

HIGHTSIGHT

**FINANCIAL STATEMENTS
YEARS ENDED
JUNE 30, 2021 AND 2020**

HIGHTSIGHT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hightsight
Chicago, Illinois

Report on the Financial Statements

I have audited the accompanying financial statements of Hightsight, a nonprofit organization, which comprise the statement of financial position as of June 30, 2021 and 2020, and the related statement of activities and net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hightsight. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Helen J. Ajder, CPA, PC
Chicago, IL
November 19, 2021

HIGHTSIGHT

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash in banks	\$ 848,188	\$ 489,898
Cash in bank - with donor restrictions	307,961	496,563
Grants receivable	-	50,000
Account receivable	-	12,500
Due from IL tax credit scholarships	16,599	53,994
Prepaid expense	<u>7,560</u>	<u>7,818</u>
Total current assets	1,180,308	1,110,773
FURNITURE		
Furniture fixtures and computers	34,035	34,035
Leasehold improvements	<u>0</u>	<u>53,716</u>
	34,035	87,751
Less: accumulated depreciation	<u>34,035</u>	<u>87,751</u>
Net	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 1,180,308</u></u>	<u><u>\$ 1,110,773</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	5,005	24,378
Deferred revenue - tax credit account	-	44,500
Due to Hightsight	16,599	53,994
Tuition payable	<u>-</u>	<u>40,622</u>
Total current liabilities	21,604	163,494
COMMITMENTS AND CONTINGENCIES	-	-
NET ASSETS		
Without donor restrictions	867,311	549,210
With donor restrictions	<u>291,393</u>	<u>398,069</u>
Total net assets	<u>1,158,704</u>	<u>947,279</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,180,308</u></u>	<u><u>\$ 1,110,773</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, 2021 and 2020

PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Grants	\$ 547,301	\$ -	\$ 547,301	\$ 378,148
Donations	358,981	-	358,981	287,227
Special events and fundraising - net	82,104	-	82,104	71,653
IL tax credit scholarships	-	329,613	329,613	1,071,130
Commissions earned - ITC	16,481	(16,481)	-	-
Investment income	1,621	-	1,621	3,913
Total Public Support, Revenues	1,006,488	313,132	1,319,620	1,812,071
EXPENSES				
Program Service				
Tuition and scholarships	209,750	-	209,750	190,672
ITC scholarships	-	419,808	419,808	693,323
Academic, college prep and summer programs	341,776	-	341,776	463,701
Supporting Services				
Administrative	40,466	-	40,466	49,349
Fundraising	96,395	-	96,395	114,533
TOTAL EXPENSES	688,387	419,808	1,108,195	1,511,578
CHANGE IN NET ASSETS	318,101	(106,676)	211,425	300,493
NET ASSETS, BEGINNING OF YEAR	549,210	398,069	947,279	646,786
NET ASSETS, END OF YEAR	\$ 867,311	\$ 291,393	\$ 1,158,704	\$ 947,279

See accompanying notes to financial statements.

HIGHTSIGHT**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS UTILIZED BY OPERATING ACTIVITIES:		
Change in unrestricted net assets	\$ 318,101	\$ (23,757)
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	50,000	(20,000)
(Increase) decrease in accounts receivable	12,500	4,005
(Increase) decrease in prepaid expenses	289	(1,476)
Increase (decrease) in accounts payable and tuition payable	<u>(59,995)</u>	<u>5,182</u>
Net cash provided by (used in) operating activities	<u>2,794</u>	<u>(12,289)</u>
CASH FLOWS UTILIZED BY FINANCING ACTIVITIES:		
Due from IL tax credit account	<u>37,395</u>	<u>(14,844)</u>
Net provided by (used in) financing activities	<u>37,395</u>	<u>(14,844)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	358,290	(50,890)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>489,898</u>	<u>540,788</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 848,188</u></u>	<u><u>\$ 489,898</u></u>

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STATEMENT OF FUNCTIONAL EXPENSES YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
PROGRAM SERVICES:		
Tuition and scholarships	<u>\$ 209,750</u>	<u>\$ 190,672</u>
Academic, college prep and summer programs		
Outings and activities	\$ 7,892	\$ 24,795
Salaries and benefits	268,516	323,633
Meetings	2,854	4,888
Printing and postage	14,604	9,085
Office supplies	11,074	4,806
Rent	21,600	55,350
Repairs and maintenance	2,561	20,131
Utilities	3,277	8,567
Insurance	8,317	8,751
Auto expense	-	2,647
Telephone	<u>1,081</u>	<u>1,048</u>
Total	<u>\$ 341,776</u>	<u>\$ 463,701</u>
SUPPORTING SERVICES:		
Administrative		
Salaries and benefits	\$ 31,340	\$ 37,773
Printing and postage	1,123	699
Office supplies	615	267
Rent	1,200	3,075
Repairs and maintenance	142	1,119
Utilities	182	476
Insurance	1,304	1,371
Professional fees	4,500	4,511
Telephone	<u>60</u>	<u>58</u>
Total	<u>\$ 40,466</u>	<u>\$ 49,349</u>
Fundraising		
Salaries and benefits	\$ 87,055	\$ 104,924
Printing and postage	6,740	4,193
Office supplies	615	267
Rent	1,200	3,075
Repairs and maintenance	142	1,118
Utilities	182	476
Insurance	401	422
Telephone	<u>60</u>	<u>58</u>
Total	<u>\$ 96,395</u>	<u>\$ 114,533</u>

The accompanying notes are an integral part of these financial statements

HIGHTSIGHT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

NOTE 1 – Organization and Purpose

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

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

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

COLLEGE PREPARATION: As the goal of every Hightsight scholar is to attend college, Hightsight 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.

INSIGHT ACADEMIC PROGRAM: The organization provides education and social support to middle school students by providing an adult tutor/mentor to help each child with their academics and personal development throughout the school year.

SCHOLARSHIP GRANTING ORGANIZATION: In 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.

Hightsight'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, 2021 AND 2020

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, 2021 AND 2020

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, 2021, 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, 2021 and 2020 the outstanding balances were \$ 0 and \$ 50,000 respectively.

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 \$291,393 and \$398,069 at June 30, 2021 and 2020 respectively. See Footnote 1.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

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 2021 and 2020, 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, 2021 the Organization held one fundraising events. Due to the Covid-19 restrictions, the Eve of the Eve Gala was not held in December 2020. The breakdown is as follows:

	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>
Eve of the Eve	\$ 0	\$ 0	\$ 0
Scholarship Dinner	<u>90,585</u>	<u>8,481</u>	<u>82,104</u>
Total	<u>\$ 90,585</u>	<u>\$ 8,481</u>	<u>\$ 82,104</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, 2021 and 2020, the balance due was \$ 0 and \$40,622, respectively.

NOTE 5 - Commitments and Contingencies

Tuition Payable - Scholarships

At year end June 30, 2021 the Organization is planning to assist approximately 101 scholarship students at various private high schools for the school year of September 2021 thru June 2022. Management estimates tuition commitments at \$300,000 for the year ended June 30, 2022.

At year end June 30, 2020 the Organization planned to assist approximately 100 scholarship students at various private high schools for the school year of September 2020 thru June 2021. Management estimated tuition commitments at 300,000 for the year ended June 30, 2021. The actual cost was \$209,750 for 80 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, 2021 AND 2020

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, 2021 and 2020, the Organization has assisted 35 and 59 students respectively, with scholarships to attend 6 high schools for the school year 2020-2021 and 4 high schools for the school year 2019-2020. Tuition costs were \$419,808 and \$693,323 for the years ending June 30, 2021 and 2020, 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.

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, 2021 and 2020 the contributions to the plan were \$ 8,456 and \$ 11,731 respectively.

NOTE 7 – Paycheck Protection Plan (PPP)

On April 21, 2020, The Organization received \$82,258 from the Paycheck Protection Plan (PPP), as part of the CARES Act. It is funded under the Small Business Administration, and is intended to provide loans to help business' and organizations with payroll and other costs. One hundred percent of the loan can be forgiven if the funds were used for payroll costs, business mortgage interest payments, rent or utilities. The Organization has met this requirement, and the loan was forgiven February 1, 2021 . In this case, the Organization has followed the Revenue Recognition Rules and included the funds as grant income for the year end June 30, 2021.

NOTE 8 – 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, 2021:

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

Cash and cash equivalents	\$ 848,188
Less: Current liabilities	<u>(5,005)</u>
Total financial assets, net of current liabilities	\$ 843,183

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

NOTE 8 – Liquidity and Availability – continued

Financial assets available to meet cash needs for general expenditures over the next twelve months. \$843,183

NOTE 9 - Subsequent Events

Management has evaluated subsequent events through November 19, 2021, the date which the financial statements were available for issue and there were no reportable subsequent events, except the COVID-19 outbreak. See Footnote 10.

NOTE 10- Subsequent Event – COVID-19 Outbreak

The COVID-19 outbreak in the United States has disrupted businesses, supply chains and consumer demand across a broad range of industries and countries. The extent of the impact of COVID-19 on the Organization’s operational and financial performance will depend upon certain developments, including the duration and spread of the outbreak, the impact upon the Organization’s employees, donors and vendors, all of which are uncertain and cannot be predicted. Management is carefully, monitoring the situation and evaluating its options at this time. As a result, the extent to which COVID-19 may impact the Organization’s financial position or activities is uncertain. No adjustments have been made to these financial statements as a result of this uncertainty.