



ELEVATE, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

For the Years Ended December 31, 2022 and 2021

The background of the lower half of the page is a grayscale image of a modern building's interior, showing a grid of structural elements and a perspective view of a hallway or atrium. The image is overlaid with a semi-transparent teal band at the top and a solid orange band at the bottom right.

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ELEVATE, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Elevate, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Elevate, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 Elevate, Inc. as of December 31, 2022 and 2021, 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.

Emphasis of Matter Regarding a Change in Accounting Principle

As discussed in Note 1 to the financial statements, Elevate, Inc. adopted new accounting guidance as issued by the Financial Accounting Standards Board under Financial Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840. The adoption of the ASU resulted in additional assets and liabilities of \$143,760 each as of January 1, 2022. Our opinion is not modified with respect to this matter.

Basis for Opinion

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. 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 Elevate, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

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

Auditor's Responsibilities 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 and *Government 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 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 and *Government 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 Elevate Inc'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 Elevate Inc'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the State of Wisconsin Single Audit Guidelines issued by the Wisconsin Department of Administration, and additional supplementary information, as listed in the table of contents, is presented for purposes of additional analysis as required by the DHS Audit Guide issued by the Wisconsin Department of Health Services.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2023, on our consideration of Elevate, Inc.'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 solely 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 Elevate, Inc.'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 Elevate, Inc.'s internal control over financial reporting and compliance.

Sikich LLP

Brookfield, Wisconsin
May 19, 2023

FINANCIAL STATEMENTS

ELEVATE, INC.**STATEMENTS OF FINANCIAL POSITION**

As of December 31, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 207,786	\$ 204,652
Accounts receivable	571,744	393,735
Pledges receivable	50,000	-
Prepaid expenses	43,428	49,448
Contributed rent receivable	-	22,800
Total current assets	<u>872,958</u>	<u>670,635</u>
NONCURRENT ASSETS		
Land	102,823	102,823
Building	592,651	592,651
Equipment	74,461	78,399
Vehicles	44,073	44,073
Total property and equipment	<u>814,008</u>	<u>817,946</u>
Less: Accumulated depreciation	<u>362,095</u>	<u>337,219</u>
Net property and equipment	<u>451,913</u>	<u>480,727</u>
Operating right-of-use asset	95,871	-
Restricted cash	382,651	197,987
Security deposits	9,000	5,500
Total noncurrent assets	<u>939,435</u>	<u>684,214</u>
TOTAL ASSETS	<u><u>\$ 1,812,393</u></u>	<u><u>\$ 1,354,849</u></u>

(This statement is continued on the following page.)

ELEVATE, INC.**STATEMENTS OF FINANCIAL POSITION (Continued)**

As of December 31, 2022 and 2021

	2022	2021
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 16,622	\$ 1,323
Accrued liabilities	167,917	163,137
Amount payable to Washington County HSD	78,406	70,371
Amount payable to Sheboygan County	26,653	26,653
Line of credit	170,000	95,000
Mortgage and loans payable, current portion	13,496	8,097
Operating lease liability, current portion	50,179	-
Total current liabilities	<u>523,273</u>	<u>364,581</u>
LONG-TERM LIABILITIES		
Mortgage and loans payable, less current portion	304,929	320,757
Operating lease liability, noncurrent	52,997	-
Total long-term liabilities	<u>357,926</u>	<u>320,757</u>
Total liabilities	<u>881,199</u>	<u>685,338</u>
NET ASSETS		
Without donor restrictions	509,739	454,734
With donor restrictions	421,455	214,777
Total net assets	<u>931,194</u>	<u>669,511</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,812,393</u></u>	<u><u>\$ 1,354,849</u></u>

See accompanying notes to financial statements.

ELEVATE, INC.**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Government service contracts	\$ 2,973,410	\$ -	\$ 2,973,410
Client fees and assessments	194,885	-	194,885
Grants	46,849	-	46,849
Contributions	29,246	290,317	319,563
Fundraising events	31,630	-	31,630
Interest	1,446	-	1,446
Other revenue	1,273	-	1,273
Loss on sale of assets	(1,588)	-	(1,588)
	<hr/>		
Total support and revenue	3,277,151	290,317	3,567,468
Net assets released from restrictions	83,639	(83,639)	-
	<hr/>		
Total revenues	3,360,790	206,678	3,567,468
EXPENSES			
Program services			
Community prevention	520,667	-	520,667
Outreach and intervention	190,639	-	190,639
Calm Harbor	1,115,025	-	1,115,025
Supported independent living	644,466	-	644,466
Diversion	462,938	-	462,938
Supporting Services			
Management and general	340,447	-	340,447
Fundraising	31,603	-	31,603
	<hr/>		
Total expenses	3,305,785	-	3,305,785
Change in net assets	55,005	206,678	261,683
NET ASSETS - BEGINNING OF YEAR	454,734	214,777	669,511
	<hr/>		
NET ASSETS - END OF YEAR	\$ 509,739	\$ 421,455	\$ 931,194

See accompanying notes to financial statements.

ELEVATE, INC.**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Government service contracts	\$ 2,575,306	\$ -	\$ 2,575,306
United Way	101,113	-	101,113
Client fees and assessments	258,717	-	258,717
Grants	32,691	-	32,691
Contributions	29,052	43,789	72,841
Fundraising events	19,922	-	19,922
Less: Direct benefit to donors	(400)	-	(400)
Interest	232	-	232
Other revenue	142,803	-	142,803
Gain on disposal of assets	1,250	-	1,250
Total support and revenue	3,160,686	43,789	3,204,475
Net assets released from restrictions	51,236	(51,236)	-
Total revenues	3,211,922	(7,447)	3,204,475
EXPENSES			
Program services			
Community prevention	352,680	-	352,680
Outreach and intervention	344,295	-	344,295
Calm Harbor	1,059,629	-	1,059,629
Supported independent living	678,461	-	678,461
Diversion	469,582	-	469,582
Supporting Services			
Management and general	383,145	-	383,145
Fundraising	30,839	-	30,839
Total expenses	3,318,631	-	3,318,631
Change in net assets	(106,709)	(7,447)	(114,156)
NET ASSETS - BEGINNING OF YEAR	561,443	222,224	783,667
NET ASSETS - END OF YEAR	\$ 454,734	\$ 214,777	\$ 669,511

See accompanying notes to financial statements.

ELEVATE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2022

	Community Prevention	Outreach and Intervention	Calm Harbor	Supported Independent Living	Diversion	Total Program	Management and General	Fundraising	Total
Salaries	\$ 324,218	\$ 116,995	\$ 797,009	\$ 459,218	\$ 275,428	\$ 1,972,868	\$ 223,369	\$ -	\$ 2,196,237
Fringe benefits	54,707	21,063	82,822	49,037	48,480	256,109	24,098	17	280,224
Payroll taxes	24,951	8,961	62,545	36,161	20,833	153,451	16,838	-	170,289
Employee travel	13,269	1,978	10,178	16,780	3,406	45,611	3,946	150	49,707
Facility costs	31,327	15,604	61,093	25,385	39,452	172,861	30,597	-	203,458
Insurance	10,257	2,796	4,718	6,146	2,797	26,714	2,131	1,367	30,212
Supplies	10,873	1,673	11,523	2,900	5,406	32,375	1,378	4,142	37,895
Utilities	4,490	2,207	7,907	9,314	9,232	33,150	1,102	-	34,252
Postage	139	818	55	-	-	1,012	812	295	2,119
Printing	621	207	51	73	140	1,092	729	760	2,581
Advertising	562	133	606	411	209	1,921	1,385	10,702	14,008
Educational materials and other expenses	26,237	28	37,660	14,329	43,958	122,212	881	2,985	126,078
Professional services	11,543	14,633	19,185	14,121	7,687	67,169	23,575	10,422	101,166
Computer services	7,473	3,543	19,673	10,591	5,910	47,190	9,606	763	57,559
TOTAL EXPENSES	\$ 520,667	\$ 190,639	\$ 1,115,025	\$ 644,466	\$ 462,938	\$ 2,933,735	\$ 340,447	\$ 31,603	\$ 3,305,785

See accompanying notes to financial statements.

ELEVATE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021

	Community Prevention	Outreach and Intervention	Calm Harbor	Supported Independent Living	Diversions	Total Program	Management and General	Fundraising	Cost of Sales	Total
Salaries	\$ 221,003	\$ 222,462	\$ 744,020	\$ 505,916	\$ 287,086	\$ 1,980,487	\$ 235,216	\$ 17,565	\$ -	\$ 2,233,268
Fringe benefits	25,813	19,425	57,093	48,722	58,020	209,073	34,506	-	-	243,579
Payroll taxes	20,053	21,097	67,123	44,631	24,371	177,275	19,523	-	-	196,798
Employee travel	4,695	5,731	5,251	14,876	3,476	34,029	4,388	60	-	38,477
Facility costs	10,491	24,154	80,608	3,092	23,974	142,319	33,554	-	-	175,873
Insurance	5,161	5,996	28,860	18,184	6,412	64,613	4,419	-	-	69,032
Supplies	1,893	6,843	4,236	3,304	2,410	18,686	2,148	84	-	20,918
Utilities	6,335	4,820	7,640	6,099	6,206	31,100	1,381	-	-	32,481
Postage	352	833	101	7	381	1,674	548	78	-	2,300
Printing	364	575	127	97	84	1,247	380	1,650	-	3,277
Advertising	6,970	4,006	3,854	2,263	1,100	18,193	3,720	2,487	-	24,400
Educational materials and other expenses	17,723	895	35,978	10,613	40,972	106,181	141	133	-	106,455
Professional services	24,368	23,349	18,214	14,602	6,889	87,422	34,468	8,500	-	130,390
Computer services	7,057	4,109	6,446	6,055	8,201	31,868	8,753	-	-	40,621
Miscellaneous expense	402	-	78	-	-	480	-	282	-	762
EXPENSES BEFORE COST OF SALES	352,680	344,295	1,059,629	678,461	469,582	2,904,647	383,145	30,839	-	3,318,631
COST OF SALES										
Cost of direct benefit to donors										
Supplies and rental	-	-	-	-	-	-	-	-	400	400
Total cost of sales	-	-	-	-	-	-	-	-	400	400
TOTAL EXPENSES	\$ 352,680	\$ 344,295	\$ 1,059,629	\$ 678,461	\$ 469,582	\$ 2,904,647	\$ 383,145	\$ 30,839	\$ 400	\$ 3,319,031

See accompanying notes to financial statements.

ELEVATE, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 261,683	\$ (114,156)
Adjustments to reconcile change in net assets to net cash and restricted cash from operating activities:		
Depreciation	31,426	29,213
Loss (gain) on disposal of property and equipment	1,588	(1,250)
Non-cash operating lease expense	7,305	-
Contributions restricted for long-term purposes	(155,000)	-
Decrease (increase) in:		
Accounts receivable	(178,009)	203,863
Prepaid expenses	6,020	(20,846)
Security deposits	(3,500)	(1,200)
Contributed rent receivable	22,800	22,800
Increase (decrease) in:		
Accounts payable	15,299	(40,057)
Accrued liabilities	4,780	69,361
Amount payable to Washington County HSD	8,035	-
Amount payable to Sheboygan County	-	(51,210)
Refundable grant advance	-	(395,800)
Net cash from operating activities	22,427	(299,282)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(4,200)	-
Proceeds from sale of assets	-	1,250
Net cash from investing activities	(4,200)	1,250
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on mortgage payable	(10,429)	(7,552)
Proceeds on line of credit	430,000	95,000
Payments on line of credit	(355,000)	-
Proceeds from contributions restricted for long-term purposes	105,000	-
Net cash from financing activities	169,571	87,448
NET CHANGE IN CASH AND RESTRICTED CASH	187,798	(210,584)
CASH AND RESTRICTED CASH, BEGINNING OF YEAR	402,639	613,223
CASH AND RESTRICTED CASH, END OF YEAR	\$ 590,437	\$ 402,639
SUPPLEMENTAL DISCLOSURES OF CASH FLOW ACTIVITIES		
Cash	\$ 207,786	\$ 204,652
Restricted cash	382,651	197,987
TOTAL CASH AND RESTRICTED CASH	\$ 590,437	\$ 402,639

See accompanying notes to financial statements.

ELEVATE, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Elevate, Inc. (the Organization) was organized to provide services in the greater Washington County community to support and empower individuals and families experiencing challenges with substance use and mental health disorders. These services include:

Community Prevention

Programing to delay youth use of alcohol, tobacco and other drugs as long as possible to reduce their risk for addiction. The Organization uses evidence based programming including school based education, peer listening programs, parenting education, environment and policy change in Washington and Waukesha Counties.

Outreach and Intervention

Programming to reduce youth and adults' risk for engagement in high-risk behavior that may lead to addiction and mental illness. Services include evidence-based strategies to identify their readiness for change and providing education and support to change their behavior.

Calm Harbor

Residential program focused on assisting Washington County and Sheboygan County adults experiencing a mental health crisis to increase their stability, reduce their risk for harm and return to independent living using trauma informed strategies.

Supported Independent Living

Assisting Washington County and Sheboygan County residents living with a chronic mental illness to live as independently as possible, reduce their need for hospitalizations and contact with law enforcement by managing medications, development of daily living skills and facilitating access to other supportive services.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nature of Operations (Continued)

Diversion

Assisting individuals involved in the criminal justice system due to their primary substance use disorder. Evidence based services include accessing treatment including medication assisted treatment and other supportive services, accountability measures including drug testing, intensive case management and serving as a liaison between the criminal justice system and the alcohol and drug treatment systems.

Method of Accounting

Assets, liabilities, revenues and expenses are recognized on the accrual basis method of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Net Assets

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

Without Donor Restrictions

Undesignated – Net assets that are not subject to donor-imposed restrictions or Board imposed stipulations.

Board Designated – Net assets subject to stipulations imposed by the Board and determined to be unavailable for general use.

With Donor Restrictions

Net assets with donor restrictions are those subject to donor restrictions that either expire by passage of time, can be fulfilled and removed by actions of the Organization pursuant to those restrictions or are required to be held in perpetuity. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 these estimates.

Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position, but before the financial statements are issued or available to be issued. These events and transactions either provide additional evidence about conditions that existed at year end, including estimates inherent in the process of preparing financial statements (this is recognized subsequent events), or provide evidence about conditions that did not exist at year end but arose after that date (that is, non-recognized subsequent events).

The Organization has evaluated subsequent events through May 19, 2023, the date on which the financial statements were available to be issued.

Cash and Cash Equivalents

The Organization considers all short-term investments in interest-bearing bank accounts, money market accounts and other instruments having an original maturity of three months or less to be equivalent to cash. Restricted cash is to be used for future projects and programs.

The Organization maintains its cash and cash equivalents at financial institutions, which, at times, may exceed federally insured limits. As of December 31, 2022 and 2021, the balance of the deposits exceeded FDIC limits by approximately \$332,000 and \$89,000, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in cash.

Accounts Receivable

Receivables are stated at unpaid balances, less an allowance for doubtful accounts. Accounts receivable consist of grants and client fees.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable (Continued)

Receivables are reviewed periodically by management to determine the adequacy of the allowance for doubtful accounts. 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. After all attempts to collect the receivable have failed, the receivable is written off against the allowance. Management has determined an allowance for receivable is not necessary for the years ended December 31, 2022 and 2021. However, actual write-offs may occur.

Contributions and Pledges Receivable

Unconditional promises to give are measured at their fair values and are reported as an increase in net assets without donor restrictions. The Organization reports gifts of cash and other assets as contributions with donor restrictions if they are received with donor stipulations that limit the time or 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. Donor-restricted contributions and grants whose restrictions are met within the same year as received are reflected as increases in net assets without donor restrictions.

Property and Equipment

Property and equipment are recorded at cost, or estimated fair value, if donated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. The Organization capitalizes all fixed assets, and maintenance, repairs, or minor improvements of \$2,500 or more, which neither materially add to the value of the property nor appreciably prolong its life are expensed as incurred. Gains or losses on dispositions of property and equipment are included in income.

Estimated lives of property and equipment consisted of the following:

	<u>Years</u>
Buildings and improvements	5-40
Equipment	3-15
Vehicles	5

Depreciation expense during 2022 and 2021 totaled \$31,426 and \$29,213, respectively.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Organization leases office space and vehicles. The Organization determines if an arrangement is a lease at inception. As an accounting policy election, the Organization chose not to apply the standard to short-term leases (term of 12 months or less) from the date of the statements of financial position. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statements of financial position. The Organization does not have any financing leases.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Organization's leases do not provide an implicit rate and therefore the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization accounts for the lease and non-lease components as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments under the vehicle lease are comprised of a set rate of \$0.25/mile for every mile driven over 10,000 miles per year. These variable lease payments are recognized as expenses in the period in which the obligation for those payments was incurred.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Contributions and Grants

The Organization recognizes contributions when an unconditional promise to give cash, securities or other assets 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.

Conditional grants and contract funds are recorded when earned. Revenue is earned when eligible expenditures or deliverables, as defined in each contract, are met. Funds received but not yet earned are shown as refundable grant advance on the statements of financial position. There were no conditional grants not yet recognized as of December 31, 2022 and 2021.

Government Service Contracts

A portion of the Organization's revenue is derived from cost-reimbursable federal and state grants, which are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue at a point in time when the Organization has incurred expenditures in compliance with specific contract or grant provisions. The Organization did not have any cost reimbursable grants that had not been recognized as of December 31, 2022 and 2021. There were no advance payments on the cost reimbursable grants as of December 31, 2022 and 2021.

Client Fees and Assessments

A portion of the Organization's revenue is derived from federal, state, and local contracts. These revenues are based on predetermined rates based on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party. Revenue is recognized as earned from third parties when the service has been performed and is reported at the estimated net realizable amounts. In addition, the Organization has revenue derived from services provided to individuals that are not part of a contract. Contracts with these third parties are generally renewed on an annual basis. Amounts received are recognized as revenue when the Organization has performed the services utilizing the time lapsed method. Services include assessments, home visits, meetings and residential services performed over a period of time. Generally, third party payors pay for the services provided within 30 days. There were no advance payments received as of December 31, 2022 and 2021.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contract Assets and Liabilities

Contract assets include amounts due under the terms of the contracts as of December 31, 2022 and 2021. There are no contract liabilities as of December 31, 2022 and 2021. Contract assets as of December 31 consist of the following:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Accounts receivable	\$ 571,744	\$ 384,736	\$ 575,974

Significant Judgments

There are significant judgments involved in the recognition of revenue recognized using the point in time method for government service contracts and client fees and assessments as they are subject to retroactive adjustments by the third-party payors. There were no adjustments made to the financial statements based on these judgments.

Various economic factors could affect the recognition of revenues and cash flows, including the demand for services, availability of labor, prompt payments from clients, development of treatments and continued eligibility for coverage under third-party payors.

Concentration of Revenue

The Organization received approximately 76% of its revenue from two grantors the years ended December 31, 2022 and 2021. A significant change in this funding could have an impact on programs.

Income Taxes

The Organization is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the code as other than a private foundation.

Functional Expense Allocation

Expenses are recognized when they are incurred. The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs such as salaries and wages, occupancy, insurance and administrative support expenses have been allocated among the programs and supporting services benefited. Allocations of salaries and wages are based on time and effort. Occupancy and insurance are allocated based on square footage. Administrative support expenses are allocated evenly among locations.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

The Organization uses advertising to promote its programs. Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2022 and 2021 was \$14,008 and \$24,400, respectively.

Recently Adopted Accounting Pronouncements

In February 2016, the 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. It also requires additional disclosures about leasing arrangements.

The Organization adopted the standard effective January 1, 2022 and recognized and measured leases existing at, or entered into after, January 1, 2022, modified retrospectively at the beginning of the period of adoption, with certain practical expedients available.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of December 31:

	<u>2022</u>	<u>2021</u>
Cash	\$ 207,786	\$ 204,652
Restricted cash	382,651	197,987
Accounts receivable	571,744	393,735
Pledges receivable	50,000	-
Contributed rent receivable	-	22,800
	<hr/>	<hr/>
Total financial assets and liquid resources	1,212,181	819,174
Less:		
Board imposed restrictions	100,618	101,772
Donor imposed restrictions	421,455	214,777
	<hr/>	<hr/>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 690,108</u>	<u>\$ 502,625</u>

The Organization maintains financial assets, consisting of cash, on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are adjusted as necessary.

3. CONTRIBUTED RENT AND PLEDGES RECEIVABLE

Contributions receivable consist of the value of the donated use of office space in connection with a long-term lease that expired on December 31, 2022. The fair value of the future contributed use of the office space to be received was based on the fair value of the rent at the date of initial recognition. The contributions receivable amount under the lease agreement was \$22,800 as of December 31, 2021. There was no receivable balance as of December 31, 2022.

Pledges receivable consists of an unconditional pledge receivable totaling \$50,000 that is expected to be received during the year ending December 31, 2023.

4. LEASES

As described in Note 1, the Organization adopted ASU 2016-02 as of January 1, 2022.

The adoption of the new guidance did not have a material impact on the Organization's statements of activities and cash flows.

The Organization has operating leases for office and building space and vehicles. The leases have remaining terms of 0.9 to 4 years as of December 31, 2022. The components of lease expense were operating lease cost of \$79,685 for the year ended December 31, 2022. There were no expenses incurred in relation to variable lease costs during the year ended December 31, 2022.

Future minimum lease payments under non-cancellable operating leases as of December 31, 2022 were as follows:

2023	\$ 50,179
2024	19,491
2025	18,000
2026	<u>18,000</u>
Total future undiscounted lease payments	105,670
Less: Interest	<u>(2,495)</u>
PRESENT VALUE OF LEASE LIABILITIES	<u>\$ 103,175</u>

The weighted-average remaining lease term (years) for the operating leases is 3. The weighted-average discount rate is 2.28%

As of December 31, 2022, the Organization has an additional operating lease that has not yet commenced of \$3,500 per month. The operating lease commenced on January 1, 2023 with lease term of 7 years with two year automatic renewals.

For 2021, which was prior to the adoption of Topic 842, rent expense was \$72,204.

5. REFUNDABLE GRANT ADVANCE

The Paycheck Protection Program (Program) is a low-interest Small Business Administration (SBA) loan and generally covers two and a half months of payroll costs and may be forgiven entirely if the borrower limits salary reductions to no more than 25% and maintains staffing levels for eight weeks after getting the loan. The Organization was approved for a loan under this program in the amount of \$395,800, with an interest rate of 1% and a maturity date of April 14, 2022. As of December 31, 2021 the Organization received partial forgiveness on the loan in the amount of \$127,568, which is included in other revenue on the statement of activities. The remaining portion not forgiven was returned during 2021.

6. MORTGAGE AND LOANS PAYABLE

	<u>2022</u>	<u>2021</u>
The Organization has a mortgage payable with Westbury Bank to finance the purchase of the office building with a fixed interest rate of 4.38%. Monthly payments beginning August 2019 were \$1,437 through April 2020. The remaining loan proceeds of \$62,033 were disbursed in April 2020 at which time payments increased to \$1,769. The loan has a maturity date of July 2024. The debt is secured by the building.	\$ 295,688	\$ 303,581
The Organization has a loan payable with Ally Bank to finance the purchase of a vehicle with a fixed interest rate of 5.99%. Monthly payments beginning February 2022 were \$420. The loan has a maturity date of February 2028.	22,737	25,273
Total mortgage and loans payable	318,425	328,854
Less: Current maturities	13,496	8,097
AMOUNT DUE AFTER ONE YEAR	<u>\$ 304,929</u>	<u>\$ 320,757</u>

Required payments of principal on long-term debt as of December 31 are summarized as follows:

2023	\$ 13,496
2024	304,929
TOTAL	<u>\$ 318,425</u>

ELEVATE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LINE OF CREDIT

The Organization has a revolving line of credit of \$300,000 with a bank that is due on October 1, 2023. The line of credit has an interest rate at the prime rate of 7.50% and 3.25% at December 31, 2022 and 2021, respectively. Balance outstanding on the line of credit at December 31, 2022 and 2021 was \$170,000 and \$95,000, respectively. The line of credit is secured by the building owned by the Organization.

8. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions is comprised of undesignated and Board designated amounts for the following purposes at December 31:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 409,121	\$ 352,962
Board designated:		
Future projects	100,618	101,772
Total board designated	<u>100,618</u>	<u>101,772</u>
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	<u><u>\$ 509,739</u></u>	<u><u>\$ 454,734</u></u>

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Healthy Communities grant	\$ 18,331	\$ 27,564
Donation for opioid epidemic	99,517	100,000
Community Support	15,389	24,254
Youth Program Support	12,165	21,370
Peers Program	13,253	1,976
WI Wins	-	803
Calm Harbor	85,000	16,010
Sheboygan capital campaign	155,000	-
Treatment and recovery scholarship fund	22,800	-
Donated rent	-	22,800
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u><u>\$ 421,455</u></u>	<u><u>\$ 214,777</u></u>

ELEVATE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

10. RETIREMENT PLAN

The Organization administers a SIMPLE IRA Plan, which covers all eligible employees and provides a discretionary match up to 3% of the employee's compensation that an employee contributes to the plan subject to statutorily prescribed annual limits. The Organization's contributions to the Plan were \$29,725 and \$37,338 for the years ended December 31, 2022 and 2021, respectively.

11. SUPPLEMENTAL CASH FLOW DISCLOSURES

	<u>2022</u>	<u>2021</u>
Property and equipment purchases through mortgage and loans payable	\$ -	\$ 25,273
Interest paid	\$ 17,235	\$ 17,339
Noncash forgiveness of Paycheck Protection Program	\$ -	\$ 127,568
Operating cash flows from operating leases	\$ 69,417	\$ -

SUPPLEMENTARY INFORMATION

ELEVATE, INC.

SCHEDULE OF SUPPORT, REVENUE, AND EXPENSES

For the Year Ended December 31, 2022

	Community Prevention	Outreach and Intervention	Outreach and Intervention - Sheboygan County	Calm Harbor - Washington County	Calm Harbor - Sheboygan County	Calm Harbor - West	Supported Independent Living - Washington County	Supported Independent Living - Sheboygan County	Diversion	Management and General	Fundraising	Total
REVENUE AND SUPPORT												
Washington County HSD Contract	\$ 391,754	\$ -	\$ -	\$ 497,796	\$ -	\$ -	\$ 323,913	\$ -	\$ 459,611	\$ -	\$ -	\$ 1,673,074
Other contracts	152,911	-	64,538	-	636,188	89,792	-	356,907	-	-	-	1,300,336
Client fees and assessments	35,498	133,256	-	3,850	-	-	-	-	22,281	-	-	194,885
Grants	45,265	-	-	-	-	-	-	-	-	1,584	-	46,849
Contributions	5,000	-	-	-	-	-	-	-	-	50,020	264,543	319,563
Fundraising event	-	-	-	-	-	-	-	-	-	-	31,630	31,630
Interest	-	-	-	-	-	-	-	-	-	1,446	-	1,446
Loss on sale of asset	-	-	-	-	-	-	-	-	-	(1,588)	-	(1,588)
Other revenue	-	-	-	-	-	-	-	1,273	-	-	-	1,273
TOTAL REVENUE AND SUPPORT	630,428	133,256	64,538	501,646	636,188	89,792	323,913	358,180	481,892	51,462	296,173	3,567,468
EXPENSES												
Salaries	324,218	74,218	42,777	316,828	417,731	62,450	206,775	252,443	275,428	223,369	-	2,196,237
Fringe benefits	54,707	14,739	6,324	32,546	47,767	2,509	18,138	30,899	48,480	24,098	17	280,224
Payroll taxes	24,951	5,796	3,164	25,107	32,588	4,850	16,322	19,840	20,833	16,838	-	170,289
Employee travel	13,269	1,323	655	1,901	4,060	4,217	14,368	2,412	3,406	3,946	150	49,707
Facility costs	31,327	14,344	1,260	26,354	34,739	-	-	25,385	39,452	30,597	-	203,458
Insurance	10,257	1,865	931	2,359	2,359	-	932	5,214	2,797	2,131	1,367	30,212
Supplies	10,873	1,633	40	1,628	3,762	6,133	730	2,170	5,406	1,378	4,142	37,895
Utilities	4,490	1,852	356	4,031	3,841	35	6,595	2,719	9,231	1,102	-	34,252
Postage	139	818	-	-	55	-	-	-	-	812	295	2,119
Printing	621	128	79	17	34	-	64	9	140	729	760	2,581
Advertising	562	120	13	96	373	137	127	284	209	1,385	10,702	14,008
Educational materials and other expenses	26,237	28	-	17,395	20,080	185	47	14,282	43,958	881	2,985	126,078
Professional services	11,543	12,919	1,714	8,813	10,346	26	5,182	8,939	7,687	23,575	10,422	101,166
Computer services	7,473	2,585	958	7,947	9,260	2,466	4,736	5,855	5,910	9,606	763	57,559
Administrative allocation	59,514	14,624	7,152	47,603	59,775	6,996	32,925	37,165	47,178	(320,107)	7,175	-
Expenses by program	580,181	146,992	65,423	492,625	646,770	90,004	306,941	407,616	510,115	20,340	38,778	3,305,785
INCREASE (DECREASE) IN NET ASSETS	\$ 50,247	\$ (13,736)	\$ (885)	\$ 9,021	\$ (10,582)	\$ (212)	\$ 16,972	\$ (49,436)	\$ (28,223)	\$ 31,122	\$ 257,395	\$ 261,683

ELEVATE, INC.

SCHEDULE OF RESERVES SCHEDULE FOR SUPPORTED INDEPENDENT LIVING PROGRAM – WASHINGTON COUNTY

For the Year Ended December 31, 2022

1. Total units of service	16,888
2. Allowable expenses for rate-based service	\$ 306,941
3. Total revenue for rated-based service	339,438
Accrual for reserve	(15,525)
Total adjusted revenue for rate-based service	323,913
4. Excess (deficiency) revenue over expenses (line 3 less line 2)	\$ 32,497
5. Calculation of reserve and amounts due to purchaser:	

Purchaser 5(a)	Revenue from Purchaser 5(b)	Purchaser's share of total revenue (5c)	Purchaser's share of excess revenue (5d)	5% cap on excess reserves (5e)	Amount due to the purchaser (5f)
Washington County HSD	\$ 339,438	100%	\$ 32,497	\$ 16,972	\$ 15,525

ELEVATE, INC.

SCHEDULE OF SHEBOYGAN COUNTY REVENUE AND EXPENSE

For the Year Ended December 31, 2022

	Outreach and Intervention	Calm Harbor	Supported Independent Living	Total
REVENUE AND SUPPORT				
Sheboygan County	\$ 64,538	\$ 636,188	\$ 358,180	\$ 1,058,906
Total revenue and support	64,538	636,188	358,180	1,058,906
EXPENSES				
Salaries	42,777	417,731	252,443	712,951
Fringe benefits	6,324	47,767	30,899	84,990
Payroll taxes	3,164	32,588	19,840	55,592
Employee travel	655	4,060	2,412	7,127
Equipment and maintenance	-	-	-	-
Facility costs	1,260	34,739	25,385	61,384
Insurance	931	2,359	5,214	8,504
Supplies	40	3,762	2,170	5,972
Utilities	356	3,841	2,719	6,916
Postage	-	55	-	55
Printing	79	34	9	122
Advertising	13	373	284	670
Educational materials and other expenses	-	20,080	14,282	34,362
Professional services	1,714	10,346	8,939	20,999
Computer services	958	9,260	5,855	16,073
Administrative allocation	7,152	59,775	37,165	104,092
Total expenses by program	65,423	646,770	407,616	1,119,809
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (885)	\$ (10,582)	\$ (49,436)	\$ (60,903)

ELEVATE, INC.

SCHEDULE OF RESERVES SCHEDULE FOR OUTREACH AND INTERVENTION PROGRAM – SHEBOYGAN COUNTY

For the Year Ended December 31, 2022

1. Total units of service	439
2. Allowable expenses for rate-based service	\$ 65,423
3. Total revenue for rated-based service	64,538
4. Excess (deficiency) revenue over expenses (line 3 less line 2)	\$ (885)
5. Calculation of reserve and amounts due to purchaser:	

Purchaser 5(a)	Revenue from Purchaser 5(b)	Purchaser's share of total revenue (5c)	Purchaser's share of excess revenue (5d)	5% cap on excess reserves (5e)	Amount due to the purchaser (5f)
Sheboygan County	\$ 64,538	100%	\$ (885)	\$ 3,227	\$ -

ELEVATE, INC.

SCHEDULE OF RESERVES SCHEDULE FOR CALM HARBOR PROGRAM – SHEBOYGAN COUNTY

For the Year Ended December 31, 2022

1. Total units of service	2,465
2. Allowable expenses for rate-based service	\$ 646,770
3. Total revenue for rated-based service	636,188
Total adjusted revenue for rate-based service	636,188
4. Excess (deficiency) revenue over expenses (line 3 less line 2)	\$ (10,582)
5. Calculation of reserve and amounts due to purchaser:	

Purchaser 5(a)	Revenue from Purchaser 5(b)	Purchaser's share of total revenue (5c)	Purchaser's share of excess revenue (5d)	5% cap on excess reserves (5e)	Amount due to the purchaser (5f)
Sheboygan County	\$ 636,188	100%	\$ (10,582)	\$ 31,809	\$ -

ELEVATE, INC.

SCHEDULE OF RESERVES SCHEDULE FOR SUPPORTED INDEPENDENT LIVING PROGRAM – SHEBOYGAN COUNTY

For the Year Ended December 31, 2022

1. Total units of service	<u>31,323</u>
2. Allowable expenses for rate-based service	\$ 407,616
3. Total revenue for rated-based service	<u>356,907</u>
4. Excess (deficiency) revenue over expenses (line 3 less line 2)	<u>\$ (50,709)</u>
5. Calculation of reserve and amounts due to purchaser:	

Purchaser 5(a)	Revenue from Purchaser 5(b)	Purchaser's share of total revenue 5(c)	Purchaser's share of excess revenue 5(d)	5% cap on excess reserves 5(e)	Amount due to the purchaser 5(f)
Sheboygan County	\$ 356,907	100%	\$ (50,709)	\$ 17,845	\$ -

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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Elevate, Inc.

We have audited, in accordance with the 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, the financial statements of Elevate, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 19, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Elevate, Inc.’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Elevate, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of Elevate, Inc.’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Elevate, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sikich LLP

Brookfield, Wisconsin
May 19, 2023

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INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT GUIDELINES

To the Board of Directors
Elevate, Inc.

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and Major State Program

We have audited Elevate, Inc.’s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the State of Wisconsin State Single Audit Guidelines, issued by the Wisconsin Department of Administration that could have a direct and material effect on each of Elevate, Inc.’s major federal and state programs for the year ended December 31, 2022. Elevate, Inc.’s major federal and major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Elevate, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and major state programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Elevate, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal and state programs. Our audit does not provide a legal determination of Elevate, Inc. compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Elevate, Inc.'s federal and state programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Elevate, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, the Uniform Guidance and Wisconsin State Single Audit Guidelines will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Elevate, Inc.'s compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Wisconsin State Single Audit Guidelines, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Elevate, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Elevate, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and State Single Audit Guidelines, but not for the purpose of expressing an opinion on the effectiveness of Elevate, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State Single Audit Guidelines. Accordingly, this report is not suitable for any other purpose.

Sikich LLP

Brookfield, Wisconsin
May 19, 2023

ELEVATE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2022

<i>Federal Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
Department of Health and Human Services			
Temporary Assistance for Needy Families	93.558	Washington County Human Services Department - Brighter Futures	\$ 109,649
Temporary Assistance for Needy Families	93.558	Washington County Human Services Department - Calm Harbor	1,485
Total CFDA 93.558			<u>111,134</u>
Medical Assistance Program	93.778	Sheboygan County Health and Human Services	1,062,633 *
Total CFDA 93.778			<u>1,062,633</u>
Social Services Block Grant	93.667	Washington County Human Services Department - Calm Harbor	<u>2,795</u>
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Waukesha County Department of Health & Human Services - AODA Inner City	38,524
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Waukesha County Department of Health & Human Services - AODA Block Grant	33,000
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Washington County Human Services Department - AODA/SABG Block Grant	32,982
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Community Advocates	2,569
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Washington County Human Services Department - TAD Grant DOJ	<u>77,869</u>
Total CFDA 93.959			<u>184,944</u>
<i>Total Department of Health and Human Services</i>			<u>1,361,506</u>
Department of Justice			
Drug Court Discretionary Grant Program	16.585	Washington County Human Services Department - Drug Treatment Court	<u>118,749</u>
<i>Total Department of Justice</i>			<u>118,749</u>
<i>Total Expenditures of Federal Awards</i>			<u>1,480,255</u>

ELEVATE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended December 31, 2022

<i>State Grantor/Program or Cluster Title</i>	<i>State Contract Number</i>	<i>Pass-through Grantor and Number</i>	<i>State Expenditures(\$)</i>
<i>Wisconsin Department of Health Services:</i>			
Passed through the Washington County Human Services Department			
Brighter Futures	437.1402		\$ 101,215
Calm Harbor	435.000561		15,957
TAD Grant DOJ	435.533715		18,851
<i>Total Wisconsin Department of Health Services</i>			<u>136,023</u>
<i>Total Expenditures of State Awards</i>			<u>136,023</u>
		Total Federal and State Awards	<u><u>\$ 1,616,278</u></u>

* Denotes major program

ELEVATE, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2022

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards (the Schedule) includes the federal and state grant activity of Elevate, Inc. under programs of the federal and state government for the year ended December 31, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and in accordance with the State Single Audit Guidelines.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Organization has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. COMMINGLED FUNDS

During the year ended December 31, 2022, funds totaling \$1,062,633 were received from Sheboygan County. While the grant agreement indicates that the source of the funds included both federal (CFDA 93.778, 93.667, 93.558, 93.958, and 93.959) and state awards (contract 435.377, 435.516, and 435.561), Sheboygan County has not provided the Organization with the amount of federal funds included. Because the split between federal and state funding is unknown, the full amount is included in the accompanying schedule of expenditures of federal awards under CFDA 93.778.

4. NON-CASH ASSISTANCE, LOANS AND INSURANCE

Elevate, Inc. did not receive any federal non-cash assistance, federal loans or federal insurance for the year ended December 31, 2022.

5. SUBRECIPIENTS

Elevate, Inc. did not provide federal awards to subrecipients during the year ended December 31, 2022.

ELEVATE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported

Type of auditor’s report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major programs:

Assistance Listing

<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs:

Federal \$750,000

Auditee qualified as low-risk auditee? Yes No

ELEVATE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2022

Section II - Financial Statement Findings

None

Section III - Findings and Questioned Costs for Federal Awards

None

Section IV - Summary of Prior Audit Findings

None