



FINANCIAL STATEMENTS

**FOR THE YEAR ENDED SEPTEMBER 30, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)**

SUMMER SEARCH

CONTENTS

Independent Auditors' Report	1-2
-------------------------------------------	-----

Financial Statements

Statement of Financial Position	3
Statement of Activities and Changes in Net Assets.....	4
Statement of Functional Expenses	5
Statement of Cash Flows	6

Notes to Financial Statements	7-19
--------------------------------------------	------

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Summer Search

Report on the Financial Statements

We have audited the accompanying financial statements of Summer Search (the Organization), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Summer Search as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Summer Search's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 16, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Washington, DC
March 10, 2022

SUMMER SEARCH
STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF SEPTEMBER 30, 2020)

	2021	2020
Assets		
Cash and cash equivalents	\$ 7,641,142	\$ 6,675,918
Other receivables	2,691	2,435
Prepaid expenses and other assets	805,952	1,326,361
Promises to give, net	12,041,032	2,269,544
Investments	6,490,468	3,154,357
Property and equipment, net	230,545	242,512
Total Assets	\$ 27,211,830	\$ 13,671,127
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 661,784	\$ 395,515
Accrued salaries and vacation	1,089,098	1,067,266
Deferred rent	46,233	79,793
Loan payable	--	2,488,300
Total Liabilities	1,797,115	4,030,874
Net Assets		
Without donor restrictions	12,300,302	6,909,592
With donor restrictions	13,114,413	2,730,661
Total Net Assets	25,414,715	9,640,253
Total Liabilities and Net Assets	\$ 27,211,830	\$ 13,671,127

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

SUMMER SEARCH

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue, Gains, and Other Support				
Contributions	\$ 13,974,952	\$ 14,516,862	\$ 28,491,814	\$ 13,528,216
Special events, net of direct benefits to donors	2,463,110	228,000	2,691,110	4,288,551
Loan forgiveness	2,488,300	--	2,488,300	--
Contributed goods and services	828,299	--	828,299	817,736
Investment income, net	336,112	1,690	337,802	126,933
Other income	37,539	--	37,539	114
Loss on pledges	(60,000)	(135,000)	(195,000)	(92,000)
Net assets released from restrictions:				
Satisfaction of purpose restrictions	3,062,883	(3,062,883)	--	--
Satisfaction of time restrictions	1,164,917	(1,164,917)	--	--
Total Revenue, Gains, and Other Support	<u>24,296,112</u>	<u>10,383,752</u>	<u>34,679,864</u>	<u>18,669,550</u>
Expenses				
Program Services				
Summer placement and mentoring	6,070,400	--	6,070,400	4,839,019
Staff training and development	4,542,545	--	4,542,545	4,217,754
Post-Secondary Success	932,890	--	932,890	843,246
Post-Secondary Access	754,050	--	754,050	815,383
Alumni	437,864	--	437,864	290,478
Total Program Services	<u>12,737,749</u>	<u>--</u>	<u>12,737,749</u>	<u>11,005,880</u>
Supporting Services				
Fundraising and development	3,797,251	--	3,797,251	3,594,157
Management and general	2,370,402	--	2,370,402	2,356,197
Total Expenses	<u>18,905,402</u>	<u>--</u>	<u>18,905,402</u>	<u>16,956,234</u>
Change in Net Assets	<u>5,390,710</u>	<u>10,383,752</u>	<u>15,774,462</u>	<u>1,713,316</u>
Net Assets – Beginning of Year	<u>6,909,592</u>	<u>2,730,661</u>	<u>9,640,253</u>	<u>7,926,937</u>
Net Assets – End of Year	<u>\$ 12,300,302</u>	<u>\$ 13,114,413</u>	<u>\$ 25,414,715</u>	<u>\$ 9,640,253</u>

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

SUMMER SEARCH

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2020)

	Program Services						Supporting Services		Total Expenses 2021	Direct Benefits to Donors	Total Functional Expenses 2021	Total 2020
	Summer Placement and Mentoring	Staff Training and Development	Post-Secondary Success	Post-Secondary Access	Alumni	Total	Fundraising and Development	Management and General				
Salaries and employee benefits	\$ 2,907,183	\$ 3,784,886	\$ 752,500	\$ 674,417	\$ 395,565	\$ 8,514,551	\$ 3,345,744	\$ 1,462,113	\$ 13,322,408	\$ --	\$ 13,322,408	\$ 12,877,400
Scholarships and student support	1,790,754	273,983	159,703	41,302	12,547	2,278,289	--	--	2,278,289	--	2,278,289	699,769
Occupancy	1,060,846	127,428	--	--	--	1,188,274	106,825	128,480	1,423,579	--	1,423,579	1,462,105
Professional fees	22,750	128,967	--	21,898	--	173,615	79,603	533,361	786,579	--	786,579	688,629
Travel and training	16,107	43,960	3,617	3,176	1,218	68,078	15,855	19,736	103,669	--	103,669	145,521
Equipment purchase and repair	59,435	40,471	--	284	--	100,190	41,996	54,498	196,684	--	196,684	223,291
Other	5,798	64,704	436	998	13,119	85,055	26,112	41,536	152,703	--	152,703	164,253
Depreciation	93,901	9,533	--	--	--	103,434	7,991	9,611	121,036	--	121,036	169,835
Communication	92,379	38,296	14,204	11,023	3,960	159,862	51,449	22,257	233,568	--	233,568	226,103
Program and event expenses	6,404	4,341	757	170	1,323	12,995	--	--	12,995	356,568	369,563	752,676
Finance and bank charges	--	--	--	--	--	--	82,705	19,380	102,085	--	102,085	109,170
Postage and printing	8,505	6,667	1,205	483	593	17,453	23,131	2,484	43,068	--	43,068	48,713
Supplies and materials	6,338	19,309	468	299	920	27,334	2,758	10,806	40,898	--	40,898	60,365
Promotional materials	--	--	--	--	8,619	8,619	13,082	8,559	30,260	--	30,260	--
Insurance	--	--	--	--	--	--	--	57,581	57,581	--	57,581	51,248
	<u>\$ 6,070,400</u>	<u>\$ 4,542,545</u>	<u>\$ 932,890</u>	<u>\$ 754,050</u>	<u>\$ 437,864</u>	<u>\$ 12,737,749</u>	<u>\$ 3,797,251</u>	<u>\$ 2,370,402</u>	<u>\$ 18,905,402</u>	<u>\$ 356,568</u>	<u>\$ 19,261,970</u>	<u>\$ 17,679,078</u>

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

SUMMER SEARCH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2020)

	2021	2020
Cash Flows From Operating Activities		
Change in net assets	\$ 15,774,462	\$ 1,713,316
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in allowance for doubtful promises to give	128,671	(60,261)
Net realized and unrealized gains on investments	(294,444)	(47,583)
Depreciation	121,036	169,835
Loan forgiveness	(2,488,300)	--
Loss on disposal of property and equipment	1,091	5,336
Changes in operating assets and liabilities:		
Other receivables	(256)	9,231
Prepaid expenses and other assets	520,409	(633,502)
Promises to give, net	(9,900,159)	1,299,562
Accounts payable and accrued expenses	266,269	(72,753)
Accrued salaries and vacation	21,832	(6,272)
Deferred rent	(33,560)	(59,831)
Net Cash Provided by Operating Activities	<u>4,117,051</u>	<u>2,317,078</u>
Cash Flows From Investing Activities		
Purchase of investments	(1,792,615)	(296,356)
Proceeds from the sale or maturity of investments	895,019	574,201
Purchase of property and equipment	(110,160)	(47,350)
Net Cash Providing by (Used in) Investing Activities	<u>(1,007,756)</u>	<u>230,495</u>
Cash Flows From Financing Activities		
Proceeds from issuance of loan payable	--	2,488,300
Net Cash Provided by Financing Activities	<u>--</u>	<u>2,488,300</u>
Net Increase in Cash and Cash Equivalents	3,109,295	5,035,873
Cash and Cash Equivalents – Beginning	<u>7,687,578</u>	<u>2,651,705</u>
Cash and Cash Equivalents – Ending	<u>\$ 10,796,873</u>	<u>\$ 7,687,578</u>
Reconciliation of cash and cash equivalents		
Cash and cash equivalents	\$ 7,641,142	\$ 6,675,918
Cash and cash equivalents held for investment purposes	3,155,731	1,011,660
Total cash and cash equivalents	<u>\$ 10,796,873</u>	<u>\$ 7,687,578</u>
SUPPLEMENTAL INFORMATION		
NONCASH FINANCING ACTIVITIES		
Loan forgiveness	<u>\$ 2,488,300</u>	<u>\$ --</u>

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

SUMMER SEARCH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PURPOSE AND ORGANIZATION

Summer Search (the “Organization”) is a not-for-profit organization whose vision is that all young people, regardless of circumstances, have the opportunity to fulfill their potential and lead their families and communities to thrive. For 30 years the Organization has partnered with young people to support them to develop the power and confidence to pursue their personal, academic, and professional dreams.

Linda Mornell, an adolescent counselor in private practice, founded the Organization in 1990 when she sent fourteen low-income students on summer experiential education programs. Today the Organization offers a nationwide network of comprehensive support. Founded in San Francisco, the Organization currently has operations in the following locations: San Francisco, Napa/Sonoma, San Jose, Boston, New York, Philadelphia, and Seattle. The accounting, financial, and administrative functions are centralized in San Francisco.

The Organization’s programming promotes outcomes that support thriving and financial well-being in adulthood. All of our outcomes represent lifelong processes; we strategically leverage opportunities for growth during middle adolescence and young adulthood when development towards these outcomes is most malleable. The program strongly aligns with the Foundations for Young Adult Success Framework and other bodies of research. The Organization’s programs include:

Mentoring

Students build supportive and sustained relationships with full-time professional staff mentors and peers to reflect on life experiences, actions, identities, and communities.

Summer Experiences

Each student receives two full scholarships to life-changing summer experiential education programs, including wilderness leadership expeditions, academic enrichment programs, community service, and internships. These programs provide opportunities for growth and connection through concentrated experiences that challenge and empower students.

Due to COVID-19, in fiscal year 2021, the Organization was able to provide hybrid in-person traditional summer experiences as well as virtual summer experiences.

Post-Secondary Advising

The Organization provides students support to towards their education and long-term goals. The Post-Secondary Program supports a broad set of mid and long-term outcomes for its participants: educational attainment, career readiness, integrated identity, sense of purpose, and financial well-being. The Organization’s redesigned Post-Secondary Program will

SUMMER SEARCH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PURPOSE AND ORGANIZATION (CONTINUED)

Post-Secondary Advising (continued)

include the implementation of a three-part service model, which will offer more in-depth matriculation and transition assistance, greater access to social capital through alumni and corporate partners, and increased hands-on career and financial resources.

Alumni Services

An array of alumni services supports graduates to be successful in the world after the post-secondary years through networking events with other alumni and donors and professional development services such as career workshops, internships, and volunteer leadership opportunities.

BASIS OF ACCOUNTING

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized as incurred regardless of the timing of cash flows.

CLASSIFICATION OF NET ASSETS

Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of the Organization at the discretion of the Organization's management and the Board of Directors (the Board). Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be temporary in nature in that they will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SUMMER SEARCH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE MEASUREMENT

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization has categorized its applicable financial instruments into the required fair value hierarchy as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Organization has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management’s own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Only the Organization’s investments as disclosed in Note 2 to these financial statements are financial instruments measured at fair value on recurring basis.

CASH AND CASH EQUIVALENTS

The Organization considers all highly liquid investments with a maturity of three months or less, from the date of purchase, to be cash equivalents. Cash and cash equivalents held for investment purposes are considered investments.

PROMISES TO GIVE

Unconditional promises to give are recognized as revenues or gains in the period such unconditional promises are made by the donor. Unconditional promises to give which are scheduled to be received after one year are discounted at rates commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any. Promises to give are considered conditional if the agreement includes a measurable performance or barrier and a right of return. Conditional promises to give are recognized only when they become unconditional, that is, when the barrier(s) in the agreement are met. The Organization uses the allowance method to account for uncollectible unconditional promises to give. The allowance is based on prior years’ experience and management’s analysis of specific promises made.

SUMMER SEARCH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS

Investments in marketable securities are stated at fair value based on quoted market prices. Realized and unrealized gains and losses and investment income derived from investment transactions are included as revenue in the year earned. The Organization's Investment Committee is responsible for establishing investment criteria and overseeing all the Organization's investments.

PROPERTY AND EQUIPMENT

The Organization capitalizes acquisitions of property and equipment with a cost or value in excess of \$1,000 and with an estimated useful life beyond one year. Purchased assets are recorded at cost; donated assets are recorded at estimated fair value at the date of acquisition. Depreciation is calculated using the straight-line method based upon estimated useful lives ranging from three to seven years. Leasehold improvements are stated at cost and are amortized over the shorter of the asset life or the lease term. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is reflected in the statement of activities and changes in net assets.

ACCRUED VACATION

Full-time employees may accrue up to 25 days per year depending on the number of months of service. Non full-time employees accrue vacation on a prorated basis. Employees can accrue a maximum of 150% of their annual vacation accrual.

DEFERRED RENT

Deferred rent results from the Organization's leases with free-rent-periods or guaranteed rate increases which are recognized on a straight-line basis over the term of the lease in accordance with U.S. GAAP.

REVENUE RECOGNITION

Contributions

The Organization reports unconditional contributions and gifts of cash and other assets as having donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose of a 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.

SUMMER SEARCH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

Contributed Goods and Services

Donated material and equipment are recorded as contributions at their estimated fair value on the date of receipt. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Contributed marketable securities are sold immediately and the cash proceeds recorded as support.

The Organization recognizes contributions for certain services received at the fair value of those services, if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would be purchased if not donated. Contributed goods and services included in the statement of activities and changes in net assets for the year ended September 30, 2021, were \$828,299. Contributed goods and services consists of contributed supplies, special event expenses, consulting services, and professional clothing for children.

INCOME TAXES

The Organization is a qualified organization exempt from federal and California income taxes under the provisions of §501(c)(3) of the Internal Revenue Code and §23701d of the California Revenue and Taxation Code, respectively. U.S. GAAP requires management to evaluate the tax positions taken and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that more-likely-than-not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of September 30, 2021, there are no uncertain tax positions taken or expected to be taken that would require recognition of a tax liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods pending or in progress.

SUMMER SEARCH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONCENTRATIONS OF RISK

Financial Instruments

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, promises to give, and investments. The Organization monitors these items. The Organization maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. For the year ended September 30, 2021, approximately 53% of the Organization's contribution revenue came from four donors. As of September 30, 2021, approximately 81% of promises to give are due from the same donors. The Organization attempts to limit its credit risk associated with investments by utilizing outside investment managers to place the Organization's investments with highly rated corporate and financial institutions. The Organization's cash is held in accounts at various financial institutions. Amounts held in accounts that exceed the Federal Deposit Insurance Corporation (FDIC) insurable limit are uninsured. As of September 30, 2021, cash balance exceeding the FDIC-insured limit of \$250,000 per depositor per institution, was approximately \$8,774,000. Management has never experienced and believes that the Organization is not exposed to any significant credit risk related to concentrations.

Contributions and Other Support

The Organization is dependent upon donations and other support from individuals, foundations, corporations, and other entities. Changes in level of such support may have a resulting effect on the level and type of activities and program services offered.

COVID-19

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses across the country for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of closings. The Organization has been able to continue many of its operations in a remote environment; however, at this point, the extent to which COVID-19 may impact the Organization's financial condition or results of operations cannot be predicted.

FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing various program services and other activities has been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses. Certain costs have been allocated, principally on a direct cost basis, among the programs and support services benefited. Personnel expense are allocated based on the function that each employees serve in the Organization. Certain shared expense, such as supplies and materials, postage and printing, occupancy and depreciation, are allocated based on estimated percentage that management deemed reasonable.

SUMMER SEARCH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUMMARIZED COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with the Organization's financial statements as of September 30, 2020, and for the year then ended, from which the summarized information was derived.

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENT

The following table provides information as of September 30, 2021, about the Organization's investments measured at fair value on a recurring basis as classified in the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Equities	\$ 2,132,033	\$ -	\$ -	\$ 2,132,033
Bonds (fixed income)	-	1,037,204	-	1,037,204
Certificates of deposit	-	165,500	-	165,500
Total Investments Measured in Fair Value Hierarchy	<u>\$ 2,132,033</u>	<u>\$ 1,202,704</u>	<u>\$ -</u>	<u>\$ 3,334,737</u>
Cash and cash equivalents				<u>3,155,731</u>
Total Investments				<u>\$ 6,490,468</u>

Equities are valued at the closing price reported on the active market on which the individual securities are traded. Bonds are valued based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk. Certificates of deposit are valued at original cost plus accrued interest, which approximates fair value.

NOTE 3 – PROMISES TO GIVE, NET

Unconditional promises to give at September 30, 2021, consist of the following:

Due in less than 1 year	\$ 6,172,632
Due in 1 to 5 years	<u>6,621,634</u>
Subtotal	12,794,266
Less: allowance for doubtful accounts	(266,838)
Less: discount to net present value	<u>(486,396)</u>
Total	<u>\$ 12,041,032</u>

Promises to give due in one to five years are stated at present value. Management has discounted these promises to give at rates ranging from 2.28% to 2.98%.

SUMMER SEARCH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30, 2021:

Furniture, fixtures, and equipment	\$ 476,860
Computer equipment	397,497
Leasehold improvements	338,428
Software	<u>72,587</u>
	1,285,372
Less: accumulated depreciation	<u>(1,054,827)</u>
Total	<u>\$ 230,545</u>

NOTE 5 – LINE OF CREDIT

The Organization has a secured revolving line of credit agreement for a maximum borrowing amount of \$1,000,000 through March 15, 2022. Interest is payable at the variable rate based on the prime rate minus a spread of 1.500% per annum, rounded up to the nearest one-eighth of one percent (.125%) resulting in an initial rate of 1.750% (“Interest Rate”) per annum. The line of credit is subject to a “Floor Rate” of 1.500% per annum, so the Interest Rate will never fall below the Floor Rate. At September 30, 2021, the prime rate was 3.25%. The agreement is secured by Organization’s marketable securities. There was no outstanding balance owed on the line of credit as of September 30, 2021.

NOTE 6 – LOAN PAYABLE

On April 17, 2020, the Organization entered into a Small Business Administration (SBA) loan with its financial institution under the Paycheck Protection Program (PPP) for the amount of \$2,488,300. The loan matures on April 17, 2022, with a fixed interest rate of 1% per annum. The loan amount was eligible for forgiveness pursuant to the PPP, which established minimum amounts of the loan to be used to cover payroll costs and the remainder can be used for mortgage interest, rent and utility costs over a specified period of time after the loan is made; and the number of employees and compensation levels are maintained. In February 2021, the SBA approved the Organization’s application for forgiveness of the PPP loan and the Organization recognized \$2,488,300 in loan forgiveness.

SUMMER SEARCH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30, 2021 were composed as follows:

Subject to time restrictions:	
Annual Fund:	
2021/2022	\$ 5,761,562
2022/2023	4,967,633
2023/2024	752,000
2024/2025	702,000
2025/2026	<u>100,100</u>
Present Value Discount	<u>(486,396)</u>
Total subject to time restrictions	11,796,899
Subject to expenditure for a specified purpose:	
Mentor program	310,294
Salaries	285,000
Signature events	230,000
College success	115,000
Scholarships	99,640
Connect	40,000
Environmental justice	18,068
COVID-19	<u>4,800</u>
Total subject to expenditure for specified purpose	1,102,802
Subject to spending policy and appropriations (Note 8)	2,009
Subject to donor restriction in perpetuity (Note 8)	<u>212,703</u>
Total Net Assets With Donor Restrictions	<u>\$ 13,114,413</u>

NOTE 8 – ENDOWMENT

The Organization's endowment consists of three individual donor-restricted funds established for the purpose of funding college scholarships. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

SUMMER SEARCH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 8 – ENDOWMENT (CONTINUED)

The Board of the Organization has interpreted California’s enacted version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purposes of the Organization and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources of the Organization.
- (7) The investment policies of the Organization.

Due to the nature of the endowment and donor requirements, the endowment is invested in cash and cash equivalents. As of September 30, 2021, no funds with underwater deficiencies existed. The Organization has not clarified its policy with respect to appropriations made from underwater endowment funds.

Changes in endowment net assets for the year ended September 30, 2021, are as follows:

	Accumulated Earnings	Held in Perpetuity	Total
Endowment Net Assets – Beginning	\$ 319	\$ 212,703	\$ 213,022
Investment income	<u>1,690</u>	<u>-</u>	<u>1,690</u>
Endowment Net Assets – Ending	<u>\$ 2,009</u>	<u>\$ 212,703</u>	<u>\$ 214,712</u>

SUMMER SEARCH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – RELATED PARTY TRANSACTIONS

During the year ended September 30, 2021, the Organization received contributions in the form of cash, shares of marketable securities and unconditional promises to give from members of its Board in the amount of \$15,580,594.

The Organization invests with Dodge & Cox and Osterweis Capital Management, each of which employs a member of the Board. Those Board members do not actively participate in managing the Organization's investments.

NOTE 10 – RETIREMENT PLAN

The Organization sponsors a defined contribution retirement plan covering all employees who are at least 18 years of age and have completed six months of service. Employer matching contributions are discretionary and determined by the Organization annually. Participants are immediately invested in their voluntary salary deferral contributions; vesting in the employer matching contributions is 33.33% upon completion of one year of credited service, 66.66% upon completion of two years of credited service, and 100% at the end of three years of credited service. During the year ended September 30, 2021, the Organization contributed \$237,298 to the plan.

NOTE 11 – COMMITMENTS

The Organization leases its office facilities under various monthly and annual operating leases expiring through September 2026. The leases generally provide that the Organization pay its share of insurance, taxes, and maintenance.

Future minimum rental payments under the Organization's operating leases, including Boston and San Francisco office lease amendments, are as follows:

For the Years Ending September 30	Amount
2022	\$ 1,083,808
2023	680,482
2024	601,700
2025	510,843
2026	<u>164,865</u>
Total	<u>\$ 3,041,698</u>

Rent expense for the year ended September 30, 2021, was \$1,151,719.

SUMMER SEARCH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 12 – AVAILABILITY AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. The Organization’s financial assets available within one year of the statement of financial position date for general expenditures at September 30, 2021, were as follows:

Cash and cash equivalents	\$ 7,641,142
Other receivables	2,691
Promises to give, net	12,041,032
Investments	<u>6,490,468</u>
Total Financial Assets	26,175,333
Less:	
Promises to give to be received more than one year	(6,621,634)
Restrictions by donors in perpetuity and accumulated earnings subject to appropriation	<u>(214,712)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 19,338,987</u>

The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Organization throughout the year. As a result, management is aware of the cyclical nature of the Organization’s cash flow related to the Organization’s various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. The Organization can liquidate its investments anytime, and therefore the investments are available to meet current cash flow needs. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$1,000,000, all of which was unused and available to draw upon as of September 30, 2021.

NOTE 13 – RECLASSIFICATIONS

Certain 2020 amounts have been reclassified to conform to the 2021 presentation.

SUMMER SEARCH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 14 – SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through March 10, 2022, the date the financial statements were available to be issued. In October 2021, the Organization entered into a sublease agreement to lease its New York, New York, office space. The lease term is February 1, 2022 through March 31, 2025 with annual rent per lease year of \$180,000 with no annual escalation clause. There were no other events requiring recognition or disclosure in the financial statements have been identified.