

HIGHTSIGHT

**FINANCIAL STATEMENTS
YEARS ENDED
JUNE 30, 2023 AND 2022**

HIGHTSIGHT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hightsight
Chicago, Illinois

Opinion

I have audited the accompanying financial statements of Hightsight (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hightsight as of June 30, 2023 and 2022, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Hightsight and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Hightsight's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

My objective is 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 my 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 generally accepted auditing standards 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 judgement made by a reasonable user based on the financial statements.

Auditor’s Responsibilities for the Audit of the Financial Statements – continued

In performing an audit in accordance with generally accepted auditing standards, I:

- . 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 Highsight’s internal control. Accordingly, no such opinion is expressed.
- . Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the of the financial statements.
- . Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Highsight’s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Report on Summarized Comparative Information

I have previously audited Highsight’s 2022 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated November 30, 2022. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements form which it has been derived.



Helen J. Ajder, CPA, PC
Chicago, IL
October 25, 2023

HIGHTSIGHT**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash in banks	\$ 1,011,842	\$ 884,322
Cash in bank - with donor restrictions	184,552	188,222
Due from IL tax credit scholarships	10,591	5,125
Prepaid expense	<u>7,620</u>	<u>6,850</u>
Total current assets	1,214,605	1,084,519
FURNITURE		
Furniture fixtures and computers	<u>34,035</u>	<u>34,035</u>
	34,035	34,035
Less: accumulated depreciation	<u>34,035</u>	<u>34,035</u>
Net	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 1,214,605</u></u>	<u><u>\$ 1,084,519</u></u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	11,353	8,791
Deferred revenue - tax credit account	-	41,250
Due to Hightsight	<u>10,591</u>	<u>5,125</u>
Total current liabilities	21,944	55,166
COMMITMENTS AND CONTINGENCIES	-	-
NET ASSETS		
Without donor restrictions	1,020,255	889,061
With donor restrictions	<u>172,406</u>	<u>140,292</u>
Total net assets	<u>1,192,661</u>	<u>1,029,353</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,214,605</u></u>	<u><u>\$ 1,084,519</u></u>

The accompanying notes are an integral part of these financial statements

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STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2023 and 2022

PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Grants	\$ 494,500	\$ -	\$ 494,500	\$ 399,000
Donations	235,121	-	235,121	370,697
Special events and fundraising - net	228,417	-	228,417	8,327
IL tax credit scholarships	-	139,829	139,829	60,072
Commissions earned - ITC	5,117	(5,117)	-	-
Investment income/loss	6,767	-	6,767	(2,275)
Miscellaneous Income	3,349	-	3,349	-
Total Public Support, Revenues	973,271	134,712	1,107,983	835,821
EXPENSES				
Program Service				
Tuition and scholarships	238,352	-	238,352	216,600
ITC scholarships	-	101,953	101,953	204,522
Academic, college prep and summer programs	445,242	-	445,242	388,481
Supporting Services				
Administrative	47,829	645	48,474	47,722
Fundraising	110,654	-	110,654	107,847
TOTAL EXPENSES	842,077	102,598	944,675	965,172
CHANGE IN NET ASSETS	131,194	32,114	163,308	(129,351)
NET ASSETS, BEGINNING OF YEAR	889,061	140,292	1,029,353	1,158,704
NET ASSETS, END OF YEAR	\$ 1,020,255	\$ 172,406	\$ 1,192,661	\$1,029,353

See accompanying notes to financial statements.

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STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS UTILIZED BY OPERATING ACTIVITIES:		
Change in unrestricted net assets	\$ 131,194	\$ 21,750
Adjustments to reconcile change in unrestricted net assets to net cash provided by (used in) operating activities:		
Non - cash items		
Depreciation	-	-
(Increase) decrease in grants receivable	-	-
(Increase) decrease in accounts receivable	-	-
(Increase) decrease in value of donated stock	(10,932)	21,362
(Increase) decrease in prepaid expenses	(770)	710
Increase (decrease) in accounts payable and tuition payable	<u>2,562</u>	<u>3,786</u>
Net cash provided by (used in) operating activities	<u>122,054</u>	<u>47,608</u>
CASH FLOWS UTILIZED BY FINANCING ACTIVITIES:		
Due from IL tax credit account	<u>5,466</u>	<u>(11,474)</u>
Net provided by (used in) financing activities	<u>5,466</u>	<u>(11,474)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	127,520	36,134
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>884,322</u>	<u>848,188</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,011,842</u>	<u>\$ 884,322</u>

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STATEMENT OF FUNCTIONAL EXPENSES YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
PROGRAM SERVICES:		
Tuition and scholarships	<u>\$ 238,352</u>	<u>\$ 216,600</u>
Academic, college prep and summer programs		
Outings and activities	\$ 57,421	\$ 16,819
Salaries and benefits	325,415	315,959
Meetings	2,972	4,416
Printing and postage	4,730	6,462
Office supplies	9,337	11,276
Rent	21,600	21,600
Repairs and maintenance	10,351	221
Insurance	9,352	8,236
Telephone	<u>4,064</u>	<u>3,492</u>
Total	<u>\$ 445,242</u>	<u>\$ 388,481</u>
SUPPORTING SERVICES:		
Administrative		
Salaries and benefits	\$ 37,981	\$ 36,877
Printing and postage	364	497
Office supplies	518	626
Rent	1,200	1,200
Repairs and maintenance	575	12
Insurance	1,465	1,290
Professional fees	5,500	5,500
Telephone	<u>226</u>	<u>194</u>
Total	<u>\$ 47,829</u>	<u>\$ 46,196</u>
Fundraising		
Salaries and benefits	\$ 105,501	\$ 102,436
Printing and postage	2,183	2,982
Office supplies	518	626
Rent	1,200	1,200
Repairs and maintenance	575	12
Insurance	451	397
Telephone	<u>226</u>	<u>194</u>
Total	<u>\$ 110,654</u>	<u>\$ 107,847</u>

The accompanying notes are an integral part of these financial statements

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 AND 2021

NOTE 1 – Organization and Purpose

Highsight's mission is to provide academic support to inner-city Chicago high school students. The program provides:

HIGH SCHOOL SCHOLARSHIPS: Highsight provides partial scholarships for students to attend quality private high schools in Chicago.

ACADEMIC PROGRAM: Highsight scholars meet three times a week with adult volunteer mentors for academic support.

COLLEGE PREPARATION: As the goal of every Highsight scholar is to attend college, Highsight provides a number of activities to help them achieve that goal, such as ACT preparation, application workshops and college fairs and visits.

FRESHMAN SUMMER PROGRAM: Incoming freshman scholars take part in an intense, five-week academic program that emphasizes reading, math, writing, and study skills. The program culminates with Freshman Week, where students work on team-building and leadership development.

SOPHOMORE SUMMER PROGRAM: This intensive summer experience is designed to assist students in making a positive transition to their second year of high school. Students focused on writing and character development while reading books on setting goals and planning for college.

SUMMER LEADERSHIP PROGRAM: The program starts with a weekend retreat and training focused on Steven Covey's *The Seven Habits of Highly Effective Teens*. Throughout the summer, scholars meet more than a dozen sessions to improve their communication skills, enhance their leadership skills and increase their self-confidence through a variety of individual and group activities.

INDEPENDENT SUMMER PROGRAMS: Students participate in programs that include discovery, enrichment and adventure on college campus, boarding schools, and in the great outdoors throughout the United States, and international travel to nations around the world.

PROJECT COLLEGE PROGRAM: Project College works with additional high school seniors, beyond those in our four-year scholarship program. Students are provided with a disciplined college-counseling formula, application and essay assistance, onsite college interviews, and financial aid support to attend elite colleges and universities across the country.

SCHOLARSHIP GRANTING ORGANIZATION: Since 2017, the Organization applied for and was approved to be a Scholarship Granting Organization (SGO) under the Illinois Invest in Kids Act of 2017. In this role, the Organization administers scholarships to students whose families meet the Act's income requirements. Funds received by the Organization as an SGO are required to be held in an account that is separate from the Organization's operating funds. The Organization is entitled to withhold 5% of the funds received to cover administrative costs.

Highsight's support comes primarily from foundations and special events, as well as individual donor contributions.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

NOTE 1 – Organization and Purpose (continued)

The Organization was incorporated August 31, 1995 (State of Illinois) and began operations on January 1, 1996.

NOTE 2 - Basis of Presentation

The financial statements are prepared in accordance with the accrual basis method accounting. Under this method, income is recognized when earned and expenses are recognized when incurred.

Revenues and contributions are recorded as without donor restrictions or with donor restrictions depending existence or nature of any donor restrictions. The Organization reports contributions received and other assets as with donor restrictions if the contributions are received with donor stipulations that limit the used of the donated assets.

Net assets

Net assets and revenues are classified based upon the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted grants and contributions in which the restrictions are met in the same reporting period are reported as support without donor restrictions.

NOTE 3 - Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those assumptions and estimates.

Functional allocation of expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and the supporting services benefited.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

NOTE 3 - Summary of Significant Accounting Policies – continued

Cash and Cash Equivalents

The Organization considers all cash, savings and checking accounts, and highly liquid investments with a maturity of three months or less at the date of purchase, to be cash and cash equivalents.

The Organization maintains cash balances at various banking institutions located in the Chicagoland area. In the normal course of business, the Organization may have amounts on deposit at financial institutions that exceeds the amount covered by FDIC insurance. As of June 30, 2023, there were two accounts that exceeded the FDIC insurance limit. The Organization does not believe it is exposed to any significant credit risk relating to uninsured deposits.

Receivable - Grants

Receivable - grants consists of support grants from government agencies or foundations that the Organization has received notification of approval. At year end June 30, 2023 and 2022 there were no outstanding receivable grant balances.

Property and Equipment

The Organization's policy is to capitalize property and equipment additions over \$1,000 and to depreciate them using the straight-line method over their estimated useful lives ranging from three to thirty years. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Maintenance and repairs which neither materially add to the value of the property nor appreciable prolong its life, are charged to expense as incurred.

Allowance for Doubtful Accounts

The Organization uses the allowance method to account for uncollectible accounts receivable. Under this method, accounts receivable are stated at the amount that management expects to collect from outstanding balances. Based upon assessment of the current status of individual receivable accounts, bad debt expense is charged against the allowance account. Balances, which remain outstanding after management has used reasonable collection efforts, are written off as a charge to the allowance account.

The accounts receivable are expected to be collected, therefore, no allowance for doubtful accounts has been recorded.

Contributions Received or Made

The Organization has adopted the provisions of ASC - 958 ("ASC") Accounting for Contributions Received and Made which provides that contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. The Organization is participating in a Illinois approved Scholarship Granting Organization (SGO), which resulted in a donor-restricted fund balance of \$172,406 and \$140,292 at June 30, 2023 and 2022 respectively. See Footnote 1.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

NOTE 3 - Summary of Significant Accounting Policies (continued)

Tax Exempt Status

The Organization is a nonprofit organization which has been granted tax-exempt status as a public charity under Section 501 (c) (3) of the Internal Revenue Code. The Organization would be required to pay income taxes on any net unrelated business income. During year end 2022 and 2021, the Organization did not engage in unrelated business activities.

Donated Services

No amounts have been reflected in the financial statements for donated services because the criteria for recognition under ASC - 958 ("ASC") Accounting for Contributions Received and Made have not been satisfied. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, fund raising activities, building remodeling and various committee assignments. The Organization receives more than 5,000 volunteer hours per year.

Special Events and Fundraising - Net

During the year ended June 30, 2023 the Organization held various fundraising events. The breakdown is as follows:

	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>
Eve of the Eve	\$ 176,726	\$ 86,853	\$ 89,873
Scholarship Dinner	143,941	30,111	113,830
Others	<u>25,821</u>	<u>1,107</u>	<u>24,714</u>
Total	<u>\$ 346,488</u>	<u>\$ 118,071</u>	<u>\$ 228,417</u>

NOTE 4 - Tuition Payable

As part of the Organization's mission, it provides scholarships to enable its students to attend various private high schools. The Organization has entered into various arrangements with these schools to pay a portion of student's tuition. At year end June 30, 2023 and 2022, there were no outstanding tuition balances due.

NOTE 5 - Commitments and Contingencies

Tuition Payable - Scholarships

At year end June 30, 2023 the Organization is planning to assist approximately 110 scholarship students at various private high schools for the school year of September 2023 thru June 2024. Management estimates tuition commitments at \$ 300,000 for the year ended June 30, 2024.

At year end June 30, 2022 the Organization planned to assist approximately 110 scholarship students at various private high schools for the school year of September 2022 thru June 2023. Management estimated tuition commitments at 300,000 for the year ended June 30, 2023. The actual cost was \$238,352 for 102 students.

These commitments are contingent upon the student scholar maintaining a defined level of scholastic performance, the high school participation in the scholarship program and other factors.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

NOTE 5 - Commitments and Contingencies - continued

As a Scholarship Granting Organization (SGO) under the Illinois Invest in Kids Act, the Organization is one of a small number of entities designated to collect donations from individuals and businesses seeking to support scholarships for students to attend private K-12 institutions in Illinois.

The Organization then provides scholarships to students whose families meet the Act's income requirements. Not all students benefiting from these scholarships participate in other Organization activities. SGO's are entitled to withhold 5% of the funds received to cover administrative costs. At the years end June 30, 2023 and 2022, the Organization has assisted 8 and 17 students respectively, with scholarships to attend 4 high schools for the school year 2022-2023 and 3 high schools for the school year 2021-2022. Tuition costs were \$101,953 and \$204,522 for the years ending June 30, 2023 and 2022, in accordance with the Invest in Kids program.

Lease

As of July 1, 2020, the Organization entered into a lease agreement for office and academic program space at 1711 North Cleveland Street, Chicago, Illinois with St. Michael's Church. The lease term is for five years commencing July 1, 2020. The lease can be renewed at the end of the five year period, for an additional five years at the market rate at that time. At June 30, 2023, the lease was renewed for five years.

NOTE 6 - Employee Benefit Plan

The Organization sponsors a Simple IRA retirement plan that covers all full time employees. For the years ended June 30, 2023 and 2022 the contributions to the plan were \$ 10,405 and \$ 10,406 respectively.

NOTE 7 – Liquidity and Availability

Financial assets available for general expenditures, 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, 2023:

Financial assets at year-end, net of current liabilities:

Cash and cash equivalents	\$ 1,011,842
Less: Current liabilities	<u>(11,853)</u>
Total financial assets, net of current liabilities	\$ 999,989

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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 – Liquidity and Availability – continued

Financial assets available to meet cash needs for general expenditures over the next twelve months.

\$ 999,989

NOTE 8 - Subsequent Events

Management has evaluated subsequent events through October 25, 2023, the date which the financial statements were available for issue and there were no reportable subsequent events.