

SUMMIT EDUCATIONAL ASSOCIATION, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Summarized Totals for the Year Ended December 31, 2020)

SUMMIT EDUCATIONAL ASSOCIATION, INC.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Summit Educational Association, Inc.
Milwaukee, Wisconsin

We have reviewed the accompanying financial statements of Summit Educational Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 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 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. 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 accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Summit Educational Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Ritz Holman LLP

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To the Board of Directors
Summit Educational Association, Inc.

Other Matter

The financial statements for the year ended December 31, 2020 were audited by us, and we expressed an unqualified opinion on them in our report dated December 2, 2021, but we have not performed any auditing procedures since that date.

Ritz Holman LLP
RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
October 25, 2022

SUMMIT EDUCATIONAL ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(With Summarized Totals for December 31, 2020)

ASSETS	2021 (Reviewed)	2020 (Audited)
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 606,053	\$ 524,094
Accounts Receivable	774	90
Prepaid Expenses	5,225	6,856
Total Current Assets	\$ 612,052	\$ 531,040
FIXED ASSETS		
Furniture and Equipment	\$ 27,944	\$ 7,979
Vehicles	14,284	14,284
Total Fixed Assets	\$ 42,228	\$ 22,263
Less: Accumulated Depreciation	(17,373)	(9,666)
Net Fixed Assets	\$ 24,855	\$ 12,597
OTHER ASSETS		
Security Deposits	\$ 5,000	\$ 3,000
Total Other Assets	\$ 5,000	\$ 3,000
TOTAL ASSETS	\$ 641,907	\$ 546,637
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 17,740	\$ 35,346
Current Portion of Capital Lease	879	1,380
Total Current Liabilities	\$ 18,619	\$ 36,726
LONG-TERM LIABILITIES		
Capital Lease	\$ 879	\$ 2,258
Less: Current Portion of Capital Lease	(879)	(1,380)
Total Long-Term Liabilities	\$ ---	\$ 878
Total Liabilities	\$ 18,619	\$ 37,604
NET ASSETS		
Without Donor Restrictions	\$ 623,288	\$ 509,033
Total Net Assets	\$ 623,288	\$ 509,033
TOTAL LIABILITIES AND NET ASSETS	\$ 641,907	\$ 546,637

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

SUMMIT EDUCATIONAL ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Summarized Totals for the Year Ended December 31, 2020)

	2021 Total <u>(Reviewed)</u>	2020 Total <u>(Audited)</u>
REVENUE		
Contributions	\$ 390,684	\$ 565,757
Donated Goods and Services	30,500	15,600
Program Service Fees	17,050	7,194
Paycheck Protection Program	48,676	43,900
Interest Income	9	1
Fundraising Events Income	78,166	79,574
Fundraising Events Expense	(17,692)	(17,520)
Miscellaneous Income	---	2,847
Total Revenue	<u>\$ 547,393</u>	<u>\$ 697,353</u>
 EXPENSES		
Program Services	\$ 374,320	\$ 323,179
Management and General	40,295	39,431
Fundraising	18,523	18,083
Total Expenses	<u>\$ 433,138</u>	<u>\$ 380,693</u>
 CHANGE IN NET ASSETS	 \$ 114,255	 \$ 316,660
Net Assets at Beginning of Year	<u>509,033</u>	<u>192,373</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 623,288</u>	 <u>\$ 509,033</u>

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

SUMMIT EDUCATIONAL ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Summarized Totals for the Year Ended December 31, 2020)

	Program Services	Management and General	Fundraising	2021 Total (Reviewed)	2020 Total (Audited)
Salaries and Wages	\$ 206,713	\$ 11,484	\$ 11,484	\$ 229,681	\$ 236,360
Employee Benefits	---	---	---	---	1,876
Payroll Taxes	17,278	960	960	19,198	20,356
Professional Fees	1,080	24,239	---	25,319	24,063
Supplies	766	43	43	852	1,400
Telephone	1,010	---	112	1,122	1,545
Postage	1,003	72	358	1,433	623
Printing and Publications	716	120	359	1,195	660
Internet Service	533	71	107	711	786
Occupancy	30,240	1,680	1,680	33,600	17,200
Maintenance	7,042	391	391	7,824	5,609
Depreciation	7,097	394	394	7,885	4,116
Travel	916	---	---	916	3,176
Conferences and Meetings	85	---	29	114	29
Interest	777	41	---	818	374
Insurance	15,203	800	---	16,003	16,539
Memberships	---	---	---	---	48
Staff Development	18,408	---	---	18,408	22,148
Field Trips	17,732	---	---	17,732	90
Program Expenses	46,582	---	---	46,582	19,717
Uniforms	585	---	---	585	---
Bank and Credit Card Fees	---	---	1,460	1,460	2,754
Fundraising Expenses	---	---	1,117	1,117	303
Miscellaneous	554	---	29	583	921
Subtotal	<u>\$ 374,320</u>	<u>\$ 40,295</u>	<u>\$ 18,523</u>	<u>\$ 433,138</u>	<u>\$ 380,693</u>
Special Event Expenses					
Rent and Facility	\$ ---	\$ ---	\$ 9,871	\$ 9,871	\$ 8,577
Food and Beverages	---	---	4,248	4,248	816
Supplies and Other Expenses	---	---	3,573	3,573	8,127
Subtotal	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 17,692</u>	<u>\$ 17,692</u>	<u>\$ 17,520</u>
TOTAL EXPENSES	<u><u>\$ 374,320</u></u>	<u><u>\$ 40,295</u></u>	<u><u>\$ 36,215</u></u>	<u><u>\$ 450,830</u></u>	<u><u>\$ 398,213</u></u>

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

SUMMIT EDUCATIONAL ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Summarized Totals for the Year Ended December 31, 2020)

	<u>2021</u> (Reviewed)	<u>2020</u> (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 114,255	\$ 316,660
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) Provided by Operating Activities		
Depreciation	7,707	4,116
Donated Fixed Assets	(13,500)	---
(Increase) Decrease in Pledges Receivable	---	65,500
(Increase) Decrease in Accounts Receivable	(684)	(30)
(Increase) Decrease in Inventory	---	---
(Increase) Decrease in Prepaid Expenses	1,631	(5,225)
(Increase) Decrease in Other Assets	(2,000)	(1,000)
Increase (Decrease) in Accounts Payable	(17,606)	12,628
Increase (Decrease) in Accrued Payroll Taxes	---	(4,492)
Net Cash Provided by Operating Activities	<u>\$ 89,803</u>	<u>\$ 388,157</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Purchase of Fixed Assets	<u>\$ (6,465)</u>	<u>\$ ---</u>
Net Cash Used by Investing Activities	<u>\$ (6,465)</u>	<u>\$ ---</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Capital Leases	<u>\$ (1,379)</u>	<u>\$ (1,232)</u>
Net Cash Used by Financing Activities	<u>\$ (1,379)</u>	<u>\$ (1,232)</u>
Net Increase in Cash and Cash Equivalents	\$ 81,959	\$ 386,925
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>524,094</u>	<u>137,169</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 606,053</u></u>	<u><u>\$ 524,094</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ 818	\$ 374
Donated Stock	---	49,384

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

SUMMIT EDUCATIONAL ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

SUMMIT EDUCATIONAL ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE A - Summary of Significant Accounting Policies

Organization

The mission of Summit Educational Association, Inc. (the "Organization") is to foster relationships between dedicated mentors, parents, and their children to encourage children's intellectual, cultural, and moral growth.

Accounting Method

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less at purchase. Consequently, investments in money market funds are considered cash equivalents.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of customers to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Pledges Receivable

Pledges receivable are recorded when the Organization receives an unconditional promise to give or when the condition is met of a conditional promise to give. Pledges are included in net assets without donor restrictions.

Fixed Assets

Fixed assets are recorded at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

Functional Expenses

The Organization allocates costs directly to program, management, or fundraising whenever possible. Certain expenses are attributable to one or more programs or supporting functions of the Organization. Those expenses include salaries, depreciation, and facilities overhead. Salaries and related personnel costs are allocated based on estimated time and effort, and facility costs are allocated based on square footage.

Basis of Presentation

The Organization 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.

SUMMIT EDUCATIONAL ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE A - Summary of Significant Accounting Policies (continued)

Contributions and Grant Revenue

Contributions received and unconditional promises to give are measured at fair value and are reported as increases in net assets. Contributions are considered available for the Organization's general operations and included in net assets without donor restrictions unless specifically restricted by a donor. A restricted contribution is reported in revenue and net assets without donor restrictions when the restriction is met within the same reporting period as the contribution is received. Contributions received restricted for a purpose not yet met or to support a future period are included in net assets with donor restrictions. When a donor restriction from a prior year expires, 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. Conditional contributions are not recognized as revenue until they become unconditional. A conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated if the barrier is not overcome.

Net assets restricted for acquisition of building or equipment are reported as net assets with donor restrictions until the specified asset is placed in service when the net assets are released to net assets without donor restrictions.

When a donor requires the investment of a contribution and restricts the use of investment income, the investment income is reported as net assets with donor restrictions until appropriated for the designated time or use when the net assets are released to net assets without donor restrictions.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Donated services are recognized as contributions if the services create or enhance nonfinancial assets or the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Accordingly, the value of contributed time that does not meet these requirements has not been determined and is not reflected in the accompanying financial statements.

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

Allowance for Uncollectible Accounts

Management believes all receivables will be collected in accordance with the terms of the agreements. Thus, no allowance for uncollectible accounts is necessary at year end.

SUMMIT EDUCATIONAL ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE B - Future Accounting Pronouncements

Accounting Standards Update 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958) will be effective for fiscal years beginning after June 15, 2021. The amendments in this update are required and provide new presentation and disclosure requirements about contributed nonfinancial assets to nonprofits, including additional disclosure requirements for recognized contributed services. Contributed nonfinancial assets will be required to be reported as a separate line in the statement of activities. A financial statement note will be required to provide disaggregated contributed nonfinancial assets by category including: the type of contributed nonfinancial asset; qualitative information about the monetization or utilization of the nonfinancial assets; the policy about the monetization or utilization of nonfinancial assets; a description of restrictions, valuation, and the market used to determine the fair value. The amendments, required to be presented retrospectively to all periods presented, will not change the recognition and measurement requirements for those assets.

Accounting Standards Update 2016-02, Leases (Topic 842) will be effective for fiscal years beginning after December 15, 2021. This update requires the recognition of lease assets and lease liabilities on the statement of financial position measured at the present value of lease payments and requires disclosure of key information about the leasing arrangements.

Accounting Standards Update 2020-08, Receivables – Nonrefundable Fees and Other Costs (Topic 310-20) will be effective for fiscal years beginning after December 15, 2021. The amendments in this update represent changes to clarify the codification. An organization shall apply the amendment prospectively. This amendment impacts the effective yield of an existing individual callable debt security.

Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326) will be effective for fiscal years beginning after December 15, 2023. The main objective of this update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates, including exploring more forward-looking alternatives.

NOTE C - Comparative Financial Information and Reclassifications

The financial information shown for 2020 in the accompanying financial statements is included to provide a basis for comparison with 2021. The comparative information is summarized by total only, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

For comparability, certain 2020 amounts may have been reclassified to conform with classifications adopted in 2021. The reclassifications have no effect on reported amounts of net assets or changes in net assets.

**SUMMIT EDUCATIONAL ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE D - Liquidity

The Organization has financial assets available to meet cash needs for general expenditures which consist of the following:

Cash and Cash Equivalents	\$606,053
Accounts Receivable	<u>774</u>
Total Financial Assets	<u>\$606,827</u>

NOTE E - Capital Lease

The Organization leases a copy machine under a capital lease with a capitalized cost of \$5,950. The economic substance of the lease is that the Organization is financing the acquisition of the asset through the lease and, accordingly, it is recorded in the Organization's assets and liabilities. The asset is included under fixed assets and is being depreciated over the lease term and useful life of the asset of five years. For the year ended December 31, 2021, accumulated depreciation related to the copier was \$5,071, and depreciation expense related to the copier was \$1,380.

Future minimum lease payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$879	\$35	\$914
Total	<u>\$879</u>	<u>\$35</u>	<u>\$914</u>

NOTE F - Paycheck Protection Program

The Organization entered into the Paycheck Protection Program and received an unsecured loan of \$48,676 in February 2021. The Organization received full forgiveness of the loan in the year ended December 31, 2021, and has recorded revenue for the forgiveness.

NOTE G - Donated Goods and Services

The Organization received \$30,500 of in-kind donations during the year ended December 31, 2021. In-kind donations were recorded at estimated fair market value. Donated services were recorded as revenue and offset by like amounts in expenses.

In-kind donations consist of the following:

Accounting Services	\$15,600
Event Tickets	1,400
Furniture	<u>13,500</u>
Total	<u>\$30,500</u>

SUMMIT EDUCATIONAL ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE H - Revenue From Contracts with Customers

Program Service Fees

Program service fee revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for tutoring and field trip services. Families are billed for tutoring services at the beginning of the semester or summer session the services will be provided. During the school year, grade school students contribute small amounts for each of the several field trips that are scheduled. Revenue is recognized as the performance obligations are satisfied. Performance obligations are considered to be satisfied over the time period the services are provided.

At December 31, 2021, there were no assets or obligations related to program service revenue. For the year ended December 31, 2021, program service fee revenue was \$17,050.

Special Events Revenue

The Organization held a fundraising gala and a golf outing during the year. The special event revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing access to the events and event activities. Revenue from these events are recognized at the point in time the events are held and the Organization's performance obligation to hold the events are completed.

At December 31, 2021, there were no assets or obligations related to revenue from contracts with customers for special events revenue. For the year ended December 31, 2021, special events revenue was \$78,166.

NOTE I - Related Parties

A relative of the executive director serves on the board of directors. The executive director also serves on the board of directors as a voting member. The Organization received cash donations from related parties of \$5,590 during the year ended December 31, 2021.

NOTE J - Operating Lease

The Organization leases its office space in Milwaukee, Wisconsin, under an operating lease expiring on August 31, 2023. The Organization also leases space with additional classrooms under an operating lease expiring on August 31, 2021. The Organization has an option to extend the term of the lease for four additional consecutive one year periods. Rent expense for the year ended December 31, 2021, was \$33,600.

Minimum future rental payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$33,600
2023	<u>22,400</u>
Total	<u>\$56,000</u>

SUMMIT EDUCATIONAL ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE K - Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of December 31, 2021, the Organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Organization does not anticipate any significant changes to unrecognized income tax benefits over the next year.

NOTE L - Subsequent Events

The Organization has evaluated events and transactions occurring after December 31, 2021, through October 25, 2022, the date the financial statements are available to be issued, for possible adjustments to the financial statements or disclosures. The Organization has not identified any events for disclosure.