

Ready to Succeed

Financial Statements

June 30, 2024

Ready to Succeed

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Independent Auditors' Report

To the Board of Directors of
Ready to Succeed

Opinion

We have audited the financial statements of Ready to Succeed (the Organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, 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 *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.

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.

Baker Tilly US, LLP

Los Angeles, California
February 5, 2025

Ready to Succeed

Statement of Financial Position

June 30, 2024

Assets	
Cash	\$ 1,812,329
Contributions Receivable, Net	1,358,234
Other Assets	<u>112,100</u>
Total assets	<u><u>\$ 3,282,663</u></u>
Liabilities and Net Assets	
Liabilities	
Accounts payable	\$ 93,677
Accrued expenses	<u>136,076</u>
Total liabilities	<u>229,753</u>
Net Assets	
Without donor restrictions	1,488,424
With donor restrictions	<u>1,564,486</u>
Total net assets	<u>3,052,910</u>
Total liabilities and net assets	<u><u>\$ 3,282,663</u></u>

See notes to financial statements

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Statement of Activities

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support			
Contributions	\$ 867,026	\$ 3,470,898	\$ 4,337,924
Investment income, net	65,396	-	65,396
Net assets released from restrictions	3,379,603	(3,379,603)	-
Total support	4,312,025	91,295	4,403,320
Expenses			
Program services	3,036,579	-	3,036,579
Management and general	554,697	-	554,697
Fundraising	642,441	-	642,441
Total expenses	4,233,717	-	4,233,717
Change in net assets	78,308	91,295	169,603
Net Assets, Beginning	1,410,116	1,473,191	2,883,307
Net Assets, Ending	<u>\$ 1,488,424</u>	<u>\$ 1,564,486</u>	<u>\$ 3,052,910</u>

See notes to financial statements

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Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 1,211,380	\$ 243,408	\$ 390,476	\$ 1,845,264
Student support and programs	1,586,468	-	-	1,586,468
Professional fees	91,718	239,750	1,813	333,281
Fundraising events	-	-	235,564	235,564
Office expenses	72,651	12,608	5,248	90,507
Technology expense	28,143	28,746	-	56,889
Advertising and marketing	42,152	3,103	-	45,255
Other expense	277	11,941	9,340	21,558
Conference, meetings and travel	3,790	15,141	-	18,931
Total expenses	<u>\$ 3,036,579</u>	<u>\$ 554,697</u>	<u>\$ 642,441</u>	<u>\$ 4,233,717</u>

See notes to financial statements

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Statement of Cash Flows
Year Ended June 30, 2024

Cash Flows From Operating Activities

Change in net assets	\$ 169,603
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Changes in operating assets and liabilities:	
Contributions receivable	(628,965)
Other assets	(66,479)
Accounts payable	(51,437)
Accrued expenses	71,622
	<hr/>
Net cash used in operating activities	(505,656)

Cash Flows From Investing Activities

Purchases of investments	(150,000)
Sales of investments	1,848,179
	<hr/>
Net cash provided by investing activities	1,698,179
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Net increase in cash	1,192,523

Cash, Beginning	<hr/> 619,806
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Cash, Ending	<hr/> <hr/> \$ 1,812,329
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See notes to financial statements

Ready to Succeed

Notes to Financial Statements

June 30, 2024

1. Organization

Ready to Succeed (the Organization) is a California nonprofit organization, which is a career and personal development program that provides youth impacted by foster care and low-income first-generation college students with the resources, relationships, and opportunities they need to thrive, both personally and professionally.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions - Net assets not subject to donor-imposed stipulations. These funds may also be designated for specific purposes by action of the Board of Directors. The Organization did not have any net assets designated by the Board of Directors at June 30, 2024.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time, and net assets to be held in perpetuity as directed by the donors.

Cash and Cash Equivalents

Cash consists of all cash on hand maintained at banking institutions. The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2024, the Organization did not have any cash equivalents.

Investments

Investments are recorded at fair value. Interest income is recorded on an accrual basis and dividend income is recorded on the ex-dividend date. Unrealized and realized gains and losses are included in investment income in the accompanying statement of activities. At June 30, 2024, the Organization did not have any investments.

Contributions Receivable and Allowance for Doubtful Accounts

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue.

The Organization provides an allowance for doubtful accounts based upon management's evaluation of the collectability of individual promises. Contributions receivable are written off against the allowance when it is probable that the receivable will not be collected. As of June 30, 2024, there was no allowance for doubtful accounts.

Ready to Succeed

Notes to Financial Statements

June 30, 2024

Revenue Recognition

Unconditional contributions and grants are recognized as revenue when the promise to give is made by the donor. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending upon the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give are excluded from support and revenues until the conditions are substantially met. At June 30, 2024, there were no conditional promises to give.

Functional Expenses

Costs of providing program and supporting services have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on usage and employee time.

Income Taxes

The Organization is exempt from federal and state Income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). Accordingly, it has not provided for income taxes in these financial statements.

Each year, management considers whether any material tax position the Organization has taken is more likely than not to be sustained upon examination by the applicable taxing authority.

Management believes that any positions the Organization has taken are supported by substantial authority and, hence, do not need to be measured or disclosed in these financial statements.

Use of Estimates

The preparation of financial statements in conformity with 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 revenue and expenses during the reporting period. Significant accounting estimates include the functional allocation of expenses. Actual results may differ from those estimates.

Subsequent Events

The Organization has evaluated events through February 5, 2025, which is the date the financial statements were approved and available to be issued.

3. Liquidity

The Organization monitors liquidity required to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal, including cash, investments, and receivables. The table below presents financial assets available to fund general operating expenditures, which the Organization considers to be all expenditures for program or supporting services, within one year at June 30, 2024:

Cash	\$ 1,812,329
Contributions receivable due in one year or less	<u>1,134,752</u>
Financial assets available to meet general operating expenditures within one year	<u>\$ 2,947,081</u>

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Notes to Financial Statements

June 30, 2024

4. Contributions Receivable, Net

At June 30, 2024, contributions receivable, net consist of unconditional promises to give and have been recorded at their present values. Those receivables that are due in future periods have been discounted to their present values, using an average discount rate of 4.62%. The receivables are recorded as follows:

Due in less than one year	\$ 1,134,752
Due in one to five years	<u>250,000</u>
Total contributions receivable	1,384,752
Less discount for present value	<u>(26,518)</u>
Net realizable value	<u>\$ 1,358,234</u>

5. Net Assets With Donor Restrictions

At June 30, 2024, net assets with donor restrictions consist of donations which are either available for future periods and/or for specific programs as follows:

Ready to Succeed/Career Accelerator Program	\$ 1,103,998
Kayne Scholars Program	<u>460,488</u>
Total	<u>\$ 1,564,486</u>

For the year ended June 30, 2024, net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

Ready to Succeed/Career Accelerator Program	\$ 1,577,396
SNAP Foundation Youth Advisory Council	51,310
Kayne Scholars Program	1,684,897
Ready to Succeed Program Expansion	<u>66,000</u>
Total	<u>\$ 3,379,603</u>

6. Leases

The Organization leases its office space under a noncancelable operating lease expiring in January 2024 when the lease became month-to-month. Total rent expense under this lease was \$55,620 for the year ended June 30, 2024.

7. Employee Benefit Plan

The Organization offers employees the opportunity for participation in the Organization's 401(k) Plan (the Plan). The Plan covers all eligible employees of the Organization and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Organization may make discretionary contributions to the Plan. All employees who are over 18 years of age and have completed three months of service are eligible to participate in the Plan. The Organization contributed \$43,299 to the Plan during the year ended June 30, 2024.

8. Concentrations

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash. Risks associated with cash are mitigated by banking with creditworthy institutions. Such balances with any one institution may, at times, be in excess of federally insured amounts (currently \$250,000 per depositor).

For the year ended June 30, 2024, the Organization received approximately 58% of its contributions from two donors. As of June 30, 2024, 88% of the contributions receivable were due from three donors.