

SIMPLIFYCT, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

SIMPLIFYCT, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
SimplifyCT, Inc.

Opinion

We have audited the financial statements of SimplifyCT, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of SimplifyCT, Inc. as of December 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SimplifyCT, 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 audits 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 SimplifyCT, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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, 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 SimplifyCT, 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 SimplifyCT, 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.



Melville, NY
October 8, 2024

SIMPLIFYCT, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	2023	2022
Assets		
Cash	\$ 432,544	\$ 339,439
Property and equipment, at cost, less accumulated depreciation	7,168	14,318
Prepaid expenses and other assets	<u>1,902</u>	<u>1,810</u>
	<u>\$ 441,614</u>	<u>\$ 355,567</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	<u>\$ 21,686</u>	<u>\$ 19,672</u>
Commitments		
Net Assets		
Without donor restrictions	<u>419,928</u>	<u>335,895</u>
Total Net Assets	<u>419,928</u>	<u>335,895</u>
	<u>\$ 441,614</u>	<u>\$ 355,567</u>

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

SIMPLIFYCT, INC.

STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Support and Revenues		
Contributions	\$ 406,200	\$ 463,000
Institutional grants	150,000	100,000
Program service revenue	36,615	--
In-kind contributions	<u>147,500</u>	<u>127,400</u>
Total Support and Revenues	<u>740,315</u>	<u>690,400</u>
Expenses		
Program services	577,592	437,364
Management and general	67,158	30,827
Fundraising	<u>11,532</u>	<u>7,538</u>
Total Expenses	<u>656,282</u>	<u>475,729</u>
Changes in Net Assets	84,033	214,671
Net Assets, Without donor restrictions, Beginning of Year	<u>335,895</u>	<u>121,224</u>
Net Assets, without Donor Restrictions, End of Year	<u>\$ 419,928</u>	<u>\$ 335,895</u>

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

SIMPLIFYCT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services	Management and General	Fundraising	Total
Advertising and marketing	\$ 9,689	\$ --	\$ --	\$ 9,689
Bank charges and fees	--	215	--	215
Computer and internet expense	70,189	--	--	70,189
Intake specialists	4,184	--	--	4,184
Project management	13,828	--	--	13,828
Office expense	3,278	5,854	--	9,132
Insurance	3,548	698	--	4,246
Volunteer reimbursements	550	--	--	550
Payroll and benefits	258,684	--	--	258,684
Depreciation	7,150	--	--	7,150
Professional fees	<u>206,492</u>	<u>60,391</u>	<u>11,532</u>	<u>278,415</u>
	<u>\$ 577,592</u>	<u>\$ 67,158</u>	<u>\$ 11,532</u>	<u>\$ 656,282</u>

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

SIMPLIFYCT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Management and General	Fundraising	Total
Advertising and marketing	\$ 8,373	\$ --	\$ --	\$ 8,373
Bank charges and fees	--	183	--	183
Computer and internet expense	111,336	--	--	111,336
Intake specialists	55,671	--	--	55,671
Project management	14,050	--	--	14,050
Office expense	1,700	4,136	--	5,836
Grant writing	--	--	7,538	7,538
Insurance	2,126	709	--	2,835
Volunteer reimbursements	--	199	--	199
Payroll and benefits	136,093	5,678	--	141,771
Depreciation	7,150	--	--	7,150
Professional fees	100,865	19,922	--	120,787
	<u>\$ 437,364</u>	<u>\$ 30,827</u>	<u>\$ 7,538</u>	<u>\$ 475,729</u>

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

SIMPLIFYCT, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash Flows From Operating Activities		
Changes in net assets	\$ 84,033	\$ 214,671
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	7,150	7,150
Changes in assets and liabilities		
Prepaid expenses and other assets	(92)	(420)
Accounts payable and accrued expenses	2,014	(3,666)
Net Cash Provided by Operating Activities	<u>93,105</u>	<u>217,735</u>
Cash Flows From Investing Activity		
Purchase of property and equipment	--	(6,160)
Net Increase in Cash	93,105	211,575
Cash, Beginning of Year	<u>339,439</u>	<u>127,864</u>
Cash, End of Year	<u>\$ 432,544</u>	<u>\$ 339,439</u>

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

SIMPLIFYCT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

SimplifyCT, Inc. (the “Organization”) is a nonprofit organization, formed June 19, 2020. The primary purpose of the Organization is to provide free tax return and tax advocacy services to low income and at risk populations along with other value added financial services as needed.

The Organization derives its revenues from grants and contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING AND PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The financial statements presentation is in accordance with Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) 958, “Not-for-Profit Entities”. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: those without donor restrictions and those with donor restrictions. Net assets without donor restrictions are those net assets that are not subject to donor-imposed restrictions. Net assets with donor restrictions are subject to donor stipulations that limit the use of their contributions, which either expire by the passage of time or when used for specified purposes. There were no net assets with donor restrictions at December 31, 2023 and 2022.

USE OF ESTIMATES

The preparation of financial statements 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 reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

CASH

Cash balances are held in U.S. financial institutions, which are insured by the Federal Deposit Insurance Corporation subject to certain limitations.

SIMPLIFYCT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTIONS RECEIVABLE

Contributions receivable are recorded at net realizable value if expected to be collected in one year and, if material, multiyear receivables are recorded at the present value of their estimated future cash flows. Amortization of the discount is included in contribution revenue. The Organization's allowance for uncollectible receivables is based on management's estimates of the creditworthiness of its contributors, current economic conditions, and historical information. At December 31, 2023 and 2022, there were no contributions receivable.

PROPERTY AND EQUIPMENT

Property and equipment purchased by the Organization are recorded at cost. Donated property used by the Organization is recorded at fair market value on the date contributed. Depreciation is provided by the straight-line method over the estimated useful lives of the assets, which range from 3 to 5 years. It is the Organization's policy to capitalize all property and equipment acquisitions.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statements of functional expenses. Costs have been charged directly to the program and supporting services benefited, and accordingly, no costs have been allocated between program and supporting services.

REVENUE RECOGNITION

Contributions are recognized at fair value as revenue when received or when an unconditional promise to give has been made. Contributions are considered conditional when the underlying agreement includes a performance barrier and a right of return or a right to release promised assets exists. Conditional promises to give are not recognized until the performance barrier and the right of return or release have been overcome.

The organization generates revenues from assisting other organizations prepare and file tax returns for their customers. Revenues from contracts with customers are recognized over time when the performance obligation under the terms of the contract are met. The organization recognizes revenues monthly, over the term of the contract as there is a continuous obligation for its clients to receive benefits under the contract. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations, and can be written, oral or implied by entities business practices. Revenue from contracts with customers for the years ended December 31, 2023, and 2022 was approximately \$37,000 and \$--, respectively.

SIMPLIFYCT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTED GOODS AND SERVICES

Contributions of donated noncash assets are recorded at fair value as in-kind contribution revenue and expensed in the period received or when an unconditional promise to give has been made.

Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded as revenue in the period received or when an unconditional promise to give has been made.

For the years ended December 31, 2023 and 2022, the Organization received \$147,500 and \$127,400 of contributed goods and services.

ADVERTISING AND MARKETING COSTS

The Organization expenses advertising and marketing costs when incurred. Advertising and marketing expenses of approximately \$10,000 and \$8,000 were included in Program Services for the years ended December 31, 2023 and 2022, respectively.

INCOME TAXES

The Organization is exempt from Federal and State income taxes under Internal Revenue Code Section 501(c)(3) and similar state provisions and is classified as a publicly supported charitable organization as described in Section 509(a).

The Organization recognizes and measures its unrecognized tax positions and assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax positions is adjusted when new information is available, or when an event occurs that requires a change. Interest and penalties associated with unrecognized tax positions, if any, would be classified as interest expense and additional income taxes, respectively, in the statements of activities. The Organization did not identify any uncertain tax positions for the years ended December 31, 2023 and 2022. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any periods pending or in progress.

SUBSEQUENT EVENTS

These financial statements were approved by management and available for issuance on October 8, 2024. Management has evaluated subsequent events through this date.

SIMPLIFYCT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following represents the Organization's financial assets at December 31, 2023 and 2022:

	December, 31	
	2023	2022
Cash	\$ 432,544	\$ 339,439
Financial Assets Available for Expenditures Within One Year of the Financial Statements Date	\$ 432,544	\$ 339,439

As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. Operating cash balance is monitored so as to not go below three months of the average personnel and operating requirements.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2023 and 2022:

	December 31	
	2023	2022
Software	\$ 24,530	\$ 24,530
Less: Accumulated depreciation	<u>(17,362)</u>	<u>(10,212)</u>
	<u>\$ 7,168</u>	<u>\$ 14,318</u>

NOTE 5 - RELATED PARTIES

The Organization received donations from board members in the amount of \$-- and \$20,000 for the years ended December 31, 2023 and 2022, respectively.

SIMPLIFYCT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 6 - CONTRIBUTED GOODS AND SERVICES

Contributed goods and services were reported as follows:

	December 31,	
	2023	2022
Donated Services – Volunteer Services	\$ 120,000	\$ 100,000
Donated Goods - Code for America	<u>27,500</u>	<u>27,400</u>
	<u>\$ 147,500</u>	<u>\$ 127,400</u>

NOTE 7 - CONCENTRATIONS

The Organization received grants and contributions from three donors totaling approximately 33%, 33% and 20%, for the year ended December 31, 2023.

The Organization received grants and contributions from three donors totaling approximately 39%, 27% and 18%, for the year ended December 31, 2022.