



# SUMMER SEARCH



**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2025  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2024)**



# SUMMER SEARCH

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CBIZ CPAs P.C.

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## **Independent Auditors' Report**

The Board of Directors  
**Summer Search**  
**Oakland, CA**

### ***Opinion***

We have audited the financial statements of Summer Search (the "Organization"), which comprise the statement of financial position as of September 30, 2025, 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 (collectively referred to as 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, 2025, 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 for one year after the date that the financial statements are issued.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 9, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*CBIZ CPAs P.C.*

Washington, DC  
March 5, 2026

**SUMMER SEARCH**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30, 2025**  
**(WITH SUMMARIZED FINANCIAL INFORMATION AS OF SEPTEMBER 30, 2024)**

	2025	2024
<b>Assets</b>		
Cash and cash equivalents	\$ 9,682,222	\$ 10,552,142
Promises to give, net	11,438,682	16,659,851
Other receivables	325,842	103,293
Investments	10,950,108	10,023,876
Prepaid expenses and other assets	696,643	613,671
Right of use assets- operating	2,940,922	1,285,882
Property and equipment, net	133,518	178,592
<b>Total Assets</b>	<b>\$ 36,167,937</b>	<b>\$ 39,417,307</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 728,941	\$ 877,419
Accrued salaries and vacation	1,222,435	1,561,092
Operating lease liabilities	3,032,633	1,376,707
<b>Total Liabilities</b>	4,984,009	3,815,218
<b>Net Assets</b>		
Without donor restrictions	22,052,905	21,681,862
With donor restrictions	9,131,023	13,920,227
<b>Total Net Assets</b>	<b>31,183,928</b>	<b>35,602,089</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 36,167,937</b>	<b>\$ 39,417,307</b>

*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, 2025

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Revenue, Gains, and Other Support</b>				
Contributions and grants	\$ 7,666,093	\$ 5,333,781	\$ 12,999,874	\$ 25,832,641
Special events, net of direct benefits to donors	1,850,060	47,500	1,897,560	1,273,428
Contributed goods and services	988,233	--	988,233	1,059,250
Investment income, net	1,260,858	920	1,261,778	1,902,020
Other income	368,360	--	368,360	385,863
Loss on pledges	(29,000)	--	(29,000)	(136,000)
Net assets released from restrictions:			--	
Satisfaction of purpose restrictions	3,687,818	(3,687,818)	--	--
Satisfaction of time restrictions	6,483,587	(6,483,587)	--	--
<b>Total Revenue, Gains, and Other Support</b>	<u>22,276,009</u>	<u>(4,789,204)</u>	<u>17,486,805</u>	<u>30,317,202</u>
<b>Expenses</b>				
<b>Program Services</b>				
Summer placement and mentoring	7,158,827	--	7,158,827	8,363,071
Staff training and development	4,682,703	--	4,682,703	5,630,405
Post-Secondary Program	1,701,581	--	1,701,581	2,146,639
Alumni	886,317	--	886,317	438,994
Career Navigator	498,479	--	498,479	938,619
<b>Total Program Services</b>	<u>14,927,907</u>	<u>--</u>	<u>14,927,907</u>	<u>17,517,728</u>
<b>Supporting Services</b>				
Fundraising and development	3,920,325	--	3,920,325	4,515,094
Management and general	3,056,734	--	3,056,734	3,279,160
<b>Total Expenses</b>	<u>21,904,966</u>	<u>--</u>	<u>21,904,966</u>	<u>25,311,982</u>
<b>Change in Net Assets</b>	<u>371,043</u>	<u>(4,789,204)</u>	<u>(4,418,161)</u>	<u>5,005,220</u>
<b>Net Assets – Beginning of Year</b>	<u>21,681,862</u>	<u>13,920,227</u>	<u>35,602,089</u>	<u>30,596,869</u>
<b>Net Assets – End of Year</b>	<u>\$ 22,052,905</u>	<u>\$ 9,131,023</u>	<u>\$ 31,183,928</u>	<u>\$ 35,602,089</u>

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

**SUMMER SEARCH**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2024)**

	Program Services						Supporting Services		Total Expenses 2025	Direct Benefits to Donors	Total Functional Expenses 2025	Total 2024
	Summer Placement and Mentoring	Staff Training and Development	Post-Secondary Program	Alumni	Career Navigator	Total	Fundraising and Development	Management and General				
Salaries and employee benefits	\$ 3,222,050	\$ 3,820,883	\$ 1,446,080	\$ 701,387	\$ 465,991	\$ 9,656,391	\$ 3,471,516	\$ 2,130,690	\$ 15,258,597	\$ --	\$ 15,258,597	\$ 18,281,109
Scholarships and student support	2,606,921	717	181,687	15,456	14,316	2,819,097	--	--	2,819,097	--	2,819,097	3,212,398
Occupancy	1,009,152	71,121	--	--	--	1,080,273	54,848	40,274	1,175,395	--	1,175,395	1,316,846
Program and event expenses	38,739	9,674	11,236	43,392	9,861	112,902	--	--	112,902	974,779	1,087,681	1,091,014
Professional fees	21,244	316,463	31,398	22,756	--	391,861	138,446	402,132	932,439	--	932,439	696,617
Equipment purchase and repair	56,816	178,539	--	54,974	--	290,329	55,227	152,878	498,434	--	498,434	485,487
Travel and training	39,916	134,802	5,131	25,343	589	205,781	23,817	81,826	311,424	--	311,424	352,807
Communication	51,324	45,476	23,479	5,320	6,534	132,133	33,567	15,471	181,171	--	181,171	236,065
Depreciation	81,299	9,617	--	--	--	90,916	7,416	6,056	104,388	--	104,388	173,509
Other	12,865	56,659	932	1,102	255	71,813	15,950	81,884	169,647	--	169,647	162,042
Insurance	--	--	--	--	--	--	--	116,162	116,162	--	116,162	100,092
Finance and bank charges	--	--	--	--	--	--	81,524	19,546	101,070	--	101,070	89,658
Supplies and materials	10,829	32,851	1,041	359	828	45,908	2,192	6,426	54,526	--	54,526	82,181
Postage and printing	3,770	5,901	597	186	105	10,559	24,905	3,036	38,500	--	38,500	35,200
Promotional materials	3,902	--	--	16,042	--	19,944	10,917	353	31,214	--	31,214	--
	<u>\$ 7,158,827</u>	<u>\$ 4,682,703</u>	<u>\$ 1,701,581</u>	<u>\$ 886,317</u>	<u>\$ 498,479</u>	<u>\$ 14,927,907</u>	<u>\$ 3,920,325</u>	<u>\$ 3,056,734</u>	<u>\$ 21,904,966</u>	<u>\$ 974,779</u>	<u>\$ 22,879,745</u>	<u>\$ 26,315,025</u>

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

**SUMMER SEARCH**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2024)**

	2025	2024
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (4,418,161)	\$ 5,005,220
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Change in allowance for doubtful promises to give	29,093	(7,504)
Net realized and unrealized gains on investments	(868,867)	(1,436,389)
Contributions restricted for long-term purposes	(5,000)	(50,850)
Depreciation	104,388	173,509
Loss on disposal of property and equipment	8,149	--
Gain from lease early termination	(4,516)	--
Right of use assets amortization	725,445	278,262
Changes in operating assets and liabilities:		
Promises to give, net	5,192,076	652,454
Other receivables	(222,549)	(29,297)
Prepaid expenses and other assets	(82,972)	38,946
Accounts payable and accrued expenses	(148,478)	135,363
Accrued salaries and vacation	(338,657)	216,588
Operating lease liabilities	(720,043)	(240,094)
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(750,092)</b>	<b>4,736,208</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	(3,373,126)	(2,564,275)
Proceeds from the sale or maturity of investments	3,106,924	2,582,419
Purchase of property and equipment	(67,463)	(67,029)
<b>Net Cash Used in Investing Activities</b>	<b>(333,665)</b>	<b>(48,885)</b>
<b>Cash Flows From Financing Activities</b>		
Contributions restricted for long-term purposes	5,000	50,850
<b>Net Cash Provided by Financing Activities</b>	<b>5,000</b>	<b>50,850</b>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>(1,078,757)</b>	<b>4,738,173</b>
<b>Cash and Cash Equivalents – Beginning</b>	<b>10,860,592</b>	<b>6,122,419</b>
<b>Cash and Cash Equivalents – Ending</b>	<b>\$ 9,781,835</b>	<b>\$ 10,860,592</b>
Reconciliation of cash and cash equivalents		
Cash and cash equivalents	\$ 9,682,222	\$ 10,552,142
Cash and cash equivalents held for investment purposes	99,613	308,450
Total cash and cash equivalents	<b>\$ 9,781,835</b>	<b>\$ 10,860,592</b>

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

# SUMMER SEARCH

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

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### 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 the Organization’s outcomes represent lifelong processes; they 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.

#### *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.

# SUMMER SEARCH

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED SEPTEMBER 30, 2025

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#### 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 include 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.

# SUMMER SEARCH

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

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### 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 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

# SUMMER SEARCH

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

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### 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.

# SUMMER SEARCH

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

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### 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.

#### *REVENUE RECOGNITION*

##### *Contributions and Grants*

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 and changes in net assets as net assets released from restrictions. Contributed marketable securities are sold immediately and the cash proceeds are recorded as support. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Revenue from conditional contributions and grants is reported as with donor restrictions in the accompanying statement of activities and is reclassified to net assets without donor restrictions when restrictions are satisfied.

##### *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.

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.

# SUMMER SEARCH

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

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

#### *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, 2025, 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, 2025, the cash balance exceeding the FDIC-insured limit of \$250,000 per depositor per institution, was approximately \$9,086,000. 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. As of September 30, 2025, approximately 61% of promises to give is due from four 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

# SUMMER SEARCH

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED SEPTEMBER 30, 2025

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

##### *FUNCTIONAL ALLOCATION OF EXPENSES (CONTINUED)*

programs and support services benefited. Personnel expenses are allocated based on the functions performed by each employee within the Organization. Certain shared expenses, such as supplies and materials, postage and printing, occupancy, and depreciation, are allocated among program and supporting services. These costs are allocated to program services using director labor as a base.

##### *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, 2024, 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, 2025, 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	\$ 6,489,495	\$ --	\$ --	\$ 6,489,495
Fixed income	--	2,117,317	--	2,117,317
Treasury bills	--	2,180,762	--	2,180,762
Certificates of deposit	--	62,921	--	62,921
Total Investments Measured in Fair Value Hierarchy	<u>\$ 6,489,495</u>	<u>\$ 4,361,000</u>	<u>\$ --</u>	<u>\$ 10,850,495</u>
Cash and cash equivalents				<u>\$ 99,613</u>
<b>Total Investments</b>				<u><b>\$ 10,950,108</b></u>

Equities are valued at the closing price reported on the active market on which the individual securities are traded. Fixed income 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.

# SUMMER SEARCH

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED SEPTEMBER 30, 2025

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#### NOTE 3 – PROMISES TO GIVE, NET

Unconditional promises to give at September 30, 2025, consist of the following:

Due in less than 1 year	\$ 10,322,361
Due in 1 to 5 years	<u>1,429,668</u>
Subtotal	11,752,029
Less: allowance for doubtful accounts	(162,283)
Less: discount to net present value	<u>(151,064)</u>
<b>Total</b>	<b><u>\$ 11,438,682</u></b>

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 3.58% to 3.61%.

As of September 30, 2025, the Organization had approximately \$337,000 conditional grant receivable from two donors, which is not reflected on the accompanying statement of financial position. These conditional grants require the Organization's completion of contractual tasks and milestones which are subject to periodic donor review and approval before the project may continue and therefore, the Organization has not recognized any revenue from the conditional portions of these grants.

#### NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30, 2025:

Furniture, fixtures, and equipment	\$ 371,141
Computer equipment	360,805
Leasehold improvements	211,836
Software	<u>41,095</u>
	984,877
Less: accumulated depreciation	<u>(851,359)</u>
<b>Total</b>	<b><u>\$ 133,518</u></b>

Depreciation expense was \$104,388 for the year ended September 30, 2025.

# SUMMER SEARCH

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED SEPTEMBER 30, 2025

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#### NOTE 5 – LEASES

The Organization leases its office facilities under various operating leases expiring through March 2033. The leases generally provide that the Organization pay its share of insurance, taxes, and maintenance. In December 2024, the Organization entered into a lease termination agreement for one of its office operating leases, resulting in the early termination of the office lease. As a result, the Organization recognized a gain on lease termination of \$4,516 for the year ended September 30, 2025. This amount is included in other income in the accompanying financial statements.

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 \$891,502 for the year ended September 30, 2025 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, 2025, was \$787,726.

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

For the Year Ending <u>September 30,</u>	
2026	\$ 678,064
2027	605,583
2028	639,759
2029	654,338
2030	374,019
After 2030	<u>864,736</u>
Total Lease Liabilities Before Discount	3,816,499
Less: Present Value Discount	<u>(783,866)</u>
Operating Lease Liabilities	<u>\$ 3,032,633</u>

# SUMMER SEARCH

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

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### NOTE 5 – LEASES (CONTINUED)

Other information related to the operating leases as of September 30, 2025:

Weighted average remaining lease term	5.37 years
Weighted average discount rate	7.49%

In July 2025, the Organization entered into a 28-month sublease agreement for its Oakland, CA office, commencing on October 1, 2025. Rent payments under this sublease are not included in the future minimum payments listed above.

### NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30, 2025 were composed as follows:

Subject to time restrictions:	
Annual Fund:	
2025/2026	\$ 5,694,332
2026/2027	966,000
2027/2028	26,000
2028/2029	<u>26,000</u>
Present Value Discount	<u>(151,064)</u>
Total subject to time restrictions	6,561,268
Subject to expenditure for a specified purpose:	
College success	1,409,280
Mentor program	610,000
Summer program	109,145
Scholarships	77,120
Salaries	33,500
Alumni program	32,605
Inventory	<u>23,169</u>
Total subject to expenditure for specified purpose	2,294,819
Subject to spending policy and appropriations (Note 7)	5,383
Subject to donor restriction in perpetuity (Note 7)	<u>269,553</u>
<b>Total Net Assets With Donor Restrictions</b>	<b><u>\$ 9,131,023</u></b>

# SUMMER SEARCH

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

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### NOTE 7 – 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. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. As of September 30, 2025, no funds with underwater deficiencies existed. The Organization has not clarified its policy with respect to appropriations made from underwater endowment funds.

# SUMMER SEARCH

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED SEPTEMBER 30, 2025

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#### NOTE 7 – ENDOWMENT (CONTINUED)

Changes in endowment net assets for the year ended September 30, 2025, are as follows:

	Accumulated Earnings	Held in Perpetuity	Total
<b>Endowment Net Assets – Beginning</b>	\$ 4,463	\$ 263,553	\$ 268,016
<b>Contributions</b>	--	6,000	6,000
Investment income	<u>920</u>	<u>--</u>	<u>920</u>
<b>Endowment Net Assets – Ending</b>	<u>\$ 5,383</u>	<u>\$ 269,553</u>	<u>\$ 274,936</u>

#### NOTE 8 – RELATED PARTY TRANSACTIONS

During the year ended September 30, 2025, 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 \$2,430,952.

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 9 – CONTRIBUTED GOODS AND SERVICES

Contributed goods and services for the year ended September 30, 2025, included the following:

Tuition scholarships	\$ 925,840
Advertising	6,546
Other	<u>55,847</u>
<b>Total</b>	<u>\$ 988,233</u>

There were no donor-imposed restrictions associated with the contributed goods and services for the Organization. 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 the Organization's 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 and changes in net assets.

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 and changes in net assets.

# SUMMER SEARCH

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED SEPTEMBER 30, 2025

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#### NOTE 9 – CONTRIBUTED GOODS AND SERVICES (CONTINUED)

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

#### 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. 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, 2025, the Organization contributed \$190,135 to the plan.

#### NOTE 11 – 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, 2025, were as follows:

Cash and cash equivalents	\$ 9,682,222
Promises to give, net	11,438,682
Other receivables	325,842
Investments	<u>10,950,108</u>
Total Financial Assets	32,396,854
Less:	
Promises to give to be received more than one year	(1,429,668)
Restrictions by donors in perpetuity and accumulated earnings subject to appropriation	<u>(274,936)</u>
<b>Financial Assets Available to Meet General Expenditures Within One Year</b>	<b><u>\$ 30,692,250</u></b>

# **SUMMER SEARCH**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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### **NOTE 11 – AVAILABILITY AND LIQUIDITY (CONTINUED)**

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.

### **NOTE 12 – RECLASSIFICATION**

Certain 2024 amounts have been reclassified to conform with the 2025 financial statements presentation.

### **NOTE 13 – SUBSEQUENT EVENTS**

The Organization has evaluated all subsequent events through March 5, 2026, the date the financial statements were available to be issued. There were no events identified that required recognition or disclosure in the financial statements.