

HIGHTSIGHT

**FINANCIAL STATEMENTS
YEARS ENDED
JUNE 30, 2022 AND 2021**

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, 2022 and 2021, 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, 2022 and 2021, 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 2021 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated November 19, 2021. 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 from which it has been derived.



Helen J. Ajder, CPA, PC
Chicago, IL
November 30, 2022

HIGHTSIGHT

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash in banks	\$ 884,322	\$ 848,188
Cash in bank - with donor restrictions	188,222	307,961
Due from IL tax credit scholarships	5,125	16,599
Prepaid expense	<u>6,850</u>	<u>7,560</u>
Total current assets	1,084,519	1,180,308
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>\$ 1,084,519</u></u>	<u><u>\$ 1,180,308</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	8,791	5,005
Deferred revenue - tax credit account	41,250	-
Due to Hightsight	<u>5,125</u>	<u>16,599</u>
Total current liabilities	55,166	21,604
COMMITMENTS AND CONTINGENCIES	-	-
NET ASSETS		
Without donor restrictions	889,061	867,311
With donor restrictions	<u>140,292</u>	<u>291,393</u>
Total net assets	<u>1,029,353</u>	<u>1,158,704</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,084,519</u></u>	<u><u>\$ 1,180,308</u></u>

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STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2022 and 2021

PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Grants	\$ 399,000	\$ -	\$ 399,000	\$ 547,301
Donations	370,697	-	370,697	358,981
Special events and fundraising - net	8,327	-	8,327	82,104
IL tax credit scholarships	-	60,072	60,072	329,613
Commissions earned - ITC	5,125	(5,125)	-	-
Investment income/loss	(2,275)	-	(2,275)	1,621
	780,874	54,947	835,821	1,319,620
EXPENSES				
Program Service				
Tuition and scholarships	216,600	-		209,750
ITC scholarships	-	204,522		419,808
Academic, college prep and summer programs	388,481	-		341,776
Supporting Services				-
Administrative	46,196	1,526		40,466
Fundraising	107,847	-		96,395
	759,124	206,048	965,172	1,108,195
TOTAL EXPENSES	759,124	206,048	965,172	1,108,195
CHANGE IN NET ASSETS	21,750	(151,101)	(129,351)	211,425
NET ASSETS, BEGINNING OF YEAR	867,311	291,393	1,158,704	947,279
NET ASSETS, END OF YEAR	\$ 889,061	\$ 140,292	\$ 1,029,353	\$1,158,704

See accompanying notes to financial statements.

HIGHSIGHT**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS UTILIZED BY OPERATING ACTIVITIES:		
Change in unrestricted net assets	\$ 21,750	\$ 318,101
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
(Increase) decrease in accounts receivable	-	12,500
(Increase) decrease in value of donated stock	(19,888)	-
(Increase) decrease in prepaid expenses	710	289
Increase (decrease) in accounts payable and tuition payable	3,786	(59,995)
Increase (decrease) in deferred income	41,250	-
	<u>25,858</u>	<u>2,794</u>
Net cash provided by (used in) operating activities		
CASH FLOWS UTILIZED BY FINANCING ACTIVITIES:		
Due from IL tax credit account	<u>(11,474)</u>	<u>37,395</u>
Net provided by (used in) financing activities	<u>(11,474)</u>	<u>37,395</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	36,134	358,290
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>848,188</u>	<u>489,898</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 884,322</u>	<u>\$ 848,188</u>

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STATEMENT OF FUNCTIONAL EXPENSES YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
PROGRAM SERVICES:		
Tuition and scholarships	<u>\$ 216,600</u>	<u>\$ 209,750</u>
Academic, college prep and summer programs		
Outings and activities	\$ 16,819	\$ 7,892
Salaries and benefits	315,959	268,516
Meetings	4,416	2,854
Printing and postage	6,462	14,604
Office supplies	11,276	11,074
Rent	21,600	21,600
Repairs and maintenance	221	2,561
Utilities	-	3,277
Insurance	8,236	8,317
Telephone	<u>3,492</u>	<u>1,081</u>
Total	<u>\$ 388,481</u>	<u>\$ 341,776</u>
SUPPORTING SERVICES:		
Administrative		
Salaries and benefits	\$ 36,877	\$ 31,340
Printing and postage	497	1,123
Office supplies	626	615
Rent	1,200	1,200
Repairs and maintenance	12	142
Utilities	-	182
Insurance	1,290	1,304
Professional fees	5,500	4,500
Telephone	<u>194</u>	<u>60</u>
Total	<u>\$ 46,196</u>	<u>\$ 40,466</u>
Fundraising		
Salaries and benefits	\$ 102,436	\$ 87,055
Printing and postage	2,982	6,740
Office supplies	626	615
Rent	1,200	1,200
Repairs and maintenance	12	142
Utilities	-	182
Insurance	397	401
Telephone	<u>194</u>	<u>60</u>
Total	<u>\$ 107,847</u>	<u>\$ 96,395</u>

The accompanying notes are an integral part of these financial statements

HIGHTSIGHT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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.

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.

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, 2022 AND 2021

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, 2022 AND 2021

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, 2022, there was one 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, 2022 and 2021 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 \$140,292 and \$291,393 at June 30, 2022 and 2021 respectively. See Footnote 1.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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, 2022 the Organization held one fundraising event. Due to the Covid-19 restrictions, the Eve of the Eve Gala was not held in December 2021. The breakdown is as follows:

	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>
Eve of the Eve	\$ 0	\$ 0	\$ 0
Scholarship Dinner	<u>46,000</u>	<u>40,289</u>	<u>5,711</u>
Total	<u>\$ 46,000</u>	<u>\$ 40,289</u>	<u>\$ 5,711</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, 2022 and 2021, there were no outstanding tuition balances due.

NOTE 5 - Commitments and Contingencies

Tuition Payable - Scholarships

At year end June 30, 2022 the Organization is planning to assist approximately 110 scholarship students at various private high schools for the school year of September 2022 thru June 2023. Management estimates tuition commitments at \$ 300,00 for the year ended June 30, 2023.

At year end June 30, 2021 the Organization planned to assist approximately 110 scholarship students at various private high schools for the school year of September 2021 thru June 2022. Management estimated tuition commitments at 300,000 for the year ended June 30, 2022. The actual cost was \$216,600 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, 2022 AND 2021

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, 2022 and 2021, the Organization has assisted 17 and 35 students respectively, with scholarships to attend 3 high schools for the school year 2021-2022 and 6 high schools for the school year 2020-2021. Tuition costs were \$204,522 and \$419,808 for the years ending June 30, 2022 and 2021, 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, 2022, 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, 2022 and 2021 the contributions to the plan were \$ 10,406 and \$ 8,456 respectively.

NOTE 7 – Paycheck Protection Plan (PPP)

On February 1, 2021, The Organization received \$72,300 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 or rent or utilities. The Organization has met this requirement, and the loan was forgiven in full on July 31, 2021. In this case, the Organization has followed the Revenue Recognition rules and included the funds as grant income for the year 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	\$ 884,322
Less: Current liabilities	<u>(50,041)</u>
Total financial assets, net of current liabilities	\$ 834,281

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

NOTE 8 – Liquidity and Availability – continued

Financial assets available to meet cash needs for general expenditures over the next twelve months. \$834,281

NOTE 9 - Subsequent Events

Management has evaluated subsequent events through November 30, 2022, 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.