SUMMER SEARCH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

SUMMER SEARCH

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Summer Search

Opinion

We have audited the financial statements of Summer Search (the Organization), which comprise the statement of financial position as of September 30, 2023, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2023, 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.

Basis for Opinion

We conducted our audit 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 GAAS, 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 Organization'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 the Organization'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.

Other Matter

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 10, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Washington, DC
March 7, 2024

SUMMER SEARCH

STATEMENT OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF SEPTEMBER 30, 2022)

	2023	2022
Assets		
Cash and cash equivalents	$ 6,013,496	$ 6,989,327
Other receivables	73,996	105,520
Prepaid expenses and other assets	652,617	522,123
Promises to give, net	17,304,801	16,299,560
Investments	8,406,104	7,649,335
Right of use assets – operating	1,564,144	--
Property and equipment, net	285,072	350,283
Total Assets	$ 34,300,230	$ 31,916,148
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 742,056	$ 844,038
Accrued salaries and vacation	1,344,504	1,129,993
Deferred rent	--	57,080
Operating lease liabilities	1,616,801	--
Total Liabilities	3,703,361	2,031,111
Net Assets		
Without donor restrictions	19,883,785	12,696,475
With donor restrictions	10,713,084	17,188,562
Total Net Assets	30,596,869	29,885,037
Total Liabilities and Net Assets	$ 34,300,230	$ 31,916,148

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, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2022)

	2023			
	Without Donor Restrictions	With Donor Restrictions	Total	2022
Revenue, Gains, and Other Support				
Contributions	$ 13,910,470	$ 6,953,655	$ 20,864,125	$ 24,538,348
Special events, net of direct benefits to donors	1,559,670	73,950	1,633,620	1,704,765
Contributed goods and services	1,178,169	52,500	1,230,669	786,750
Investment income (loss), net	773,915	734	774,649	(1,241,765)
Other income	345,505	--	345,505	213,966
Loss on pledges	(81,000)	(20,000)	(101,000)	
Net assets released from restrictions:				
Satisfaction of purpose restrictions	4,075,873	(4,075,873)	--	--
Satisfaction of time restrictions	9,460,444	(9,460,444)	--	--
Total Revenue, Gains, and Other Support	31,223,046	(6,475,478)	24,747,568	26,002,064
Expenses				
Program Services				
Summer placement and mentoring	8,086,803	--	8,086,803	6,737,752
Staff training and development	5,498,416	--	5,498,416	5,435,206
Alumni	951,104	--	951,104	1,029,395
Post-Secondary Program	2,171,319	--	2,171,319	1,660,354
Total Program Services	16,707,642	--	16,707,642	14,862,707
Supporting Services				
Fundraising and development	4,209,885	--	4,209,885	4,063,970
Management and general	3,118,209	--	3,118,209	2,605,065
Total Expenses	24,035,736	--	24,035,736	21,531,742
Change in Net Assets	7,187,310	(6,475,478)	711,832	4,470,322
Net Assets – Beginning of Year	12,696,475	17,188,562	29,885,037	25,414,715
Net Assets – End of Year	$ 19,883,785	$ 10,713,084	$ 30,596,869	$ 29,885,037

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

SUMMER SEARCH

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2022)

	Program Services					Supporting Services					
	Summer Placement and Mentoring	Staff Training and Development	Alumni	Post-Secondary Program	Total	Fundraising and Development	Management and General	Total Expenses 2023	Direct Benefits to Donors	Total Functional Expenses 2023	Total 2022
Salaries and employee benefits	$ 3,538,276	$ 4,614,541	$ 692,382	$ 1,907,150	$ 10,752,349	$ 3,808,320	$ 1,949,339	$ 16,510,008	$ --	$ 16,510,008	$ 15,139,240
Scholarships and student support	3,044,020	613	65,256	157,504	3,267,393	--	--	3,267,393	--	3,267,393	2,487,759
Occupancy	1,035,377	67,751	--	--	1,103,128	53,460	55,224	1,211,812	--	1,211,812	1,319,228
Professional fees	40,953	270,314	18,241	28,673	358,181	36,000	634,830	1,029,011	--	1,029,011	1,061,975
Program and event expenses	70,220	11,607	63,233	14,820	159,880	--	104	159,984	718,480	878,464	663,454
Equipment purchase and repair	57,883	130,934	36,919	2,015	227,751	58,589	166,120	452,460	--	452,460	329,365
Travel and training	42,294	220,370	51,759	22,596	337,019	39,205	118,469	494,693	--	494,693	291,258
Other	13,494	47,567	765	2,019	63,845	16,893	67,069	147,807	--	147,807	208,691
Communication	70,193	56,269	7,176	33,933	167,571	37,379	15,493	220,443	--	220,443	207,276
Depreciation	146,208	14,309	--	--	160,517	11,290	11,663	183,470	--	183,470	136,575
Supplies and materials	12,793	44,592	193	1,422	59,000	2,565	8,421	69,986	--	69,986	77,960
Finance and bank charges	--	--	--	--	--	85,291	4,807	90,098	--	90,098	76,721
Insurance	--	--	--	--	--	--	78,480	78,480	--	78,480	67,475
Postage and printing	3,529	11,739	190	1,102	16,560	27,244	3,146	46,950	--	46,950	53,476
Promotional materials	11,563	7,810	14,990	85	34,448	33,649	5,044	73,141	--	73,141	41,567
	$ 8,086,803	$ 5,498,416	$ 951,104	$ 2,171,319	$ 16,707,642	$ 4,209,885	$ 3,118,209	$ 24,035,736	$ 718,480	$ 24,754,216	$ 22,162,020

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

SUMMER SEARCH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2022)

	2023	2022
Cash Flows From Operating Activities		
Change in net assets	$ 711,832	$ 4,470,322
Adjustments to reconcile change in net assets		
to net cash (used in) provided by operating activities:		
Change in allowance for doubtful promises to give	(34,680)	(4,833)
Net realized and unrealized (gains) losses on investments	(633,000)	1,354,032
Depreciation	183,470	136,575
Loss on disposal of property and equipment	--	2,794
Right of use assets amortization	676,207	--
Changes in operating assets and liabilities:		
Other receivables	31,524	(102,829)
Prepaid expenses and other assets	(130,494)	283,829
Promises to give, net	(970,561)	(4,253,695)
Accounts payable and accrued expenses	(101,982)	182,254
Accrued salaries and vacation	214,511	40,895
Deferred rent	--	10,847
Operating lease liabilities	(680,630)	--
Net Cash (Used in) Provided by Operating Activities	(733,803)	2,120,191
Cash Flows From Investing Activities		
Purchase of investments	(4,309,641)	(7,694,144)
Proceeds from the sale or maturity of investments	2,952,001	3,368,308
Purchase of property and equipment	(118,259)	(259,107)
Net Cash Used in Investing Activities	(1,475,899)	(4,584,943)
Net Decrease in Cash and Cash Equivalents	(2,209,702)	(2,464,752)
Cash and Cash Equivalents – Beginning	8,332,121	10,796,873
Cash and Cash Equivalents – Ending	$ 6,122,419	$ 8,332,121
Reconciliation of cash and cash equivalents		
Cash and cash equivalents	$ 6,013,496	$ 6,989,327
Cash and cash equivalents held for investment purposes	108,923	1,342,794
Total cash and cash equivalents	$ 6,122,419	$ 8,332,121

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

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: Oakland, Napa/Sonoma, San Jose, Boston, New York, Philadelphia, and Seattle. The accounting, financial, and administrative functions are centralized in Oakland.

The Organization's programming promotes outcomes that support thriving and financial well-being in adulthood. All of the Organization's outcomes represent lifelong processes; they strategically leverage opportunities for growth during middle adolescence and young adulthood when development towards these outcomes in 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.

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.

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

PURPOSE AND ORGANIZATION (CONTINUED)

Post-Secondary

The Organization works with students and their families to explore post-secondary pathways, secure financial aid and scholarships, and persist to their desired post-secondary pathway. In their senior year or earlier, students begin working with a transition mentor (in addition to their primary mentor) to prepare them for the transition from high school to post-secondary education. Post-secondary access services include 1:1 advisory sessions with students and their families, post-secondary presentations from institutional representatives, post-secondary exploration events with older students and alumni, post-secondary application and financial aid seminars, and post-secondary readiness workshops. Students continue to work with their transition mentor through the first full year of post-secondary education for more intensive, hands-on support.

Upon completion of their first year of post-secondary education, students receive support at varying dosages based on engagement, post-secondary enrollment status, and risk factors. Services included continued access to the Organization's CONNECT technology portal, lighter or more hands-on mentoring, transition assistance, and financial aid renewal support. Post-secondary participants continue to receive formal services until completion of a degree or other pathway. In addition to consistent coaching and mentorship, the program offers students access to professional development support, internships, career readiness conferences, and other networking 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.

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

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.

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

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

PROMISES TO GIVE (CONTINUED)

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 barriers 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.

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.

OPERATING RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Organization determines if an arrangement is or contains a lease at inception. The Organization's office leases are included in right of use (ROU) assets – operating and operating lease liabilities in the accompanying statement of financial position. The ROU assets and operating lease liabilities are recognized at the commencement date of the lease agreements based on the present value of lease payments over the lease term using the Organization's incremental borrowing rates. The ROU assets are amortized on a straight-line basis over the lease terms and such amortization is reflected as occupancy expense in the accompanying statement of functional expenses. The operating lease liabilities are reduced as cash payments are made under the terms of the leases. See new accounting pronouncement below.

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

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.

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.

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.

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

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

INCOME TAXES (CONTINUED)

concluded that as of September 30, 2023, 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.

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. Amounts held in accounts that exceed the Federal Deposit Insurance Corporation (FDIC) insurable limit are uninsured. As of September 30, 2023, cash balance exceeding the FDIC-insured limit of $250,000 per depositor per institution, was approximately $5,400,000. 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. 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. For the year ended September 30, 2023, approximately 43% of the Organization's contribution revenue came from five donors. As of September 30, 2023, approximately 63% of promises to give are due from five donors.

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 expenses, such as supplies and materials, postage and printing, occupancy and depreciation, are allocated based on an estimated percentage that management deems reasonable.

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, 2022, and for the year then ended, from which the summarized information was derived.

NEW ACCOUNTING PRONOUNCEMENT

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which requires lessees to recognize all leases (other than leases with a term of 12 months or fewer) on the statement of financial position as lease liabilities, based upon the present value of the future lease payments, with corresponding rights of use assets. ASU 2016-02 also makes targeted changes to other aspects of current guidance, including identifying a lease and lease classification criteria as well as the lessor accounting model, including guidance on separating components of a contract and consideration in the contract. The Organization implemented ASU 2016-02 on October 1, 2022, using the modified retrospective approach for operating leases, with a term greater than 12 months. The adoption of the standard resulted in the recognition of operating lease assets in the amount of $2,240,351, which is net of the deferred rent of $57,080, and lease liabilities in the amount of $2,297,431 on the statement of position as of October 1, 2022. The adoption of the standard did not result in a material change to the financial statements.

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENT

The following table provides information as of September 30, 2023, 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	$ 3,863,586	$ --	$ --	$ 3,863,586
Bonds (fixed income)	--	3,860,344	--	3,860,344
Treasury bills	--	507,259	--	507,259
Certificates of deposit	--	65,992	--	65,992
Total Investments Measured in Fair Value Hierarchy	$ 3,863,586	$ 4,433,595	$ --	8,297,181
Cash and cash equivalents				108,923
Total Investments				$ 8,406,104

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

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. Treasury bills are valued based upon a market approach and spreads based on the credit risk of the issuer, maturity, current yield, trading frequency and other terms and conditions of each security. 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, 2023, consist of the following:

Due in less than 1 year	$ 14,232,089
Due in 1 to 5 years	3,861,667
Subtotal	18,093,756
Less: Allowance for doubtful accounts	(227,325)
Less: Discount to net present value	(561,630)
Total	$ 17,304,801

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 4.7% to 5.03%.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30, 2023:

Furniture, fixtures, and equipment	$ 463,155
Computer equipment	465,101
Leasehold improvements	394,944
Software	79,307
	1,402,507
Less: Accumulated depreciation	(1,117,435)
Total	$ 285,072

NOTE 5 – LEASES

The Organization leases its office facilities under various operating leases expiring through February 2027. The leases generally provide that the Organization pay its share of insurance, taxes, and maintenance.

The Organization evaluated current contracts to determine which met the criteria of a lease. The ROU assets – operating represents the Organization's right to use the underlying asset for the lease term, and the operating lease liabilities represent the Organization's obligation to make lease payments arising from its leases. The ROU assets and lease liabilities were calculated based on the present value of future lease payments over the lease term. The Organization has made an accounting policy election to use its incremental borrowing rate to discount future lease payments.

The Organization recorded a lease obligation equal to the present value of the future payments due under the terms of the leases, discounted at incremental borrowing rates. Rent expense for the leases totaled $943,902 for the year ended September 30, 2023 and is included in occupancy expense in the accompanying statement of functional expenses. Cash paid for the operating lease expense related to the leases for the year ended September 30, 2023, was $820,139.

Total future minimum payments related to these leases are as follows:

For the Year Ending September 30,	
2024	$ 881,800
2025	650,924
2026	201,351
2027	15,369
Total Lease Liabilities Before Discount	1,749,444
Less: Present value discount	(132,643)
Operating Lease Liabilities	**$ 1,616,801**

Other information related to the operating leases as of September 30, 2023:

Weighted average remaining lease term	2.13 years
Weighted average discount rate	7.10%

NOTE 6 – 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, 2024. 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, 2023, the interest rate was 7.0%. The agreement is secured by Organization’s marketable securities. There was no outstanding balance owed on the line of credit as of September 30, 2023.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30, 2023 were composed as follows:

Subject to time restrictions:	
Annual Fund:	
2023/2024	$ 5,252,299
2024/2025	2,195,334
2025/2026	840,668
2026/2027	136,667
Present Value Discount	(561,630)
Total subject to time restrictions	7,863,338
Subject to expenditure for a specified purpose:	
College success	1,534,795
Mentor program	820,293
Salaries	93,991
Scholarships	87,030
Inventory	52,500
Summer program	25,000
Connect	20,000
Total subject to expenditure for specified purpose	2,633,609
Subject to spending policy and appropriations (Note 8)	3,434
Subject to donor restriction in perpetuity (Note 8)	212,703
Total Net Assets With Donor Restrictions	**$ 10,713,084**

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.

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, 2023, 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, 2023, are as follows:

	Accumulated Earnings	Held in Perpetuity	Total
Endowment Net Assets – Beginning	$ 2,700	$ 212,703	$ 215,403
Investment income	734	--	734
Endowment Net Assets – Ending	$ 3,434	$ 212,703	$ 216,137

NOTE 9 – RELATED PARTY TRANSACTIONS

During the year ended September 30, 2023, 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 $9,763,812.

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 – CONTRIBUTED GOODS AND SERVICES

Contributed goods and services for the year ended September 30, 2023, included the following:

Tuition scholarships	$ 994,317
Advertising	81,496
Professional services	88,951
Other	65,905
Total	$ 1,230,669

There were $52,500 in donor-imposed restrictions associated with the contributed goods and services for the Summer Mentoring Program. Donated tuition scholarships are recorded at the estimated fair value provided by the donor based on current hourly and weekly market rates for similar services. These tuition scholarships represent educational services received by Summer Search programs at no or reduced cost from various donors and charitable institutions around the country. The associated expense is recorded in summer placement and mentoring program in the accompanying statement of activities.

Contributed advertising is recorded at the estimated fair value provided by the donor based on number of clicks and advertising rates in a similar manner using a market-based approach. These donated advertisements are recorded in management and general in the accompanying statement of activities.

Professional services are recorded at the estimated fair value, with corresponding expenses recorded in management and general in the accompanying statement of activities. The estimated fair value is valued based on U.S. wholesale market prices of identical or similar products and rates for similar services.

Other includes donated supplies and travel points and are recorded in post-secondary success and management and general in the accompanying statement of activities.

NOTE 11 – 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. The Organization's matching contributions are discretionary and determined annually. Participants are immediately invested in their voluntary salary deferral contributions; vesting in the Organization's 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, 2023, the Organization contributed $246,816 to the plan.

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, 2023, were as follows:

Cash and cash equivalents	$ 6,013,496
Other receivables	73,996
Promises to give, net	17,304,801
Investments	8,406,104
Total Financial Assets	31,798,397
Less:	
Promises to give to be received more than one year	(3,861,667)
Restrictions by donors in perpetuity and accumulated earnings subject to appropriation	(216,137)
Financial Assets Available to Meet General Expenditures Within One Year	$ 27,720,593

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

NOTE 12 – AVAILABILITY AND LIQUIDITY (CONTINUED)

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, 2023.

NOTE 13 – RECLASSIFICATION

Certain 2022 amounts have been reclassified to conform with the 2023 financial statements presentation.

NOTE 14 – SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through March 7, 2024, the date the financial statements were available to be issued. There were no events requiring recognition or disclosure in the financial statements have been identified.