

Cheryl Rohlf & Associates, Ltd.

Certified Public Accountants

COLLEGE BOUND OPPORTUNITIES

**FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED
JUNE 30, 2024 AND 2023**

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INDEPENDENT AUDITOR'S REPORT

January 20, 2025

To the Board of Directors
College Bound Opportunities
Highland Park, Illinois

Opinion

We have audited the accompanying financial statements of College Bound Opportunities (an Illinois nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the fiscal 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 as of June 30, 2024 and 2023 and the changes in its net assets and its cash flows of College Bound Opportunities for the fiscal years then ended, in conformity 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 College Bound Opportunities 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.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 College

Bound Opportunities' ability to continue as a going concern within one year after the date that financial statements are available to be issued.

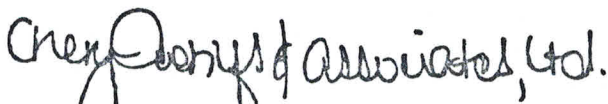
Auditor's Responsibilities for the Audit of the Financial Statements

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 misstatements 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 College Bound Opportunities' 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 College Bound Opportunities' 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 of timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.



CHERYL ROHLFS & ASSOCIATES, LTD.

Northbrook, Illinois

COLLEGE BOUND OPPORTUNITIES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,069,220	\$ 1,022,962
Investments	25,003	229,184
Accounts Receivable	7,596	-
Unconditional Promises to Give	162,000	177,000
Prepaid Expenses	<u>21,407</u>	<u>26,720</u>
Total Current Assets	<u>1,285,226</u>	<u>1,455,866</u>
Long-Term Assets:		
Pledge Receivables, Net of Discount of \$11,518 in 2024 and \$24,090 in 2023	57,482	81,910
Security Deposit	3,012	3,012
Property and Equipment:		
Computer Equipment	7,952	7,952
Less Accumulated Depreciation	<u>(5,087)</u>	<u>(3,496)</u>
Total Property and Equipment	2,865	4,456
Operating Lease Right-of-Use Asset	<u>62,912</u>	<u>94,368</u>
Total Non-Current Assets	<u>126,271</u>	<u>183,746</u>
Total Assets	<u>\$ 1,411,497</u>	<u>\$ 1,639,612</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 17,738	\$ 25,451
Deferred Revenues	94,913	61,450
Student Financial Assistance Payable	336,168	492,900
Operating Lease Liability	<u>33,169</u>	<u>31,109</u>
Total Current Liabilities	<u>481,988</u>	<u>610,910</u>
Long-Term Liabilities:		
Student Financial Assistance Payable, net of Current Portion	1,008,503	1,061,699
Operating Lease Liability	<u>38,336</u>	<u>71,505</u>
Total Liabilities	<u>1,528,827</u>	<u>1,744,144</u>
Net Assets:		
Without Donor Restrictions	(224,330)	(210,502)
With Donor Restrictions	<u>107,000</u>	<u>106,000</u>
Total Net Assets	<u>(117,330)</u>	<u>(104,502)</u>
Total Liabilities and Net Assets	<u>\$ 1,411,497</u>	<u>\$ 1,639,612</u>

See accompanying notes and independent auditor's report.

**COLLEGE BOUND OPPORTUNITIES
STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2024</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions and Grants	\$ 672,084	\$ -	\$ 672,084
Government Grants	-	7,000	7,000
Special Events	413,335	-	413,335
Miscellaneous Income	12,573	-	12,573
Investment Return	39,480	-	39,480
Total Revenues and Gains	<u>1,137,472</u>	<u>\$ 7,000</u>	<u>\$ 1,144,472</u>
Net Assets Released from Restrictions, satisfied by payments	6,000	(6,000)	-
Total Revenues, Gains and Other Support	<u>\$ 1,143,472</u>	<u>\$ 1,000</u>	<u>\$ 1,144,472</u>
EXPENSES			
Program Services	784,593	-	784,593
Supporting Services:			
Management and General	47,089	-	47,089
Fundraising Expenses	325,618	-	325,618
Total Expenses	<u>\$ 1,157,300</u>	<u>\$ -</u>	<u>\$ 1,157,300</u>
CHANGE IN NET ASSETS	\$ (13,828)	\$ 1,000	\$ (12,828)
NET ASSETS, BEGINNING OF YEAR	<u>(210,502)</u>	<u>106,000</u>	<u>(104,502)</u>
NET ASSETS, END OF YEAR	<u>\$ (224,330)</u>	<u>\$ 107,000</u>	<u>\$ (117,330)</u>

See accompanying notes and independent auditor's reports.

**COLLEGE BOUND OPPORTUNITIES
STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023 (CONTINUED)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2023</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions and Grants	\$ 667,929	\$ -	\$ 667,929
Government Grants	-	6,000	6,000
Special Events	373,198	-	373,198
Investment Return	34,255	-	34,255
Total Revenues and Gains	<u>1,075,382</u>	<u>\$ 6,000</u>	<u>\$ 1,081,382</u>
Net Assets Released from Restrictions, satisfied by payments	6,000	(6,000)	-
Total Revenues, Gains and Other Support	<u>\$ 1,081,382</u>	<u>\$ -</u>	<u>\$ 1,081,382</u>
EXPENSES			
Program Services	851,138	-	851,138
Supporting Services:			
Management and General	75,104	-	75,104
Fundraising Expenses	320,288	-	320,288
Total Expenses	<u>\$ 1,246,530</u>	<u>\$ -</u>	<u>\$ 1,246,530</u>
CHANGE IN NET ASSETS	<u>\$ (165,148)</u>	<u>\$ -</u>	<u>\$ (165,148)</u>
NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	\$ (462,354)	\$ 106,000	\$ (356,354)
Prior Year Adjustment for Correction of an Error in Computing the Student Financial Assistance Liability	417,000	-	417,000
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	\$ (45,354)	\$ 106,000	\$ 60,646
CHANGE IN NET ASSETS	<u>(165,148)</u>	<u>-</u>	<u>(165,148)</u>
NET ASSETS, END OF YEAR	<u>\$ (210,502)</u>	<u>\$ 106,000</u>	<u>\$ (104,502)</u>

See accompanying notes and independent auditor's reports.

COLLEGE BOUND OPPORTUNITIES
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	Program Services	Supporting Services		Total 2024
		General and Administrative	Fundraising	
Compensation and Related Expenses:				
Compensation	\$ 367,964	\$ 21,871	\$ 174,136	\$ 563,971
Employee Benefits	33,533	361	3,186	37,080
Payroll Taxes	23,116	1,032	12,571	36,719
	<u>\$ 424,613</u>	<u>\$ 23,264</u>	<u>\$ 189,893</u>	<u>\$ 637,770</u>
Program Expenses:				
Student Financial Support	237,220	-	-	237,220
Student Support Expenses	11,822	-	-	11,822
Student Computer Expenses	42,914	-	-	42,914
Student Services and Events	8,780	-	-	8,780
Mentor Expenses	1,504	-	-	1,504
Professional Development	113	-	1,350	1,463
Computer and Software	3,402	-	11,464	14,866
Marketing	-	-	4,467	4,467
Membership and Subscriptions	1,594	-	-	1,594
Postage and Printing	-	-	4,729	4,729
Professional Fees	-	6,502	-	6,502
Insurance	-	12,440	-	12,440
Occupancy	40,083	-	-	40,083
Fundraising Event Expenses	-	-	109,584	109,584
Supplies	3,980	-	-	3,980
Telephone and Internet	6,978	-	1,625	8,603
Administrative Expenses	-	4,883	-	4,883
Bank and Credit Card Fees	-	-	2,294	2,294
Miscellaneous	-	-	212	212
Total Expense Before Depreciation	<u>\$ 783,003</u>	<u>\$ 47,089</u>	<u>\$ 325,618</u>	<u>\$ 1,155,710</u>
Depreciation Expense	1,590	-	-	1,590
TOTAL EXPENSES	<u><u>\$ 784,593</u></u>	<u><u>\$ 47,089</u></u>	<u><u>\$ 325,618</u></u>	<u><u>\$ 1,157,300</u></u>

See accompanying notes and independent auditor's report.

COLLEGE BOUND OPPORTUNITIES
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023 (CONTINUED)

	Program Services	Supporting Services		Total 2023
		General and Administrative	Fundraising	
Compensation and Related Expenses:				
Compensation	\$ 330,521	\$ 21,003	\$ 170,347	\$ 521,871
Employee Benefits	31,832	379	9,279	41,490
Payroll Taxes	23,219	996	11,290	35,505
	<u>\$ 385,572</u>	<u>\$ 22,378</u>	<u>\$ 190,916</u>	<u>\$ 598,866</u>
Program Expenses:				
Student Financial Support	320,803	-	-	320,803
Student Support Expenses	12,965	-	-	12,965
Student Computer Expenses	60,616	-	-	60,616
Student Services and Events	5,548	-	-	5,548
Student and Alumni Event Expenses	-	-	948	948
Mentor Expenses	1,684	-	-	1,684
Professional Development	2,587	-	2,687	5,274
Computer and Software	2,373	-	11,409	13,782
Marketing	-	-	669	669
Membership and Subscriptions	1,493	-	-	1,493
Postage and Printing	-	-	9,009	9,009
Professional Fees	-	5,931	-	5,931
Insurance	-	12,232	-	12,232
Occupancy	46,254	-	-	46,254
Fundraising Event Expenses	-	-	100,400	100,400
Supplies	3,070	-	84	3,154
Telephone and Internet	6,583	-	1,800	8,383
Administrative Expenses	-	10,473	-	10,473
Discount on Pledges Receivable	-	24,090	-	24,090
Bank and Credit Card Fees	-	-	1,860	1,860
Miscellaneous	-	-	506	506
Total Expense Before Depreciation	<u>\$ 849,548</u>	<u>\$ 75,104</u>	<u>\$ 320,288</u>	<u>\$ 1,244,940</u>
Depreciation Expense	1,590	-	-	1,590
TOTAL EXPENSES	<u><u>\$ 851,138</u></u>	<u><u>\$ 75,104</u></u>	<u><u>\$ 320,288</u></u>	<u><u>\$ 1,246,530</u></u>

See accompanying notes and independent auditor's report.

**COLLEGE BOUND OPPORTUNITIES
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in Net Assets	\$ (12,828)	\$ (165,148)
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	1,591	1,590
Unrealized Gains (Losses) on Investments	-	35,977
Realized Gain on Sales of Investments	-	(44,726)
(Increase) Decrease in Operating Assets:		
Unconditional Promise to Give	39,428	163,193
Accounts Receivable	(7,596)	-
Prepaid Expenses	5,313	(1,219)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(7,713)	3,291
Deferred Revenues	33,463	9,400
Student Financial Assistance Payable	(209,928)	(124,076)
Operating Lease Liability, Net	<u>347</u>	<u>8,246</u>
 NET CASH USED IN OPERATING ACTIVITIES	 <u>\$ (157,923)</u>	 <u>\$ (113,472)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales of Investments	<u>\$ 204,181</u>	<u>\$ 317,665</u>
 NET CASH PROVIDED BY INVESTING ACTIVITIES	 <u>\$ 204,181</u>	 <u>\$ 317,665</u>
 CASH FLOWS FROM FINANCIAL ACTIVITIES:	 <u>\$ -</u>	 <u>\$ -</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 \$ 46,258	 \$ 204,193
 CASH, AND CASH EQUIVALENTS AT BEGINNING OF FISCAL YEAR	 <u>1,022,962</u>	 <u>818,769</u>
 CASH, AND CASH EQUIVALENTS AT END OF FISCAL YEAR	 <u><u>\$ 1,069,220</u></u>	 <u><u>\$ 1,022,962</u></u>

See accompanying notes and independent auditor's report.

**COLLEGE BOUND OPPORTUNITIES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1. Organization Structure

College Bound Opportunities (Organization) is a not-for-profit organization incorporated in April 2006 to provide assistance to high school students of limited means, and those whose cultural backgrounds may pose barriers to gain entry into a college or university. The Organization assists in identifying financial support opportunities for these students and guides them toward successful experiences in higher education.

NOTE 2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor- restricted contributions are reported as increases in net assets with donor restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments

The Organization carries investments in certificates of deposit with readily determinable fair values, at fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment goals and policies are approved by the Investment Committee.

Student Financial Assistance Payable and Related Expenses

Financial assistance awards for students participating in the Organization's educational program is recognized as an expense and an obligation for total anticipated assistance in the fiscal year prior to students' first academic year in college. Unspent funds are removed when 1) program participants are no longer eligible to receive financial assistance, or 2) after three years following the expected graduation date. The amount of financial assistance expected to be paid within 12 months is estimated by management and reported as a current liability on the statement of financial position.

Revenue and Revenue Recognition

The Organization recognizes revenue as it satisfies a performance obligation by transferring control over a product or a service to a customer. Revenue is measured at the transaction price which is based on the amount of consideration that the Organization expects to receive in exchange for transferring the promised good or service to the customer. Fundraising revenues received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions support depending on the existence and/or nature of any donor restrictions. Donor restricted support is reclassified to net assets without donor support upon satisfaction of the restriction.

Income Taxes

The Organization is exempt from Federal and state income taxes under Internal Revenue Code Section 501(c)(3) and similar state provisions. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and had been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization files U.S. federal and Illinois state information returns. The federal and state informational tax returns for the fiscal year 2022, 2023, and 2024 can be subject to examinations by tax authorities, generally for three years from the date of filing.

Expense Allocations

The costs of providing program and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated between the program and supporting services based on direct allocation factors.

NOTE 3. Changes In Accounting Principles

In February 2016, the Financial Accounting Standards Board (FASB) issued its much anticipated lease accounting standard in ASU 2016-02, *Leases* (ASU 842) for both lessees and lessors. Under this standard, a lessee will recognize right-of-use asset and related lease liabilities on the statement of financial position for all arrangements with terms longer than 12 months. The goal of the new standard is to streamline the accounting for leases under U.S. generally accepted accounting principles, reduce the off-balance-sheet activities, and enhance transparency into liabilities resulting from leasing arrangements. This standard is effective for nonprofit organizations with annual reporting periods beginning after December 15, 2021.

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The Update increases transparency around contributed nonfinancial assets (also known as “gifts-in-kind”) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. The Update is effective for nonprofit organizations for annual reporting periods beginning after June 15, 2021.

NOTE 4. Investments

The Organization has invested in certificates of deposit, which are recorded at the fair value of the securities. These investments include the following at June 30:

	<u>2024</u>	<u>2023</u>
Certificates of Deposit	\$ 25,003	\$ 229,184
Total Investments	<u>\$ 25,003</u>	<u>\$ 229,184</u>

As of June 30, 2024, the certificate of deposit has a maturity date of 12/18/2024, with an interest rate of 5.4%. As of June 30, 2023, the certificates of deposit have maturity dates through 2/8/2024, with interest rates at 3.69% to 4.98%.

NOTE 5. Fair Value Measurements

Fair values of assets measured on a recurring basis as of June 30, 2024 were as follows:

	<u>Fair Values</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Certificate of Deposit	\$ 25,003	\$ -	\$ 25,003
	<u>\$ 25,003</u>	<u>\$ -</u>	<u>\$ 25,003</u>

Fair values of assets measured on a recurring basis as of June 30, 2023 were as follows:

	<u>Fair Values</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Certificates of Deposit	\$ 229,184	\$ -	\$ 229,184
	<u>\$ 229,184</u>	<u>\$ -</u>	<u>\$ 229,184</u>

Fair values for these investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Stock funds, equity securities and money market funds that trade in active markets are valued using quoted market prices and are classified as Level 1. Certificates of deposit are valued at the closing price on the active or observable markets on which the securities are traded and are classified as Level 2.

NOTE 6. Concentration of Credit Risk

The Foundation maintains its cash balances at six banking institutions, guaranteed by the Federal Deposit Insurance Corporation (FDIC) to \$250,000. At June 30, 2024 and 2023, the cash balances did not exceed the insured deposit limits.

NOTE 7. Pledges Receivable

Multi-year pledges receivable at June 30, 2024 and 2023 have been reduced by a \$11,518 and \$24,090 discount, respectively, to present value based on an eight percent interest rate with no allowance for doubtful accounts determined based on historical experience and analysis of specific accounts, and are due as follows:

<u>Fiscal Year Ending</u>	<u>2024</u>
June 30, 2025	\$ 162,000
June 30, 2026	37,000
June 30, 2027	<u>32,000</u>
Total	\$ 231,000
Discount to Present Value	<u>(11,518)</u>
Total Pledges Receivable	<u>\$ 219,482</u>
Current Portion	\$ 162,000
Long-Term Portion	\$ 57,482

NOTE 8. Net Assets With Donor Restrictions

As of June 30, 2024, net assets with donor restrictions of \$107,000, including donor restricted contributions of \$7,000, that are donor time-restricted and available for future use, and \$100,000 of endowment fund contributions.

As of June 30, 2023, net assets with donor restrictions of \$106,000, including donor restricted contributions of \$6,000, that are donor time-restricted and available for future use, and \$100,000 of endowment fund contributions.

NOTE 9. Donor-Restricted Endowment Funds

The Organization's endowment consists of a donor contribution of \$100,000 was received in 2016 for the purpose of establishing an endowment fund. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, the Board of Directors has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Organization classifies as donor-restricted endowment assets at (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, if any, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in donor-restricted endowment assets is classified as donor-purpose restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies, approved by the Board of Directors, for donor-restricted endowment assets. Those policies attempt to provide a predictable stream of funding to programs, while also maintaining the purchasing power of those endowment assets over the long-term.

Spending Policy. The Organization has a policy of appropriating for distribution each year an allocation of the income earned on endowment funds. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the various endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization's objective is to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

NOTE 10. Leasing Activities

The Organization entered into a new lease agreement for office space in June 2021. The lease commenced on August 1, 2021 and has a five-year term to July 31, 2026. The monthly rental started at \$2,676 per month for the initial lease year and increases by approximately 3% for each of the remaining years of the lease.

The following summarizes the line items in the statement of financial position which include amounts for the commercial lease as of June 30, 2024:

Operating Lease:

Operating Lease Right-of-Use Asset	<u>\$ 62,912</u>
Operating Lease Liabilities	<u>\$ 71,505</u>
Weighted Average Remaining Lease Term:	2 years
Weighted Average Discount Rate:	3.25%

The maturities of the lease liabilities as of June 30, 2024 were as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
6/30/2025	\$ 35,003
6/30/2026	36,056
Thereafter	<u>3,012</u>
Total Lease Payments	\$ 74,071
Less: Interest	<u>(2,566)</u>
Present Value of Lease Liabilities	<u>\$ 71,505</u>

NOTE 11. Prior Period Adjustment

The Organization evaluated the student financial assistance liabilities to determine the actual historical liability per student, taking into account other financial assistance that the students were receiving. Due to other forms of financial assistance available to the students, the actual historical liability per student was determined to be lower per year than the amount that was originally recorded as a liability. The Organization recorded a prior year adjustment in the fiscal year 2023 to lower the recorded student financial assistance liabilities by \$417,000.

NOTE 12. Liquidity and Availability of Financial Assets

The following are the Organization's financial assets as of the date of the statement of financial position, reduced by amounts not available for general use within one year:

Financial Assets at June 30:	<u>2024</u>	<u>2023</u>
Cash	\$ 1,069,220	\$ 1,022,962
Unconditional Promise to Give	162,000	112,000
Accounts Receivable	7,596	-
Investments	<u>25,003</u>	<u>229,184</u>
Total Financial Assets	<u>\$ 1,263,819</u>	<u>\$ 1,364,146</u>
Less: amount not available to be used within one year		
Net Assets with donor restrictions	<u>(107,000)</u>	<u>(106,000)</u>
Financial Assets available to meet general expenditures		
Over the next twelve months	<u>\$ 1,156,819</u>	<u>\$ 1,258,146</u>

The Organization regularly monitors the availability of resources required to meet its operating needs and commitments, while also striving to maximize the investment of its available funds. In addition to the financial assets available to meet general expenditures over the next twelve months, the Organization operates with a balanced budget and anticipates collecting sufficient contributions to cover the general expenditures of their programs and related administration costs.

NOTE 13. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through January 20, 2025, the date which the financial statements were available to be issued.