

Financial Statements

THE LIFEBOAT PROJECT, INC.

December 31, 2024 and 2023

THE LIFEBOAT PROJECT, INC.

Financial Statements

December 31, 2024 and 2023

(With Independent Auditor's Report Thereon)

THE LIFEBOAT PROJECT, INC.

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Independent Auditor's Report

The Board of Directors
The Lifeboat Project, Inc.

Opinion

We have audited the accompanying financial statements of The Lifeboat Project, Inc. (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2024 and 2023, 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 The Lifeboat Project, Inc. as of December 31, 2024 and 2023, 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. 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 The Lifeboat Project, 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 The Lifeboat Project, 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 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 The Lifeboat Project, 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Lifeboat Project, 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.

Schaefer, Tschoy, Whittemut, Mitchell & Shuilen, LLP

May 27, 2025
Maitland, Florida

THE LIFEBOAT PROJECT, INC.

Statements of Financial Position

December 31, 2024 and 2023

	<u>Assets</u>	
	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and cash equivalents	\$ 151,599	58,729
Accounts receivable	108,464	364,620
Property and equipment, net (note 3)	<u>2,035,074</u>	<u>1,970,965</u>
Total assets	<u>\$ 2,295,137</u>	<u>2,394,314</u>
	 <u>Liabilities and Net Assets</u> 	
Liabilities:		
Line of credit (note 5)	\$ -	75,000
Accounts payable and accrued expenses	4,700	77,040
Notes payable (note 4)	<u>302,778</u>	<u>134,447</u>
Total liabilities	307,478	286,487
Net assets without donor restrictions	<u>1,987,659</u>	<u>2,107,827</u>
Total liabilities and net assets	<u>\$ 2,295,137</u>	<u>2,394,314</u>

See accompanying notes to financial statements.

THE LIFEBOAT PROJECT, INC.
Statements of Activities and Changes in Net Assets
Years ended December 31, 2024 and 2023

	2024	2023
Net assets without donor restrictions:		
Public support and revenue:		
Public support:		
Contributions and grants	\$ 539,415	328,545
Magical Dining contribution	-	257,272
In-kind contributions	116,800	101,800
Special events, less direct benefit to donor cost of \$59,746 and \$42,162	145,021	110,742
Other	10,899	26,799
Revenue:		
Rent	19,144	41,938
Total public support and revenue	831,279	867,096
Expenses:		
Program services	898,891	596,954
Supporting services:		
Management and general	52,556	107,320
Total program and supporting services	951,447	704,274
Change in net assets	(120,168)	162,822
Net assets at beginning of year	2,107,827	1,945,005
Net assets at end of year	\$ 1,987,659	2,107,827

See accompanying notes to financial statements.

THE LIFEBOAT PROJECT, INC.

Statements of Functional Expenses

Years ended December 31, 2024 and 2023

	2024			2023		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Payroll	\$ 348,607	10,775	359,382	258,497	7,990	266,487
Contract labor	89,368	-	89,368	23,713	-	23,713
In-kind services	108,800	8,000	116,800	87,400	14,400	101,800
Education	5,582	-	5,582	1,872	-	1,872
Client assistance	47,527	-	47,527	81,008	-	81,008
Depreciation	74,445	-	74,445	64,962	-	64,962
Insurance	46,513	-	46,513	1,924	-	1,924
Advertising	6,782	-	6,782	-	-	-
Memberships	11,567	-	11,567	9,432	-	9,432
Office expense	-	17,061	17,061	-	36,335	36,335
Occupancy	13,619	-	13,619	12,858	-	12,858
Haven home	72,832	-	72,832	29,172	-	29,172
Conferences	7,417	-	7,417	13,862	-	13,862
Travel	9,878	-	9,878	3,535	-	3,535
Interest	-	16,720	16,720	-	13,595	13,595
Legal	-	-	-	-	35,000	35,000
Miscellaneous expenses	55,954	-	55,954	8,719	-	8,719
	<u>\$ 898,891</u>	<u>52,556</u>	<u>951,447</u>	<u>596,954</u>	<u>107,320</u>	<u>704,274</u>

See accompanying notes to financial statements.

THE LIFEBOAT PROJECT, INC.

Statements of Cash Flows

Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ (120,168)	162,822
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	74,445	64,962
Change in operating assets and liabilities:		
Accounts receivable	256,156	(335,073)
Accounts payable and accrued expenses	<u>(72,340)</u>	<u>60,890</u>
Net cash provided by (used in) operating activities	<u>138,093</u>	<u>(46,399)</u>
Cash flows from investing activities:		
Purchase of building improvements	<u>(138,554)</u>	<u>-</u>
Net cash used in investing activities	<u>(138,554)</u>	<u>-</u>
Cash flows from financing activities:		
Proceeds from line of credit	-	45,000
Payments on line of credit	(75,000)	-
Proceeds on note payable	189,239	-
Payments on note payable	<u>(20,908)</u>	<u>(4,099)</u>
Net cash provided by financing activities	<u>93,331</u>	<u>40,901</u>
Change in cash and cash equivalents	92,870	(5,498)
Cash and cash equivalents at beginning of year	<u>58,729</u>	<u>64,227</u>
Cash and cash equivalents at end of year	<u>\$ 151,599</u>	<u>58,729</u>
Supplemental cash flow information:		
Cash paid during the year for interest	<u>\$ 16,720</u>	<u>13,595</u>

See accompanying notes to financial statements.

THE LIFEBOAT PROJECT, INC.

Notes to Financial Statements

December 31, 2024 and 2023

(1) Summary of Significant Accounting Policies

(a) General

Incorporated in 2012 as a Florida 501(c)3 non-profit corporation, The Lifeboat Project, Inc. was created to increase awareness of human trafficking through training; restore hope and dignity to exploited individuals; promote self-sufficiency by providing a safe residence; and furnish assistance for personal development and counseling while coordinating with other agencies to enable them to heal and transition into productive members of society.

(b) Basis of Presentation

The accompanying financial statements are presented on the accrual basis and represent the financial position and results of operations of the Organization.

Unconditional promises to give (pledges) are recorded as receivables and revenue, and the Organization distinguishes between promises received for each net asset category in accordance with donor restrictions, if any.

Net assets and revenue, 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:

- ◆ Net assets without donor restrictions---Net assets that are not subject to donor-imposed stipulations.
- ◆ Net assets with donor restrictions---Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donors impose restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions.

(c) Unconditional Promises to Give

Unconditional promises to give, less an allowance for uncollectible accounts, are recognized as revenues in the period received. Pledges are discounted, using a market discount rate, to present value for collections expected in future years. Accretion of the discount in subsequent years is also recorded as contribution revenue.

(d) Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

THE LIFEBOAT PROJECT, INC.

Notes to Financial Statements

December 31, 2024 and 2023

(1) Summary of Significant Accounting Policies (Continued)

(d) Restricted and Unrestricted Revenue and Support

Support that is restricted by the donor is reported as an increase in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The net assets of the Organization and changes therein have been classified and reported as unrestricted net assets since the net assets are not subject to donor-imposed stipulations and are intended to support current period activities of the Organization.

(e) Contributions

Contributions of services are recognized when they are received if the services (a) create or enhance non-financial assets or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

(f) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(g) Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, and office and occupancy, which are allocated on a square footage basis, as well as contract personnel, which are allocated on the basis of estimates of time and effort.

(h) Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

THE LIFEBOAT PROJECT, INC.

Notes to Financial Statements

December 31, 2024 and 2023

(1) Summary of Significant Accounting Policies (Continued)

(i) Income Taxes

The Organization is exempt from Federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. Consequently, no provision for income taxes has been included in the accompanying financial statements.

In accordance with “Income Taxes” FASB Accounting Standards Codification Topic 740 (Topic 740), all entities are required to evaluate and disclose income tax risks. Topic 740 clarifies the accounting for uncertainty in tax positions and prescribes guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statement of activities. As of December 31, 2024, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The Organization’s income tax returns are subject to review and examination by federal authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes. The tax returns for the fiscal years ended from 2021 to 2023 are open to examination by federal authorities.

(j) Financial Instruments Fair Value

The carrying amount reported in the balance sheet for cash and cash equivalents, pledges receivable, and accounts payable and accrued expenses approximates fair value because of the immediate or short-term maturity of these financial instruments.

(k) Subsequent Events

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through May 27, 2025, which is the date the financial statements were available to be issued.

(2) Liquidity and Availability

As of December 31, 2024, the Organization has \$260,063 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

THE LIFEBOAT PROJECT, INC.

Notes to Financial Statements

December 31, 2024 and 2023

(2) Liquidity and Availability (Continued)

The following table reflects the Organization's financial assets as of December 31, 2024:

Cash and cash equivalents	\$ 151,599
Accounts receivable	108,464
	<u>\$ 260,063</u>

(3) Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Land	\$ 581,109	500,000
Buildings	1,431,665	1,431,665
Improvements	315,064	314,882
Equipment	57,263	-
	<u>2,385,101</u>	<u>2,246,547</u>
Less accumulated depreciation	<u>(350,027)</u>	<u>(275,582)</u>
	<u>\$ 2,035,074</u>	<u>1,970,965</u>

(4) Notes Payable

Notes payable consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Note payable to bank, bearing interest at 6.13%, due in monthly payments of \$1,020 through January 2032.	\$ 130,464	134,447
Note payable to bank bearing interest at 10.37%, due in monthly payments of \$1,550 through August 2034	154,239	-
Note payable from a board member, note has no interest rate and is due on demand.	18,075	-
	<u>\$ 302,778</u>	<u>134,447</u>

THE LIFEBOAT PROJECT, INC.

Notes to Financial Statements

December 31, 2024 and 2023

(4) Note Payable (Continued)

Principal maturities in the next five years on the note payable are as follows:

<u>Year ended December 31,</u>	
2025	\$ 33,092
2026	16,177
2027	17,562
2028	19,073
2029	20,723
Thereafter	<u>196,151</u>
	<u>\$ 302,778</u>

(5) Line of Credit

The Organization has a line of credit which provides up to \$75,000 in borrowings with interest payable monthly at the Prime rate plus 3.5% (11.11% at December 31, 2023). This agreement expires October 2024. The outstanding balance on this line of credit at December 31, 2024 and 2023 was \$75,000 and \$0, respectively.

(6) In-Kind Contributions

During the years ended December 31, 2024 and 2023, the Organization received in-kind contributions consisting of donated services, printing and advertising valued at \$116,800 and \$101,800, respectively, used to provide recognition to volunteers and students. The Organization also received materials and supplies used in operations.