabilities, and Net Assets on the Modified Cash Basis | 6 |
| Statement of Support and Revenues, Expenses, and Changes in Net Assets on the Modified Cash Basis | 7 |
| Statement of Functional Expenses on the Modified Cash Basis | 8-9 |
| Statement of Cash Flows on the Modified Cash Basis | 10 |
| Notes to Financial Statements | 11-15 |

LEWIS AND ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

8755 BIG BEND BLVD.

ST. LOUIS, MISSOURI 63119-3798

WeCare@FredLewisCPA.com

314-962-1133

FAX 314-962-6130

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, 2022 and 2023, 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
November 11, 2024

GIFTED RESOURCE COUNCIL

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

| | December 31, | |
|--|-----------------------------|-------------------|
| | <u>2022</u> | <u>2023</u> |
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 106,901 | \$ 135,236 |
| Accounts receivable | <u>12,268</u> | <u>862</u> |
| Total Current Assets | 119,169 | 136,098 |
| Investments | | |
| Equities portfolio | | 76,660 |
| Other Assets | | |
| Prepaid expenses | | 840 |
| Rental deposit | | 840 |
| Property and Equipment | | |
| Furniture and equipment (net of accumulated depreciation of \$21,486 in 2022 and \$21,539 in 2023) | <u> </u> | <u>475</u> |
| Total Assets | <u>\$ 119,169</u> | <u>\$ 214,913</u> |
| Liabilities and Net Assets | | |
| Net Assets | | |
| Without donor restrictions | \$ 105,256 | \$ 197,775 |
| With donor restrictions (Note 4) | <u>13,913</u> | <u>17,138</u> |
| Total Net Assets | <u>119,169</u> | <u>214,913</u> |
| Total Liabilities and Net Assets | <u>\$ 119,169</u> | <u>\$ 214,913</u> |

See Independent Accountant's Review Report

GIFTED RESOURCE COUNCIL

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

| | For the Year Ended December 31, | |
|---|------------------------------------|-------------------|
| | <u>2022</u> | <u>2023</u> |
| Changes in Net Assets without Donor Restrictions | | |
| Support | | |
| Membership dues | \$ 20,835 | \$ 10,420 |
| Gifts and grants (Note 5) | 24,507 | 33,838 |
| Net assets released from restrictions (Note 4) | <u>4,295</u> | <u>8,660</u> |
| Total Support | 49,637 | 52,918 |
| Revenues | | |
| Programs | \$ 240,465 | \$ 300,727 |
| Extended Day | 17,733 | 22,312 |
| Class item sales to students | 1,699 | 1,828 |
| 40 th Anniversary | | 7,186 |
| Interest and dividend income | | <u>2,004</u> |
| Total Revenues | <u>259,897</u> | <u>334,057</u> |
| Total Support and Revenues | 309,534 | 386,975 |
| Expenses | | |
| Program services | \$ 236,693 | \$ 249,560 |
| Supporting activities: | | |
| General and administrative | 33,714 | 37,140 |
| Development | <u>6,114</u> | <u>7,756</u> |
| Total Expenses | <u>276,521</u> | <u>294,456</u> |
| Increase (Decrease) in Net Assets without Donor Restrictions | <u>33,013</u> | <u>92,519</u> |
| Changes in Net Assets with Donor Restrictions | | |
| Gifts and grants (Note 5) | \$ 2,061 | \$ 11,885 |
| Net assets released from restrictions (Note 4) | <u>(4,295)</u> | <u>(8,660)</u> |
| Increase (Decrease) in Net Assets with Donor Restrictions | <u>(2,234)</u> | <u>3,225</u> |
| Increase (Decrease) in Net Assets | \$ 30,779 | \$ 95,744 |
| Net Assets – Beginning of Year | <u>88,390</u> | <u>119,169</u> |
| Net Assets – End of Year | <u>\$ 119,169</u> | <u>\$ 214,913</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> |

GIFTED RESOURCE COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES ON THE MODIFIED CASH BASIS For the Year Ended December 31, 2023

| | <u>Program</u> | <u>Administrative</u> | <u>Development</u> | <u>Total</u> |
|---------------------------------------|-------------------|-----------------------|--------------------|-------------------|
| Salaries | \$ 181,021 | \$ 18,528 | \$ 4,000 | \$ 203,549 |
| Payroll taxes | 13,848 | 1,417 | 306 | 15,571 |
| Payroll preparation | 1,591 | 326 | | 1,917 |
| Employee benefits | 2,730 | 559 | | 3,289 |
| Advertising | | 1,195 | | 1,195 |
| Brokerage fees and bank charges | | 198 | | 198 |
| Class items for student purchase | 2,778 | | | 2,778 |
| Conference expense | | 335 | | 335 |
| Depreciation expense | | 53 | | 53 |
| Dues and subscriptions | | 247 | | 247 |
| 40 th Anniversary expenses | | 546 | | 546 |
| Honoraria | 470 | | | 470 |
| Insurance | 2,626 | 537 | 14 | 3,177 |
| Laptops for classes | 1,200 | | | 1,200 |
| Miscellaneous | 787 | | | 787 |
| Moving expenses | 492 | 3,000 | | 3,492 |
| Office supplies | 339 | 70 | | 409 |
| Postage | 212 | 108 | 971 | 1,291 |
| Printing | 1,643 | | 2,465 | 4,108 |
| Professional fees | | 3,660 | | 3,660 |
| Rent | 17,759 | 1,226 | | 18,985 |
| Scholarships | 4,460 | | | 4,460 |
| Supplies and equipment | 10,546 | 830 | | 11,376 |
| Telephone | 1,992 | 498 | | 2,490 |
| Tuition collection fees | 4,078 | | | 4,078 |
| Volunteer appreciation | 988 | | | 988 |
| Website design and hosting | | 3,807 | | 3,807 |
| Total | <u>\$ 249,560</u> | <u>\$ 37,140</u> | <u>\$ 7,756</u> | <u>\$ 294,456</u> |

GIFTED RESOURCE COUNCIL

STATEMENT OF CASH FLOWS ON THE MODIFIED CASH BASIS

| | For the Year Ended December 31, | |
|---|------------------------------------|-------------------|
| | <u>2022</u> | <u>2023</u> |
| Cash Flows from Operating Activities | | |
| Increase (decrease) in net assets | \$ 30,779 | \$ 95,744 |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | |
| Depreciation expense | | 53 |
| Decrease (increase) in accounts receivable | (12,268) | 11,406 |
| Increase (decrease) in accounts payable | (<u>3,000</u>) | <u> </u> |
| Net Cash Provided by (Used in) Operating Activities | 15,511 | 107,203 |
| Cash Flows from Investing Activities | | |
| Investment in equities portfolio | \$ | \$(76,660) |
| Purchase of fixed assets | | (528) |
| Decrease (increase) in prepaid expenses | | (840) |
| Decrease (increase) in rental deposit | <u> </u> | <u>(840)</u> |
| Net Cash Provided by (Used in) Investing Activities | | (78,868) |
| Cash and Cash Equivalents – Beginning of Year | <u>91,390</u> | <u>106,901</u> |
| Cash and Cash Equivalents – End of Year | <u>\$ 106,901</u> | <u>\$ 135,236</u> |

GIFTED RESOURCE COUNCIL
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2023

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.

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 in the statement of support and revenues, expenses, and changes in net assets on the modified cash basis as net assets released from restrictions.

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 2022. Those 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.

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; Animal Academy; Novel Engineering; Stop-Motion Animation; and ECO Academy. An Academic Challenge Cup is held annually. The Council also offers parenting classes throughout the year.

In 2022, attendance at the Summer Academies rebounded substantially from the previous year, when attendance was limited by Covid, and in 2023 attendance returned to the numbers experienced prior to the pandemic.

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>Dec 31, 2022</u> | <u>Dec 31, 2023</u> |
|--|---------------------|---------------------|
| Cash and cash equivalents | \$ 106,901 | \$ 135,236 |
| Less: Donor-imposed restrictions | (13,913) | (17,138) |
| Accounts receivable | <u>12,268</u> | <u>862</u> |
| Assets available for general expenditures within one year | <u>\$ 105,256</u> | <u>\$ 118,960</u> |

The Council regularly monitors the 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, 2022 and 2023, net assets with donor restrictions are restricted for scholarships.

During 2022, net assets with donor restrictions of \$4,295 were released from restrictions for scholarships. During 2023, net assets of \$4,460 were released from restrictions for scholarships. In addition to donor restrictions for scholarships, grants and gifts received in 2023 also included \$1,200 restricted for the purchase of classroom laptop computers and \$3,000 for the expense of moving office locations. Both of these grants were released from restrictions before the end of 2023.

5. Gifts and Grants

Gifts and grants consist of:

| | <u>2022</u> | <u>2023</u> |
|--|------------------|------------------|
| Cash and cash equivalents without donor restrictions | \$ 24,507 | \$ 33,838 |
| Cash and cash equivalents with donor restrictions | <u>2,061</u> | <u>11,885</u> |
| Total gifts and grants received | <u>\$ 26,568</u> | <u>\$ 45,723</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 \$3,289 in 2022 and \$3,289 in 2023, equal to 3% of eligible employees' compensation.

7. Commitment

The Council rents its office space under a lease that renews annually on September 1. The monthly rent from September 2021 through August 2023 was \$550. The monthly rent increased to \$840 beginning September 2023. Rent expense related to the office lease was \$7,150 in 2022 (12 months at \$550 plus \$550 for January 2023 rent paid in advance in December 2022) and \$7,210 in 2023 (7 months at \$550 and 4 months @ \$840).