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Ready to Succeed

Financial Statements

June 30, 2023

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, 2023, 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, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 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 28, 2024

Ready to Succeed

Statement of Financial Position
June 30, 2023

Assets		
Cash	$	619,806
Investments		1,698,179
Contributions Receivable, Net		729,269
Other Assets		45,621
Total assets	$	3,092,875
Liabilities and Net Assets		
Liabilities		
Accounts payable	$	145,114
Accrued expenses		64,454
Total liabilities		209,568
Net Assets		
Without donor restrictions		1,410,116
With donor restrictions		1,473,191
Total net assets		2,883,307
Total liabilities and net assets	$	3,092,875

See notes to financial statements

Ready to Succeed

Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support			
Contributions	$ 1,049,437	$ 3,510,675	$ 4,560,112
Investment income, net	6,038	-	6,038
Net assets released from restrictions	2,454,026	(2,454,026)	-
Total support	3,509,501	1,056,649	4,566,150
Expenses			
Program services	2,243,030	-	2,243,030
Management and general	245,137	-	245,137
Fundraising	382,982	-	382,982
Total expenses	2,871,149	-	2,871,149
Change in net assets	638,352	1,056,649	1,695,001
Net Assets, Beginning	771,764	416,542	1,188,306
Net Assets, Ending	$ 1,410,116	$ 1,473,191	$ 2,883,307

See notes to financial statements

Ready to Succeed

Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 1,178,502	$ 60,044	$ 269,619	$ 1,508,165
Student support and programs	677,252	1,372	5,658	684,282
Professional fees	238,758	124,518	19,116	382,392
Office expenses	76,950	8,611	3,512	89,073
Advertising and marketing	7,950	10,567	61,498	80,015
Technology expense	35,269	22,032	4,294	61,595
Other	9,742	11,445	18,168	39,355
Conference, meetings and travel	18,607	6,548	1,117	26,272
Total expenses	$ 2,243,030	$ 245,137	$ 382,982	$ 2,871,149

Ready to Succeed

Statement of Cash Flows
Year Ended June 30, 2023

Cash Flows From Operating Activities	
Change in net assets	$ 1,695,001
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Unrealized loss on investments	2,098
Changes in operating assets and liabilities:	
Contributions receivable	(427,148)
Other assets	(18,069)
Accounts payable	(65,225)
Accrued expenses	12,107
Net cash provided by operating activities	1,198,764
Cash Flows From Investing Activities	
Purchase of investments	(1,700,277)
Net cash used in investing activities	(1,700,277)
Net decrease in cash	(501,513)
Cash, Beginning	1,121,319
Cash, Ending	$ 619,806

See notes to financial statements

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, 2023.

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, 2023, 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.

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, 2023, there was no allowance for doubtful accounts.

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, 2023, 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 and the valuation of investments. Actual results may differ from those estimates.

Fair Value Measurements

The Organization uses valuation techniques to measure fair value that maximize the use of observable inputs and minimize the use of unobservable inputs. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. Investments measured at fair value on a recurring basis are categorized according to the fair value hierarchy consisting of the following three levels:

Level 1 - Valuation inputs are obtained from real-time quotes for transactions in active exchange markets involving identical assets and liabilities.

Level 2 - Valuation inputs are obtained from readily-available pricing sources for comparable instruments.

Level 3 - Valuation inputs are obtained without observable market value and require a high level of judgment to determine the fair value.

Subsequent Events

The Organization has evaluated events through February 28, 2024, 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, 2023:

Cash	$ 619,806
Investments	1,698,179
Contributions receivable due in one year or less	701,000
Financial assets available to meet general operating expenditures within one year	$ 3,018,985

4. Contributions Receivable, Net

At June 30, 2023, contributions receivable 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 a discount rate of 3%. The receivables are recorded as follows:

Due in less than one year	$ 701,000
Due in one to five years	30,000
Total contributions receivable	731,000
Less discount for present value	(1,731)
Net realizable value	$ 729,269

5. Investments and Fair Value Measurements

At June 30, 2023, the fair value of the Organization's investments on a recurring basis were as follows:

	Level 1	Level 2	Level 3	Total
Money market	$ 103,719	$ -	$ -	$ 103,719
Fixed income	-	1,594,460	-	1,594,460
Total investments held at fair value	$ 103,719	$ 1,594,460	$ -	$ 1,698,179

6. Net Assets With Donor Restrictions

At June 30, 2023, 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	$	732,096
SNAP Foundation Youth Advisory Council		51,310
Kayne Scholars Program		623,785
Ready to Succeed Program Expansion		66,000
Total	$	1,473,191

For the year ended June 30, 2023, 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	$	722,525
SNAP Foundation Youth Advisory Council		132,232
Kayne Scholars Program		1,422,269
Ready to Succeed Program Expansion		177,000
Total	$	2,454,026

7. 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 $50,189 for the year ended June 30, 2023. The Organization's scheduled future minimum lease payments for the year ending June 30, 2024 is $32,445.

8. Concentrations

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and investments. 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).

Investments are secured up to the limits set by the Securities Investors Protection Corporation (SPIC). Investments in general are exposed to various risks, such as interest rate, credit and overall market volatility.

For the year ended June 30, 2023, the Organization received approximately 44.9% of its contributions from one donor and 72.8% of the receivable balance was from four donors.