

Ready to Succeed

Financial Statements

June 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
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, 2022, and the related statement 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, 2022, 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.

The image shows a handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

San Francisco, California
January 26, 2023

READY TO SUCCEED
STATEMENT OF FINANCIAL POSITION
June 30, 2022

ASSETS

Cash	\$ 1,121,319
Contributions receivable, net	302,121
Other assets	<u>27,552</u>
Total assets	<u><u>\$ 1,450,992</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 210,339
Accrued expenses	<u>52,347</u>
Total liabilities	<u>262,686</u>

NET ASSETS

Without donor restrictions:	771,764
With donor restrictions	<u>416,542</u>
Total net assets	<u>1,188,306</u>
Total liabilities and net assets	<u><u>\$ 1,450,992</u></u>

READY TO SUCCEED
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT			
Contributions	\$ 859,950	\$ 1,422,770	\$ 2,282,720
Net assets released from restrictions	1,086,228	(1,086,228)	-
Total support	1,946,178	336,542	2,282,720
EXPENSES			
Program services	1,458,874	-	1,458,874
Management and general	170,330	-	170,330
Fundraising	259,032	-	259,032
Total expenses	1,888,236	-	1,888,236
Change in net assets	57,942	336,542	394,484
Net assets - beginning of year	713,822	80,000	793,822
Net assets - end of year	\$ 771,764	\$ 416,542	\$ 1,188,306

READY TO SUCCEED
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 677,060	\$ 72,490	\$ 151,801	\$ 901,351
Student support and programs	514,798	-	-	514,798
Professional fees	95,366	55,062	49,451	199,879
Office supplies	71,144	23,478	652	95,274
Other	50,269	10,965	14,540	75,774
Technology expense	45,244	4,474	6,331	56,049
Advertising and marketing	-	606	36,218	36,824
Conference, meetings and travel	1,782	3,255	39	5,076
Student outreach	3,211	-	-	3,211
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	\$ 1,458,874	\$ 170,330	\$ 259,032	\$ 1,888,236

READY TO SUCCEED
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022

Cash flows from operating activities:

Change in net assets \$ 394,484

Adjustments to reconcile change in net assets to net cash
provided by operating activities:

Changes in operating assets and liabilities:

Contributions receivable (197,121)

Other assets (24,352)

Accounts payable 168,537

Accrued expenses 44,608

Net cash provided by operating activities 386,156

NET INCREASE IN CASH 386,156

Cash - beginning of year 735,163

Cash - end of year \$ 1,121,319

READY TO SUCCEED
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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.

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, 2022, the Organization did not have any cash equivalents.

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, 2022, there was no allowance for doubtful accounts.

READY TO SUCCEED
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2022, 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.

New Accounting Pronouncements

In February 2016, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). ASU 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the statement of financial position. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. FASB has issued subsequent standards that deferred the implementation date. Topic 842 (as amended) is effective for annual periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Organization is currently assessing the effect that Topic 842 (as amended) will have on its financial statements.

READY TO SUCCEED
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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 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, 2022:

Cash	\$ 1,121,319
Contributions receivable due in one year or less	<u>189,500</u>
Financial assets available to meet general operating expenditures within one year	<u><u>\$ 1,310,819</u></u>

4. CONTRIBUTIONS RECEIVABLE, NET

At June 30, 2022, 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:

2023	\$ 189,500
2024	<u>116,000</u>
	305,500
Less discount for present value	<u>(3,379)</u>
Net realizable value	<u><u>\$ 302,121</u></u>

5. NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2022, 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	\$ 100,000
SNAP Foundation Youth Advisory Council	183,542
Ready to Succeed Program Expansion	<u>133,000</u>
	<u><u>\$ 416,542</u></u>

READY TO SUCCEED
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

5. NET ASSETS WITH DONOR RESTRICTIONS (continued)

For the year ended June 30, 2022, 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	\$ 142,120
SNAP Foundation Youth Advisory Council	66,708
Kayne Scholars Program	817,100
Ready to Succeed Program Expansion	<u>60,300</u>
	<u><u>\$ 1,086,228</u></u>

6. COMMITMENTS

The Organization leases office space under a noncancelable operating lease which expires in January 2024 (See Note 8). Total rent expense for the year ended June 30, 2022 was \$48,800.

The Organization's minimum lease requirements under the lease subsequent to June 30, 2022 are as follows:

2023	<u><u>\$ 22,500</u></u>
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7. 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). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk.

For the year ended June 30, 2022, the Organization received approximately 30% of its contributions from one donor and 96% of the receivable balance was from four donors.

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 26, 2023, which is the date the financial statements were available to be issued and determined that there were no subsequent events or transactions that required recognition or disclosure in the financial statements except for those disclosed below.

In January 2023, the Organization extended its lease agreement for office space which expires in January 2024 (See Note 6).