MISSION GRADUATES

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

ATHERTON
& ASSOCIATES, LLP

Tax • Assurance • Consulting

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INDEPENDENT AUDITOR'S REPORT

November 19, 2024

Board of Directors
Mission Graduates
San Francisco, California

Opinion
We have audited the accompanying financial statements of Mission Graduates (the Organization), which comprise the statement of financial position as of June 30, 2024, 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 June 30, 2024, 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 Auditor's 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

Report on Summarized Comparative Information
We have previously audited the Organization's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 6, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Atherton & Associates, LLP

ASSETS

	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	$ 1,879,766	$ 1,353,017
Grants receivable	1,142,471	1,359,639
Contributions receivable	712,930	670,359
Other accounts receivable	4,776	7,110
Employee retention credit receivable	-	701,828
Prepaid expenses	136,749	71,073
Total current assets	3,876,692	4,163,026
PROPERTY AND EQUIPMENT		
Equipment	247,902	220,390
Construction in process	244,206	-
	492,108	220,390
Less accumulated depreciation	153,902	79,167
Total property and equipment, net	338,206	141,223
OTHER ASSETS		
Contributions receivable	210,000	270,250
Operating lease right-of-use assets	402,334	54,059
Total other assets	612,334	324,309
TOTAL ASSETS	$ 4,827,232	$ 4,628,558

LIABILITIES AND NET ASSETS

	2024	2023
CURRENT LIABILITIES		
Accounts payable	$ 115,684	$ 133,223
Other payables	151,939	138,994
Accrued payroll, bonuses, and vacation	267,420	237,408
Accrued employer contribution	309,320	93,737
Deferred revenue	-	5,250
Operating lease liabilities	94,001	21,622
Total current liabilities	938,364	630,234
OPERATING LEASE LIABILITIES, noncurrent portion	327,266	32,458
NET ASSETS		
Without donor restrictions	2,372,102	2,764,866
With donor restrictions	1,189,500	1,201,000
Total net assets	3,561,602	3,965,866
TOTAL LIABILITIES AND NET ASSETS	$ 4,827,232	$ 4,628,558

MISSION GRADUATES
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2024 (WITH COMPARATIVE TOTALS FOR 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
REVENUE AND SUPPORT				
Government grants	$ 9,357,751	$ -	$ 9,357,751	$ 7,869,616
Contributions	172,062	1,655,931	1,827,993	1,526,752
Program service fees	1,149,012	-	1,149,012	1,006,764
Employee retention credit	-	-	-	783,130
Special events, net of expenses of $12,015	102,524	-	102,524	130,880
Total revenue and support	10,781,349	1,655,931	12,437,280	11,317,142
OTHER REVENUE				
Investment and interest income	20,488	-	20,488	73,760
Other income	620	-	620	2,444
Total other revenue	21,108	-	21,108	76,204
RECLASSIFICATIONS				
Net assets released from restriction	1,667,431	(1,667,431)	-	-
Total revenue and support, other revenue, and reclassifications	12,469,888	(11,500)	12,458,388	11,393,346
EXPENSES				
Program services				
Extended Day	3,442,533	-	3,442,533	2,654,447
Beacon Centers	4,365,445	-	4,365,445	3,662,076
College Access	2,103,812	-	2,103,812	1,743,992
Parent Partner	473,575	-	473,575	485,178
Support services				
Fundraising	986,112	-	986,112	961,672
General and administrative	1,491,175	-	1,491,175	1,325,653
Total expenses	12,862,652	-	12,862,652	10,833,018
Change in net assets	(392,764)	(11,500)	(404,264)	560,328
NET ASSETS AT BEGINNING OF YEAR	2,764,866	1,201,000	3,965,866	3,405,538
NET ASSETS AT END OF YEAR	$ 2,372,102	$ 1,189,500	$ 3,561,602	$ 3,965,866

MISSION GRADUATES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024 (WITH COMPARATIVE TOTALS FOR 2023)

	Extended Day	Beacon Centers	College Access	Parent Partner	Total Program Expenses	Fundraising	General and Administrative	2024 Total	2023 Total
Personnel expenses									
Salaries and wages	$ 2,252,676	$ 2,783,789	$ 1,071,146	$ 232,693	$ 6,340,304	$ 672,019	$ 980,756	$ 7,993,079	$ 6,509,811
Payroll taxes and benefits	546,354	660,481	252,552	60,714	1,520,101	158,657	231,350	1,910,108	1,490,778
	2,799,030	3,444,270	1,323,698	293,407	7,860,405	830,676	1,212,106	9,903,187	8,000,589
Other expenses									
Depreciation	21,859	25,505	9,715	1,887	58,966	7,409	8,359	74,734	47,233
Equipment	4,819	5,696	4,527	312	15,354	876	6,802	23,032	36,403
General business	48,116	88,733	19,108	5,035	160,992	43,822	23,404	228,218	339,692
Insurance	12,893	15,917	6,158	1,377	36,345	3,892	5,585	45,822	35,108
Marketing	13,321	16,665	6,736	1,345	38,067	35,559	5,786	79,412	85,161
Occupancy	23,650	29,227	11,386	2,586	66,849	7,229	14,121	88,199	85,965
Office supplies	18,010	24,341	8,516	1,635	52,502	4,713	19,461	76,676	42,133
Professional services	46,677	57,404	22,450	5,289	131,820	17,509	136,276	285,605	201,383
Program consultants	100,034	287,821	72,400	67,899	528,154	-	-	528,154	558,202
Program operating expenses	231,475	218,808	148,826	77,529	676,638	-	-	676,638	753,565
Technology and communications	64,290	80,535	31,850	6,185	182,860	19,951	31,594	234,405	158,653
Travel and staff development	58,359	70,523	19,428	9,089	157,399	14,476	27,681	199,556	131,381
Youth scholarships	-	-	419,014	-	419,014	-	-	419,014	357,550
	643,503	921,175	780,114	180,168	2,524,960	155,436	279,069	2,959,465	2,832,429
TOTAL EXPENSES	$ 3,442,533	$ 4,365,445	$ 2,103,812	$ 473,575	$ 10,385,365	$ 986,112	$ 1,491,175	$ 12,862,652	$ 10,833,018

MISSION GRADUATES
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024 (WITH COMPARATIVE TOTALS FOR 2023)

	2024	2023
OPERATING ACTIVITIES		
Change in net assets	$ (404,264)	$ 560,328
Adjustment to reconcile changes in net assets to net cash provided (consumed) by operating activities:		
Depreciation	74,734	47,233
Reduction in the carrying amount of operating lease right-of-use assets	43,847	21,045
(Increase) decrease in operating assets:		
Grants receivable	217,168	(677,154)
Contributions receivable	17,679	368,658
Other accounts receivable	2,334	(2,621)
Employee rentention credit receivable	701,828	(701,828)
Prepaid expenses	(65,676)	4,588
Increase (decrease) in operating liabilities:		
Accounts payable	(17,539)	49,347
Other payables	12,945	138,994
Accrued payroll, bonuses, and vacation	30,012	32,051
Accrued employer contribution	215,583	(68,231)
Accrued expenses	-	(4,410)
Deferred revenue	(5,250)	(17,250)
Operating lease liabilities	(24,935)	(21,024)
Net cash provided (consumed) by operating activities	798,466	(270,274)
INVESTING ACTIVITIES		
Purchases of property and equipment	(271,717)	(124,587)
Net cash consumed by investing activities	(271,717)	(124,587)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	526,749	(394,861)
Cash and cash equivalents at beginning of year	1,353,017	1,747,878
Cash and cash equivalents at end of year	$ 1,879,766	$ 1,353,017

SUPPLEMENTAL CASH FLOW INFORMATION

	2024	2023
Cash paid for interest	$ 110	$ 533

NOTES TO FINANCIAL STATEMENTS

Note 1 Summary of Significant Accounting Policies

Nature of Organization Mission Graduates (the "Organization") is a California nonprofit benefit organization that empowers youth and their families on the path to higher education, equipping them for fulfilling careers that will strengthen future generations. Founded in 1972, initially called St. John's Educational Threshold Center, Mission Graduates was founded by a St. John's Episcopal Church member as a tutoring program for neighborhood children experience and academic achievement gap. Three decades later, the Organization clarified their commitment to getting more youth into college as a means to achieve economic equity for primarily Latinx and immigrant families but committed to meeting the needs of communities that have been overlooked by the system, especially Black, Filipino, and Arab families.

The Organization has been a lifeline for San Francisco's Latino and immigrant residents for 51 years. Fulfilling its mission through a continuous pipeline of programming that starts in kindergarten and goes past college graduation into career, it provided services to 4,150 low-income youth and families during the year ended June 30, 2024. Higher education as an expectation and goal for every child is a theme woven throughout the Organization's programs.

Extended Day Program (EDP) The EDP provides afterschool and summer education to Alvarado, Cleveland, and Marshall Elementary Schools and the Thomas Edison Charter Academy and helps 738 students develop their English Language skills and increase literacy levels, as well as shore up academic skills for students who are below grade in specific academic competencies. The EDP extends the learning day to ensure students can transition to middle school with the English language, literacy, and academic skills necessary to excel. The program consists of five core components: academic enrichment and guided reading interventions; project-based electives that incorporate literacy-building opportunities throughout each cycle; sports and recreation; community-building activities that foster group cohesion, build social skills, and model resiliency; and an early college awareness curriculum that prepares and motivates children to plan for college.

The Organization is in its fifth year of implementing the EDP at Mission High School and just completed its third year at June Jordan School for Equity. Both programs reach the entire student body to provide opportunities for positive youth development, support students' academic competencies and college aspirations, and ensure more high school students are college-ready. Through these two sites, they were able to support 816 students.

Beacon Centers Almost 30 years ago, the Organization partnered with the San Francisco Beacon Initiative and city and county funders to develop an innovative programming model for that meets more than just the academic or social needs of youth at Everett Middle School, it also creates a space for youth to develop into leaders in their community. Beacon Centers have been expanded to 27 sites in San Francisco, including the Organization's sites at Bessie Carmichael, Bryant, Flynn, and Sanchez Elementary School, as well as the existing Everett Beacon. Overlaying the programming of the Extended Day Programs, the Beacon Centers implement a Community School model approach by providing a comprehensive hub of services during the school day and after school. The Beacon Centers served 886 youth during the year ended June 30, 2024, and expanded the learning day beyond the school day, providing individualized academic interventions but also an environment where future leaders can take ownership of their education, develop skills necessary to be successful, and begin working on their goals of graduation and higher education.

Note 1 Summary of Significant Accounting Policies (Continued)

Nature of Organization (Continued)

College to Career

College Connect (CC) CC is a family-based college access and success program launched in Spring 2008. CC annually recruits 25 four-year college-bound high school juniors living or attending school in the Mission and Excelsior Districts of San Francisco who are the first generation to attend college. CC participants and their families receive support with ACT Preparation, Math and English tutoring, personal statements and scholarship application coaching, obtaining financial assistance, choosing the best college that meets their personal and academic needs, and successfully transitioning to college with support through graduation.

CC has 365 participants across 14 cohorts; 227 are alumni, 88 are college students, and 50 are high school juniors and seniors. 70% of the college students who have participated in the program persist in college or have received their college degree, over three times the California average of 23%. 92% of students in the program graduate within 5 years of college entry. They have successfully ensured that finances are not a barrier to college. Their college students and alums raised over $6,637,000 in scholarships and applied for all federal state, and school financial aid.

John O'Connell College and Career Center (JOCCC) JOCCC is an innovative partnership with John O'Connell High School, traditionally considered a vocational school, where the staff is embedded with teachers in the classroom. Being in the classroom during the school day allows staff to work with the entire school population of 650, using the context of their relationship to discuss career and higher education aspirations. This model provides a more integrated and holistic approach to assisting students with their future goals, as opposed to a separate college and career office that few students utilize. 90% of the graduating JOC seniors were accepted into 2- and 4-year colleges and universities.

Mission College and Career Program (MCCP) (formerly ASAP) Mission College and Career Program is located on the Mission High School campus and provides college access persistence programming to the entire student body. Staff provide individualized support to 292 students in writing personal statements, completing college applications, submitting scholarship and financial aid applications, and ensuring students successfully transition to college. In-class support occurs through Advancement Via Individual Determination (AVID), a college preparatory program for students in the "academic middle". Further, MCCP provides college exploration activities including campus visits and summer residential academic/leadership programs on college campuses.

Parent Partner Program The Parent Partner Program increases Latino and immigrant youth's academic success and college prospects by nurturing a strong culture of parent engagement to 1,005 parents across 14 school sites. This program complements the Organization's other core programs, ensuring that parents understand the educational system, how they can be partners in supporting their children's academic growth and college dreams, and how to advocate best for their children's needs. The Parent Partner Program provides parents with technology mentorship, English as a Second Language courses, English Learner Advisory Committee coaching and advocacy preparation, parent success workshops, general family engagement consulting support, and school-wide meeting and planning preparation.

Note 1 Summary of Significant Accounting Policies (Continued)

Basis of Accounting The Organization's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

a) Net assets without donor restrictions are those currently available at the discretion of the Board of Directors for use in the Organization.
b) Net assets with donor restrictions are those whose use has been limited by donors to a specific time period or use or those restricted by donors for specific operating purposes; or those not currently available for use until commitments regarding their use have been fulfilled.

Cash and Cash Equivalents The Organization has defined cash and cash equivalents as all short-term, highly liquid investments. The Organization places its cash with high credit quality institutions.

Grants and Contributions Receivables The Organization uses the direct write-off method for determining the uncollectible portion of grants and contributions receivable. Accounting principles generally accepted in the United States of America require that receivables be presented net of an allowance for uncollectible accounts. No allowance for uncollectible receivables was recorded at June 30, 2024.

Employee Retention Credit During the year ended June 30, 2023, the Organization qualified for the ERC and submitted for a refund in the amount of $783,130. This amount is included in employee retention credit revenue on the statement of activities and changes in net assets for the year ended June 30, 2023. During the year ended June 30, 2023, the Organization received a notice of a prior year IRS penalty of $143,952, which the IRS netted against the employee retention credit of $783,130 and interest income on the employee retention credit of $62,650, which resulted in a net employee retention credit receivable of $701,828 as of June 30, 2023 on the statement of financial position.

Property and Equipment Acquisitions of property and equipment and expenditures for repairs and maintenance are carried at cost or if donated, at the approximate fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. 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. It is the Organization's policy to capitalize property and equipment over $2,000. Depreciation is charged to operating expense over the estimated useful lives using the straight-line method of depreciation of the assets over three years. Leasehold improvements are depreciated over the lesser of the estimated useful lives or the remaining term of the lease.

Leases The Organization accounts for operating leases under Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842).* The Organization recorded the impact of adoption as of July 1, 2022, without restating any prior-year amounts or disclosures. This resulted in the recognition of operating right-of-use assets and lease liabilities. In addition, the Organization elected various practical expedients that allows the Organization not to reassess at adoption a) expired or existing contracts to determine whether they are or contain a lease, b) the lease classification of any existing leases, or c) initial direct costs for existing leases.

Note 1 Summary of Significant Accounting Policies (Continued)

Impairment of Long-Lived Assets On an ongoing basis, the Organization reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying amounts may be overstated. The Organization recognizes impairment losses if the undiscounted cash flows expected to be generated by the asset are less than the carrying value of the related asset. The impairment loss adjusts the assets to fair value. As of June 30, 2024, management believes that no impairments exist.

Revenue Recognition In accordance with Financial Accounting Standards Board (FASB) ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,* contributions received by the Organization are not considered an exchange transaction as no commensurate value is exchanged. The Organization receives unconditional contributions without donor restrictions and unconditional contributions with donor restrictions. The Organization also receives contributions with donor restrictions which are considered conditional contributions as there is a right of return and a barrier to overcome in order to recognize revenue. Conditional contributions are not recognized until the conditions on which they depend on have been met. A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. The cost-reimbursable grants are considered both conditional and unconditional contributions with donor restrictions.

The Organization received unconditional contributions with donor restrictions of $1,655,931 for the year ended June 30, 2024. The Organization received unconditional contributions without donor restrictions of $172,062 for the year ended June 30, 2024.

The Organization recognizes government grants and program service fee revenue in accordance with FASB Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. Incidental items that are immaterial in the context of the contract are recognized as an expense. The Organization does not have any significant financing components as payment is received within a reasonable amount of time after the service is provided. Costs incurred to obtain a contract are expensed as incurred. The following is a summary of the significant revenue streams offered by the Organization:

Government Grants The Organization's major contracts with customers are San Francisco Unified School District and San Francisco Department of Children, Youth, and their Families. The Organization assesses the contract term as the period in which the parties to the contract have presently enforceable rights and obligations. The contract term can differ from the stated term in contracts that include certain termination or renewal rights, depending on whether there are penalties associated with those rights. Customer contracts generally are standardized and non-cancellable for the duration of the stated contract term.

Revenues are recognized over time as the customer consumes the benefits of the services the Organization performs. The timing of revenue recognition is based on an input measure, which is based on labor and material costs incurred to date as they relate to the estimated total cost to complete the engagement. Estimates of total engagement revenue and cost of services are monitored regularly during the term of the engagement. Related fulfillment costs are expensed as incurred.

Note 1 Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Government Grants (Continued) The Organization generates revenue under fixed-fee billing arrangements. The customer in fixed-fee arrangements generally is invoiced based on the contractual agreement between the parties, typically on a monthly basis, with net-30-day terms.

Certain contracts may include explicit options to renew services at a stated price. These options generally are priced in line with the standalone selling price and therefore do not provide a material right to the customer.

The transaction price is the amount of consideration to which the Organization expects to be entitled in exchange for transferring goods and services to the customer. Revenue is recorded based on the transaction price, which includes fixed consideration and estimates of variable consideration. The amount of variable consideration included in the transaction price is constrained and is included only to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Such forms of variable consideration include agreements in which customers can receive service credits, and in certain cases, service refunds, when defined service levels are not met and secondly, expense reimbursements. The Organization estimates the amount of variable consideration at the expected value based on its assessment of legal enforceability, anticipated performance, and a review of specific transactions, The Organization historically has not experienced any material amounts affecting the defined levels of reliability and performance as required by the contracts.

Program Service Fees The Organization recognizes revenue from program service fees during the year in which the related services are provided to the students. The performance obligation of delivering after school academic/enrichment classes is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the academic year. Any program fees collected in advance for future periods will be recorded as deferred income by the Organization and later recognized as income during the designated period in which services are to be provided for each student.

The timing of revenue recognition is based on an input measure, which is based on labor and costs incurred to date as they relate to the estimated total cost to complete the service. Estimates of total revenue and cost of services are monitored regularly during the term of the engagement. Related fulfillment costs are expensed as incurred.

The transaction price is the amount of consideration to which the Organization expects to be entitled in exchange for transferring goods and services to the student. Revenue is recorded based on the transaction price, which includes fixed consideration and estimates of variable consideration. The amount of variable consideration included in the transaction price is constrained and is included only to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Payment arrangements for customers are paid at invoice price. Amounts received by the Organization are applied to customer balances by outstanding invoice or to the oldest invoice if not specifically noted. Payments are generally due from customers within 30 days of service. The Organization does not charge interest on past due accounts.

Note 1 Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued) The Organization has elected the practical expedient that permits an entity not to recognize a significant financing component if the time between the transfer of a good or service and payment is one year or less. The Organization does not enter into contracts in which the period between payment by the customer and the transfer of the promised goods or services to the customer is greater than 12 months.

The Organization records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. The Organization does not recognize revenue in advance of the right to invoice and therefore has not recorded a contract asset. If revenue has not yet been recognized, a contract liability (deferred revenue) is also recorded. Opening grants receivable and deferred revenue as of July 1, 2022 was $682,485 and $22,500, respectively.

Donated Goods and Services The Organization recognizes the value of donated goods at fair value. Donations of services are recognized as contributions in accordance with ASC Section 958-605 *Not-for-Profit Entities, Revenue Recognition,* if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased if not provided by donation.

Advertising The Organization expenses advertising costs in the period in which they are incurred. Total advertising costs expensed for the year ended June 30, 2024 was $66,067.

Functional Allocation of Expenses The cost of providing the Organization's program and supporting services has been summarized on a functional basis in the statement of activities and changes in net assets and in the statement of functional expenses. Expenses that can be identified with a specific program are charged directly to that program. Costs common to multiple functions have been allocated among the various functions benefited on the basis of periodic time and effort. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fair Value of Financial Instruments The carrying amounts of financial instruments, including cash, receivables, accounts payable, and accrued expenses, approximate fair value.

Income Taxes The Organization is a not for profit corporation and is exempt from income taxes under section 501(a)(3) of the Internal Revenue Code of the California Revenue and Taxation Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Unrelated business income, if any, may be subject to income tax.

Management has evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for the tax years ending June 30, 2020 and before.

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

Note 1 Summary of Significant Accounting Policies (Continued)

Subsequent Events In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 19, 2024, the date the financial statements were available to be issued.

Note 2 Concentration of Credit Risk

The Organization maintains cash balances at a financial institution, which at times may exceed federally insured limits. The Organization had uninsured cash of $378,406 as of June 30, 2024.

As of June 30, 2024, two vendors comprised approximately 100% of grants receivable and two donors comprised approximately 83% of contributions receivable. For the year ended June 30, 2024, two vendors comprised approximately 99% of grant revenue.

Note 3 Availability and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2024:

Cash and cash equivalents	$1,879,766
Grants receivable	1,142,471
Contributions receivable	922,930
Other accounts receivable	4,776
	3,949,943
Less net assets with donor restrictions	1,189,500
	$2,760,443

The Organization has one line of credit available totaling $350,000 to meet cash flow needs (see Note 6).

Note 4 Grants and Contributions Receivable

Future collections of grants and contributions receivable are expected as follows for the years ending:

2025	$1,855,401
2026	150,000
2027	60,000
	$ 2,065,401

Note 4 Grants and Contributions Receivable (Continued)

The fair value of contributions receivable is measured on a nonrecurring basis by estimating future cash flows, based on history of the Organization's collection, and discounting the carrying amount to present value using the 5-year treasury yield rate which is 4.33% at June 30, 2024 (Level 2 inputs). The unamortized present value discount on the contributions receivable balance is not considered material for financial statement purposes at June 30, 2024.

Note 5 Related Party Transactions

The Organization conducts transactions with various related parties, including key employees, board members, and related foundations that help support the Organization. The Organization has contributions receivable from a key employee of $2,013 at June 30, 2024. The Organization has revenue from two board members of $62,470 during the year ended June 30, 2024.

Note 6 Line of Credit

The Organization has a $350,000 revolving line of credit agreement with Community Vision Capital & Consulting with a maturity date of April 2025. Interest is calculated at a fixed rate of 6.75%. The line of credit is secured by receivables and equipment. There was no outstanding balance as of June 30, 2024. The line of credit contains various covenants and restrictions.

Note 7 Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of June 30, 2024:

College Access	$ 988,500
Time restricted	176,000
Promotora PEDAL Program	25,000
	$1,189,500

Note 8 Net Assets Released from Restriction

Reclassifications on the statement of activities and changes in net assets represent net assets with donor restrictions, which have been utilized in accordance with the donor restrictions.

Donor restriction reclassifications for the year ended June 30, 2024 are summarized as follows:

College Access	$1,041,181
Time restricted	370,750
Parent Partner Program	12,500

Note 8 Net Assets Released from Restriction (Continued)

Extended Day Program	$ 135,000
Promotora PEDAL Program	108,000
	$ 1,667,431

Note 9 Operating Leases

The Organization leases office space and copier leases under operating leases expiring in various years through 2029. The leases include fixed rental payments. For the year ended June 30, 2024, the Organization recognized lease expense as follows:

Operating lease cost:	
Fixed lease expense	$ 50,797
Short-term lease expense	22,844
Net lease cost	$ 73,641

During the year ended June 30, 2024, the Organization has the following cash and non-cash activities associated with leases:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 31,885
Noncash investing and financing activities:	
Right-of-use assets obtained in exchange for operating lease liabilities at implementation	$ 392,122

The future payments due under operating leases as of June 30, 2024 is as follows:

2025	$ 109,751
2026	108,610
2027	97,954
2028	87,297
2029	58,198
	461,810
Less effects of discounting	40,543
	$ 421,267

As of June 30, 2024, the weighted average remaining lease term for all operating leases is 4.39 years. Since the Organization generally does not have access to the rate implicit in the lease, the Organization utilizes its risk-free rate as the discount rate. The weighted average discount rate associated with operating leases as of June 30, 2024 is 4.23%.

Note 10 Retirement Plan

The Organization participates in a defined contribution plan that covers substantially all full-time employees. The Organization contributes up to 3% of employee compensation after completion of one year of employment for employees who are employed on the last day of the plan year. The Organization also offers a discretionary contribution up to 5% of employee compensation under their leadership retention policy. Employer contributions and leadership retention contributions were $144,429 and $125,754, respectively, for the year ended June 30, 2024. Subsequent to plan year end, the plan was amended to contribute up to 8% of employee compensation.

Note 11 Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as and for the year ended:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs that are unobservable inputs for the asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

There have been no changes in the methodologies used at June 30, 2024.

Money market funds: Valued at the net asset value (NAV) of shares held by the Organization at year end.

Note 11 Fair Value Measurements (Continued)

Grants and contributions receivable: Measured on a nonrecurring basis by estimating future cash flows, based on history of the Organization's collection, and discounting the carrying amount to present value using the 5-year treasury yield rate at year-end, if material.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value as of:

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
Money market funds	$1,015,673	$ -	$ -	$1,015,673
Grants and contributions receivable	-	2,065,401	-	2,065,401
Total assets in the fair value hierarchy	$1,015,673	$2,065,401	$ -	$3,081,074

Note 12 Contingencies

The Organization has received a claim. The claim is expected to be covered by the Organization's prior insurance carrier. As of financial statement issuance date, the amount of exposure cannot be reasonably estimated.