

**ELEVATE EARLY EDUCATION, INC.  
AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2020 AND 2019**

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### **Independent Auditor's Report**

To the Board of Directors  
Elevate Early Education, Inc. and affiliates  
Norfolk, Virginia

We have audited the accompanying consolidated financial statements of Elevate Early Education, Inc. and affiliates, which comprise the consolidated statement of financial position as of September 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

#### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Elevate Early Education, Inc. and affiliates at September 30, 2020 and 2019, and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



August 11, 2021

**ELEVATE EARLY EDUCATION, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>September 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash	\$ 1,578,408	\$ 1,335,140
Certificates of deposit	527,264	517,974
Prepaid expenses and other	27,631	26,133
Property and equipment, net	2,940,694	3,054,672
Restricted assets:		
Cash	303,747	347,500
Pledges receivable	85,999	181,810
Grants receivable	200,000	50,000
<b>Total assets</b>	<b>\$ 5,663,743</b>	<b>\$ 5,513,229</b>
<b>Liabilities and net assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 37,017	\$ 24,536
Deferred revenue	34,041	5,196
Accrued expenses and other liabilities	11,481	2,284
Total liabilities	82,539	32,016
<b>Net assets</b>		
Net assets without donor restrictions:		
Invested in property and equipment	2,940,694	3,054,672
Board designated	157,154	181,838
Other	1,893,610	1,665,393
Total net assets without donor restrictions	4,991,458	4,901,903
Net assets with donor restrictions	589,746	579,310
Total net assets	5,581,204	5,481,213
<b>Total liabilities and net assets</b>	<b>\$ 5,663,743</b>	<b>\$ 5,513,229</b>

The notes to consolidated financial statements are  
an integral part of these financial statements.

**ELEVATE EARLY EDUCATION, INC. AND AFFILIATES**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

	<b>For the years ended</b>	
	<b>September 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>Changes in net assets without donor restrictions</b>		
Revenue and support		
Tuition, net	\$ 1,103,473	\$ 1,117,027
Contributions - HRCF Early Education Fund	289,010	286,500
Contributions - other	238,951	257,550
Paycheck Protection Program grant	173,500	-
Interest and other income	10,174	11,729
Net assets released from restrictions	326,923	302,096
Total revenue and support	2,142,031	1,974,902
Expenses		
Program services:		
E3 School	1,481,288	1,411,165
E3 initiatives	284,360	191,989
Total program services	1,765,648	1,603,154
Management and general	281,250	256,403
Fundraising	5,578	5,408
Total supporting services	286,828	261,811
Total expenses	2,052,476	1,864,965
Change in net assets without donor restrictions	89,555	109,937
<b>Changes in net assets with donor restrictions</b>		
Revenue and support		
Contributions	337,359	165,698
Net assets released from restrictions	(326,923)	(302,096)
Change in net assets with donor restrictions	10,436	(136,398)
Change in total net assets	99,991	(26,461)
<b>Net assets, beginning of year</b>	5,481,213	5,507,674
<b>Net assets, end of year</b>	\$ 5,581,204	\$ 5,481,213

The notes to consolidated financial statements are an integral part of these financial statements.

**ELEVATE EARLY EDUCATION, INC. AND AFFILIATES**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

	<b>Year ended September 30, 2020</b>				<b>Total</b>
	<b>Program</b>	<b>Program</b>	<b>Management</b>	<b>Fund</b>	
	<b>Services</b>	<b>Initiatives</b>	<b>&amp; General</b>	<b>Raising</b>	
<b>Expenses</b>					
Salaries and wages	\$ 861,927	\$ 74,193	\$104,562	\$ 4,946	\$1,045,628
Payroll taxes and employee benefits	92,696	9,484	11,423	632	114,235
<b>Total compensation expense</b>	<b>954,623</b>	<b>83,677</b>	<b>115,985</b>	<b>5,578</b>	<b>1,159,863</b>
Accounting and auditing	-	-	75,221	-	75,221
Advertising	35,665	68,596	11,585	-	115,846
Bank charges/payroll fees	-	-	7,519	-	7,519
Consultants	-	-	-	-	-
Curriculum coach	9,781	-	1,087	-	10,868
Curriculum development - UVA	25,913	-	-	-	25,913
Depreciation	102,580	-	11,398	-	113,978
Government relations	-	120,222	-	-	120,222
Housekeeping, repairs and maintenance	58,856	-	6,540	-	65,396
Information technology	14,559	2,965	4,582	-	22,106
Insurance	20,451	3,011	2,607	-	26,069
Legal	-	-	14,361	-	14,361
Lunches	200,576	-	-	-	200,576
Meeting expense	862	310	1,171	-	2,343
Miscellaneous	-	-	17,766	-	17,766
Occupancy	-	-	-	-	-
Office	4,498	2,156	6,653	-	13,307
Program supplies	17,770	-	-	-	17,770
Taxes and licenses	-	-	370	-	370
Telephone	4,188	-	465	-	4,653
Training	4,215	-	588	-	4,803
Travel	1,387	3,423	534	-	5,344
Utilities	25,364	-	2,818	-	28,182
<b>Total expenses</b>	<b>\$1,481,288</b>	<b>\$284,360</b>	<b>\$281,250</b>	<b>\$ 5,578</b>	<b>\$2,052,476</b>

The notes to consolidated financial statements are  
an integral part of these financial statements.

**ELEVATE EARLY EDUCATION, INC. AND AFFILIATES**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

<b>Expenses</b>	<b>Year ended September 30, 2019</b>				
	<b>Program</b>	<b>Program</b>	<b>Management</b>	<b>Fund</b>	<b>Total</b>
	<b>Services</b>	<b>Initiatives</b>	<b>&amp; General</b>	<b>Raising</b>	
Salaries and wages	\$ 784,752	\$ 72,353	\$ 95,769	\$ 4,824	\$ 957,698
Payroll taxes and employee benefits	86,928	8,765	10,697	584	106,974
Total compensation expense	871,680	81,118	106,466	5,408	1,064,672
Accounting and auditing	-	-	66,190	-	66,190
Advertising	40,358	56,561	10,768	-	107,687
Bank charges/payroll fees	784	-	7,159	-	7,943
Consultants	-	5,460	5,460	-	10,920
Curriculum coach	16,773	-	1,864	-	18,637
Curriculum development - UVA	34,215	-	-	-	34,215
Depreciation	103,786	-	11,532	-	115,318
Government relations	-	38,406	-	-	38,406
Housekeeping, repairs and maintenance	54,800	-	6,089	-	60,889
Information technology	6,598	872	1,604	-	9,074
Insurance	19,390	2,000	2,376	-	23,766
Legal	-	-	10,896	-	10,896
Lunches	210,159	-	-	-	210,159
Meeting expense	1,575	373	1,948	-	3,896
Miscellaneous	-	-	14,169	-	14,169
Occupancy	-	1,500	1,500	-	3,000
Office	2,362	690	3,051	-	6,103
Program supplies	19,244	-	-	-	19,244
Taxes and licenses	-	-	1,295	-	1,295
Telephone	2,373	-	264	-	2,637
Training	1,923	-	422	-	2,345
Travel	795	5,009	644	-	6,448
Utilities	24,350	-	2,706	-	27,056
<b>Total expenses</b>	<b>\$1,411,165</b>	<b>\$191,989</b>	<b>\$256,403</b>	<b>\$ 5,408</b>	<b>\$1,864,965</b>

The notes to consolidated financial statements are  
an integral part of these financial statements.

**ELEVATE EARLY EDUCATION, INC. AND AFFILIATES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>For the years ended</b>	
	<b>September 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 99,991	\$ (26,461)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	113,978	115,318
(Increase) decrease in assets:		
Prepaid expenses and other	(1,498)	(1,317)
Pledges receivable	95,811	74,190
Grants receivable	(150,000)	100,000
Increase (decrease) in liabilities:		
Accounts payable	12,481	(43,727)
Deferred revenue	28,845	2,160
Accrued expenses and other liabilities	9,197	71
Net cash provided by operating activities	208,805	220,234
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	-	(3,600)
Purchases of certificates of deposit	(527,264)	(517,974)
Proceeds from maturity of certificates of deposit	517,974	506,582
Net cash used for investing activities	(9,290)	(14,992)
Net change in cash	199,515	205,242
<b>Cash, beginning of year</b>	1,682,640	1,477,398
<b>Cash, end of year</b>	\$ 1,882,155	\$ 1,682,640
<b>Cash is classified as follows:</b>		
Cash without donor restrictions	\$ 1,578,408	\$ 1,335,140
Cash with donor restrictions	303,747	347,500
Total cash	\$ 1,882,155	\$ 1,682,640

The notes to consolidated financial statements are an integral part of these financial statements.



**ELEVATE EARLY EDUCATION, INC. AND AFFILIATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and purpose**

In 2012, Elevate Early Education, Inc. (E3), a bipartisan statewide issue-advocacy organization, was incorporated as a nonstock nonprofit entity in the Commonwealth of Virginia by business, civic and philanthropic leaders to raise awareness and advocate for strategic investments in early education. E3 is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

E3 School, LLC (E3 School) is a single member limited liability company formed in the Commonwealth of Virginia with E3 its sole member. E3, in partnership with the University of Virginia Center for Advanced Study of Teaching and Learning and local supporters, created the E3 School to serve as a model school focused on those elements of high quality early education that significantly improve child outcomes and to prove that high quality early education results in kindergarten readiness for children across the income spectrum. The school opened in February 2015 and is a showroom of quality early education that serves as the catalyst to drive policy, systems change and greater investment by demonstrating a direct link between high quality early education and child outcomes. E3 School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Elevate Early Education Action Fund, Inc. (Action Fund) is a nonstock, nonprofit entity incorporated in the Commonwealth of Virginia. The Action Fund was created by business and civic leaders to advocate for changes in the way our state prioritizes early education, drive policy change and secure greater investment. The Action Fund is exempt from income tax under Section 501(c)(4) of the Internal Revenue Code.

**Principles of consolidation**

The consolidated financial statements include the accounts of E3, E3 School and the Action Fund (collectively referred to as the "Organization"). All material intercompany balances and transactions have been eliminated in consolidation.

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting and are presented in accordance with the nonprofit accounting standards established by the Financial Accounting Standards Board. The Organization reports information regarding its financial position and activities according to two classes of net assets, as follows:

*Net assets without donor restrictions* are amounts that are available, at the discretion of the Board of Directors, for general operations.

*Net assets with donor restrictions* are amounts stipulated by donors to be used for specific purposes. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restriction.

## **Use of Estimates**

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## **Cash and Cash Equivalents**

For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

## **Pledges and Grants Receivable**

Pledges and grants receivable represent unconditional pledges and are recorded at net realizable value. Conditional pledges are not included as support until the conditions are substantially met. An allowance for uncollectible pledges is provided, based upon management's judgment, when deemed necessary.

## **Property and Equipment**

Acquisitions of property and equipment are stated at cost and donated property and equipment are stated at fair value at the date of the gift. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of property and equipment are as follows:

Furniture, fixtures and equipment	5 - 7 years
Building and land improvements	15 - 39 years

## **Contributions**

Contributions are presented as increases to net assets with or without donor restrictions depending on the existence, if any, and/or nature of donor-imposed restrictions. As permitted by GAAP, contributions received with donor-imposed restrictions whose restrictions are met within the same accounting period are presented as increases to net assets without donor restrictions in the consolidated statement of activities.

When a 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.

## **Donated Assets and Services**

The Organization recognizes donated assets as revenue in the period in which they are received. Donated assets and professional services are recorded at fair value on the date of gift and are reported as increases to net assets without donor restrictions in the consolidated statement of activities unless the donor has restricted the asset to a specific purpose. Donated professional services are recognized if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

## **Advertising Costs**

The Organization expenses the cost of advertising when incurred.

## Functional Allocation of Expenses

The cost of providing the Organization's various programs and supporting services have been summarized on a functional basis in the consolidated statement of activities. In presenting the Organization's natural classification of expenses on a functional basis, direct expenses are aggregated by function and indirect expenses are allocated among the functional programs and services benefited. Expenses that are common to several functions are allocated using statistical bases determined by management.

## Income Taxes

E3 is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. As a single member entity of E3, the E3 School is considered a disregarded entity for tax purposes and its activity is included with the activity of E3. Currently, E3 has no obligation for any tax on unrelated business income.

The Action Fund is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code, except on net income derived from unrelated business activities. Currently, the Action Fund has no obligation for any tax on unrelated business income.

E3 and the Action Fund believe they have appropriate support for tax positions taken, and as such, do not believe they have any uncertain tax positions that are material to the consolidated financial statements. The E3 and Action Fund tax returns are subject to examination by authorities for a period of three years from the date they are filed and, accordingly, the returns filed for tax years ended September 30, 2020, 2019 and 2018 remain subject to examination by the IRS.

## NOTE 2 – CONCENTRATIONS OF CREDIT RISK

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash, certificates of deposit and pledges. To mitigate credit risk the Organization's cash and cash equivalents are placed with highly regarded financial institutions. At various times during the years presented, the Organization may have had on deposit with a single financial institution more than \$250,000, which is the amount currently insured by the Federal Deposit Insurance Corporation (FDIC).

Pledges are unsecured and primarily from donors in the Hampton Roads area. The concentration of credit risk is partially mitigated by the large number of donors.

## NOTE 3 – PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable are summarized in the consolidated statement of financial position as follows as of September 30:

	<b>2020</b>	<b>2019</b>
Pledges receivable	\$ 85,999	\$181,810
Grants receivable	<u>200,000</u>	<u>50,000</u>
Total pledges and grants receivable	<u>\$285,999</u>	<u>\$231,810</u>

Pledges and grants receivable are receivable as follows as of September 30:

	<b>2020</b>	<b>2019</b>
Receivable in less than one year	\$ 80,499	\$176,810
Receivable in one to five years	<u>205,500</u>	<u>55,000</u>
Total pledges and grants receivable	<u>\$285,999</u>	<u>\$231,810</u>

Management has not recognized a present value discount on the above receivables due to its immateriality to the consolidated financial statements taken as a whole. In addition, no allowances for uncollectible pledges or grants receivable have been provided because management has evaluated the pledges and grants receivable and believes they are fully collectible.

#### **NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of September 30:

	<b>2020</b>	<b>2019</b>
Building and land improvements	\$3,411,421	\$3,411,421
Furniture, fixtures and equipment	<u>180,186</u>	<u>180,186</u>
Total property and equipment	3,591,607	3,591,607
Less – accumulated depreciation	<u>650,913</u>	<u>536,935</u>
Total property and equipment, net	<u>\$2,940,694</u>	<u>\$3,054,672</u>

#### **NOTE 5 – FEDERAL PAYCHECK PROTECTION PROGRAM**

During the year ended September 30, 2020, in connection with the COVID-19 pandemic, the Organization entered into a promissory note (loan) with a financial institution. The loan was through the Small Business Administration Federal Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act. The PPP loan was in the amount of \$173,500 with an interest rate of 1%. The Organization elected to account for the PPP loan as a government grant based on the Organization’s determination that it met both the eligibility and loan forgiveness criteria for the PPP loan. The full amount of the PPP loan was recognized as grant revenue during the year ended September 30, 2020. Subsequent to September 30, 2020, the Organization received notice that their PPP loan and associated interest were forgiven.

#### **NOTE 6 – GROUND LEASE**

Effective December 2013, the E3 School entered into a ground lease with the YMCA of South Hampton Roads (YMCA) for property rights to the land on which E3 School chose to construct its model facility. E3 School is responsible for a one-time nominal amount of rent (ten dollars) for the initial thirty year term, which commenced on the facility’s opening date of February 2015. Upon expiration of the initial term, the lease will automatically renew for up to four successive renewal terms of five years each unless prohibited events listed in the lease occur. E3 School is responsible for all operating costs such as real estate taxes, utilities, liability insurance, etc. The ground lease is intended to create the relationship of landlord and tenant between the YMCA and E3 School, and is not intended to create a partnership or joint venture or to make either party responsible for the actions of the other. In the event that the lease is not renewed upon the expiration of any term, the ground lease shall terminate and rights to the facility and its improvements shall automatically be vested with the YMCA.

#### **NOTE 7 – NET ASSETS**

##### **Board designated net assets**

Board designated net assets, by entity, are designated for the following purposes and consist of the following as of September 30:

	<b>2020</b>	<b>2019</b>
E3 School – Operating/Capital Reserve Fund	\$ 90,000	\$ 90,000
E3 School – Park Place Scholarship Fund	<u>67,154</u>	<u>91,838</u>
Total board designated net assets	<u>\$157,154</u>	<u>\$181,838</u>

**Net assets without donor restrictions - other**

Net assets without donor restrictions – other, by entity, consist of the following as of September 30:

	<b>2020</b>	<b>2019</b>
E3	\$1,353,366	\$1,303,947
E3 School	506,405	327,467
The Action Fund	<u>33,839</u>	<u>33,979</u>
Total net assets without donor restrictions – other	<u>\$1,893,610</u>	<u>\$1,665,393</u>

**Net assets with donor restrictions**

Net assets with donor restrictions consist of the following as of September 30:

	<b>2020</b>	<b>2019</b>
E3 Scholarship Fund:		
Cash	\$293,787	\$347,500
Pledges and grants receivable	<u>284,999</u>	<u>78,505</u>
Total E3 Scholarship Fund	<u>578,786</u>	<u>426,005</u>
E3 School - operations:		
Cash	9,960	-
Pledge receivable	<u>1,000</u>	<u>-</u>
Total E3 School - operations	<u>10,960</u>	<u>-</u>
E3 - operations – pledges and grants receivable	<u>-</u>	<u>153,305</u>
Total net assets with donor restrictions	<u>\$589,746</u>	<u>\$579,310</u>

As of September 30, 2020, the Organization has approximately \$729,500 in conditional scholarship commitments to students attending E3 School to be paid over the six year period ending September 30, 2026.

Net assets released from restrictions due to the satisfaction of donor imposed stipulations with respect to timing or purpose were as follows for the years ended September 30:

	<b>2020</b>	<b>2019</b>
Scholarships paid	\$173,618	\$147,401
Receipt of pledges receivable	<u>153,305</u>	<u>154,695</u>
Total net assets released from restrictions	<u>\$326,923</u>	<u>\$302,096</u>

**NOTE 8 – CONTRIBUTIONS**

During the year ended September 30, 2014, a private donor contributed \$6,500,000 to the Hampton Roads Community Foundation (HRCF) to establish the Early Education Fund (the “Fund”), a perpetual fund for the benefit of the Organization. HRCF makes annual contributions to the Organization from the Fund to support the early childhood education center known as the E3 School, LLC. HRCF has variance power over the assets of the Fund, and accordingly, the Organization’s beneficial interest in the assets is not recorded in the accompanying consolidated statement of financial position. Contributions received from the Fund are recorded in the consolidated statements of activities when received. Such contributions for the years ended September 30, 2020 and 2019 were \$289,010 and \$286,500, respectively.

## NOTE 9 – RETIREMENT PLAN

E3 sponsors a 403(b) retirement plan for its employees with one year and 1,000 hours of service. Under the plan, eligible employees may elect to defer part of their salary subject to the Internal Revenue Code limits. E3 contributes 6% of eligible employee compensation to the plan on an annual basis. In addition, E3 may make a discretionary matching contribution to the plan. Total contributions to the plan for the years ended September 30, 2020 and 2019 were \$11,871 and \$11,576, respectively.

## NOTE 10 – LIQUIDITY

The Organization prepares an annual budget that is reviewed and approved by the Board of Directors in advance of the upcoming year. Management and board members routinely compare actual results to budget in order to ensure cash on hand is sufficient to meet upcoming budgeted operating expenses. The Organization does not commit to expenditures if sufficient financial resources are not available to pay the expenditures.

The Organization's unencumbered financial assets available to meet anticipated cash needs for general expenditures within one year of the balance sheet date consisted of the following as of September 30:

	2020	2019
Financial assets:		
Cash	\$1,882,155	\$1,682,640
Certificates of deposit	527,264	517,974
Pledges receivable	85,999	181,810
Grants receivable	<u>200,000</u>	<u>50,000</u>
	2,695,418	2,432,424
Less:		
Net assets with donor restrictions	(589,746)	(579,310)
Net assets without donor restrictions – board designated	<u>(157,154)</u>	<u>(181,838)</u>
Total	<u>\$1,948,518</u>	<u>\$1,671,276</u>

## NOTE 11 – SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 11, 2021, the date these consolidated financial statements were available to be issued.

**SUPPLEMENTARY CONSOLIDATING INFORMATION**

**CAVANAUGH NELSON PLC**

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTARY CONSOLIDATING INFORMATION**

To the Board of Directors  
Elevate Early Education, Inc. and affiliates  
Norfolk, Virginia

We have audited the consolidated financial statements of Elevate Early Education, Inc. (a nonprofit organization) and affiliates, as of and for the year ended September 30, 2020, and have issued our report thereon dated August 11, 2021, which expressed an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole.

The consolidating information in Schedules I and II are presented for purposes of additional analysis of the consolidated financial statements and are not a required part of the consolidated financial statements. 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



August 11, 2021



**ELEVATE EARLY EDUCATION, INC. AND AFFILIATES  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

**SCHEDULE I**

**September 30, 2020**

	Elevate Early Education, Inc.	E3 School, LLC	E3 Action Fund, Inc.	Total	Eliminations	Consolidated Balance
<b>Assets</b>						
Cash	\$ 1,357,599	\$ 186,765	\$ 34,044	\$ 1,578,408	\$ -	\$ 1,578,408
Certificates of deposit	527,264	-	-	527,264	-	527,264
Prepaid expenses and other	486	27,145	-	27,631	-	27,631
Property and equipment, net	-	2,940,694	-	2,940,694	-	2,940,694
Due from affiliate	205	514,252	-	514,457	(514,457)	-
Restricted assets:						
Cash	303,747	-	-	303,747	-	303,747
Pledges receivable	85,999	-	-	85,999	-	85,999
Grants receivable	200,000	-	-	200,000	-	200,000
<b>Total assets</b>	<b>\$ 2,475,300</b>	<b>\$ 3,668,856</b>	<b>\$ 34,044</b>	<b>\$ 6,178,200</b>	<b>\$ (514,457)</b>	<b>\$ 5,663,743</b>

**Liabilities and net assets**

<b>Liabilities</b>						
Accounts payable	\$ 7,236	\$ 29,781	\$ -	\$ 37,017	\$ -	\$ 37,017
Deferred revenue	-	34,041	-	34,041	-	34,041
Accrued expenses and other liabilities	10,699	782	-	11,481	-	11,481
Due to affiliate	514,252	-	205	514,457	(514,457)	-
Total liabilities	532,187	64,604	205	596,996	(514,457)	82,539

**Net assets**

Net assets without donor restrictions:						
Invested in property and equipment	-	2,940,694	-	2,940,694	-	2,940,694
Board designated	-	157,154	-	157,154	-	157,154
Other	1,353,367	506,404	33,839	1,893,610	-	1,893,610
Total net assets without donor restrictions	1,353,367	3,604,252	33,839	4,991,458	-	4,991,458
Net assets with donor restrictions	589,746	-	-	589,746	-	589,746
Total net assets	1,943,113	3,604,252	33,839	5,581,204	-	5,581,204
<b>Total liabilities and net assets</b>	<b>\$ 2,475,300</b>	<b>\$ 3,668,856</b>	<b>\$ 34,044</b>	<b>\$ 6,178,200</b>	<b>\$ (514,457)</b>	<b>\$ 5,663,743</b>

See independent auditor's report on supplementary consolidating information.

**ELEVATE EARLY EDUCATION, INC. AND AFFILIATES  
CONSOLIDATING STATEMENT OF ACTIVITIES**

**SCHEDULE II**

**For the year ended September 30, 2020**

	Elevate Early Education, Inc.	E3 School, LLC	E3 Action Fund, Inc.	Total	Eliminations	Consolidated Balance
<b>Changes in net assets without donor restrictions</b>						
Revenue and support						
Tuition	\$ -	\$ 1,277,091	\$ -	\$ 1,277,091	\$ -	\$ 1,277,091
Scholarships	-	(173,618)	-	(173,618)	-	(173,618)
Total tuition, net	-	1,103,473	-	1,103,473	-	1,103,473
Contributions - HRCF Early Education Fund	289,010	-	-	289,010	-	289,010
Contributions - affiliate	-	462,628	-	462,628	(462,628)	-
Contributions - other	238,598	353	-	238,951	-	238,951
Paycheck Protection Program	-	173,500	-	173,500	-	173,500
Interest and other income	9,434	718	22	10,174	-	10,174
Net assets released from restrictions	326,923	-	-	326,923	-	326,923
Total revenue and support	863,965	1,740,672	22	2,604,659	(462,628)	2,142,031
Expenses						
Program - E3 school	464,196	1,479,720	-	1,943,916	(462,628)	1,481,288
Program - E3 initiatives	284,360	-	-	284,360	-	284,360
Total program services	748,556	1,479,720	-	2,228,276	(462,628)	1,765,648
Management and general	60,411	220,677	162	281,250	-	281,250
Fundraising	5,578	-	-	5,578	-	5,578
Total supporting services	65,989	220,677	162	286,828	-	286,828
Total expenses	814,545	1,700,397	162	2,515,104	(462,628)	2,052,476
Change in net assets without donor restrictions	49,420	40,275	(140)	89,555	-	89,555
<b>Changes in net assets with donor restrictions</b>						
Revenue and support						
Contributions	337,359	-	-	337,359	-	337,359
Net assets released from restrictions	(326,923)	-	-	(326,923)	-	(326,923)
Change in net assets with donor restrictions	10,436	-	-	10,436	-	10,436
<b>Change in total net assets</b>	59,856	40,275	(140)	99,991	-	99,991
<b>Net assets, beginning of year</b>	1,883,257	3,563,977	33,979	5,481,213	-	5,481,213
<b>Net assets, end of year</b>	<u>\$ 1,943,113</u>	<u>\$ 3,604,252</u>	<u>\$ 33,839</u>	<u>\$ 5,581,204</u>	<u>\$ -</u>	<u>\$ 5,581,204</u>

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