

WORKING IN THE SCHOOLS, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2023 AND 2022

WORKING IN THE SCHOOLS, INC.
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WSDD

WSDD CPAs, Ltd. Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Working in the Schools, Inc.
Chicago, Illinois

Opinion

We have audited the accompanying financial statements of Working in the Schools, Inc., a nonprofit organization, which comprise the statements 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Working in the Schools, Inc. as of June 30, 2023 and 2022, and the changes in its 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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Working in the Schools, Inc. 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 Working in the Schools, Inc.'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 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 auditor's 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 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Working in the Schools, Inc.'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 Working in the Schools, Inc.'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.

WSDD CPAs, Ltd.

WSDD CPAs, Ltd.

Chicago, Illinois
October 19, 2023

WORKING IN THE SCHOOLS, INC.
Statements of Financial Position
June 30, 2023 and 2022

ASSETS		
	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 593,304	\$ 882,155
Promises to give, net	241,810	341,745
Prepaid expenses	216,561	16,950
Investments, at fair value	217,221	201,725
Property and equipment, net	21,067	2,383
Operating lease right of use asset	152,868	207,891
Security deposit	<u>5,500</u>	<u>5,500</u>
TOTAL ASSETS	<u>\$ 1,448,331</u>	<u>\$ 1,658,349</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 11,070	\$ 4,185
Deferred revenue	17,600	15,000
Operating lease liability	<u>152,868</u>	<u>207,891</u>
Total Liabilities	<u>181,538</u>	<u>227,076</u>
NET ASSETS		
Without donor restrictions	967,583	1,007,028
With donor restrictions	<u>299,210</u>	<u>424,245</u>
Total Net Assets	<u>1,266,793</u>	<u>1,431,273</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,448,331</u>	<u>\$ 1,658,349</u>

WORKING IN THE SCHOOLS, INC.
Statements of Activities
For the Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT						
Contributions	\$ 609,936	\$ 671,865	\$ 1,281,801	\$ 689,325	\$ 693,301	\$ 1,382,626
In-kind contributions	39,013		39,013	81,627		81,627
Special events (net of expenses, \$160,506 in 2023 and \$34,757 in 2022)	167,320	47,400	214,720	64,644	72,500	137,144
Net investment income (loss)	23,154		23,154	(19,874)		(19,874)
Net assets released from restriction	<u>844,300</u>	<u>(844,300)</u>		<u>809,218</u>	<u>(809,218)</u>	
Total Revenue and Other Support	<u>1,683,723</u>	<u>(125,035)</u>	<u>1,558,688</u>	<u>1,624,940</u>	<u>(43,417)</u>	<u>1,581,523</u>
EXPENSES						
Program expenses						
Mid-day Mentoring	344,471		344,471	243,558		243,558
Workplace Mentoring	406,409		406,409	243,799		243,799
WITS Kindergarten	142,112		142,112	128,682		128,682
WITS Summer Early Childhood	33,795		33,795	141,076		141,076
Rochelle Lee Teacher Award	<u>193,430</u>		<u>193,430</u>	<u>244,062</u>		<u>244,062</u>
Total program expenses	1,120,217		1,120,217	1,001,177		1,001,177
Management and general	258,332		258,332	229,725		229,725
Fundraising	<u>344,619</u>		<u>344,619</u>	<u>251,240</u>		<u>251,240</u>
Total Expenses	<u>1,723,168</u>		<u>1,723,168</u>	<u>1,482,142</u>		<u>1,482,142</u>
CHANGE IN NET ASSETS	(39,445)	(125,035)	(164,480)	142,798	(43,417)	99,381
NET ASSETS						
Beginning of year	<u>1,007,028</u>	<u>424,245</u>	<u>1,431,273</u>	<u>864,230</u>	<u>467,662</u>	<u>1,331,892</u>
End of year	<u>\$ 967,583</u>	<u>\$ 299,210</u>	<u>\$ 1,266,793</u>	<u>\$ 1,007,028</u>	<u>\$ 424,245</u>	<u>\$ 1,431,273</u>

See independent auditors' report and notes to financial statements.

WORKING IN THE SCHOOLS, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2023
With Comparative Totals for the Year Ended June 30, 2022

	Program						Total			
	Mid-day Mentoring	Workplace Mentoring	WITS Kindergarten	WITSummer Early Childhood	Rochelle Lee Teacher Award	Total Program	Management and General	Fundraising	2023	2022
Salaries	\$ 196,076	\$ 200,893	\$ 87,749	\$ 20,922	\$ 86,084	\$ 591,724	\$ 152,773	\$ 216,491	\$ 960,988	\$ 950,118
Employee benefits	31,252	32,019	13,986	3,335	13,720	94,312	22,089	33,056	149,457	104,451
Payroll taxes	15,131	15,502	6,771	1,615	6,643	45,662	11,789	16,706	74,157	71,445
Printing and publications	228	234	102	24	488	1,076			1,076	2,171
Professional development	1,631	1,671	730	174	716	4,922		2,116	7,038	7,743
Insurance	2,752	2,820	1,232	294	1,208	8,306	2,143	3,039	13,488	16,828
Professional fees	11,517	11,670	4,108	1,547	7,145	35,987	29,564	9,075	74,626	130,481
Office and program supplies	8,823	9,039	3,948	1,006	3,973	26,789	4,906	6,951	38,646	25,783
Telephone	2,033	2,083	910	217	893	6,136	1,584	2,245	9,965	7,207
Postage and delivery								2,854	2,854	2,478
Rent	14,242	14,592	6,374	1,520	6,253	42,981	11,096	15,725	69,802	21,352
Electricity	281	288	126	30	123	848	218	310	1,376	394
Depreciation and amortization	1,399	1,433	626	149	614	4,221	1,091	1,544	6,856	2,024
Consultant fees	14,774	15,137	11,912	1,576	31,225	74,624	7,743	10,971	93,338	52,117
Bank charges							7,328	7,328	14,656	7,826
Equipment maintenance										912
Marketing and public relations	1,950	1,999	873	208	1,548	6,578		9,066	15,644	6,385
Membership dues and subscriptions	585	585	585	585		2,340	2,342	1,171	5,853	4,677
Information technology	4,058	4,158	1,816	433	1,782	12,247	3,161	4,481	19,889	17,183
Transportation	37,739	92,286	264	160	301	130,750	505	1,490	132,745	6,312
Book awards					30,714	30,714			30,714	44,255
Total Expenses - 2023	<u>\$ 344,471</u>	<u>\$ 406,409</u>	<u>\$ 142,112</u>	<u>\$ 33,795</u>	<u>\$ 193,430</u>	<u>\$ 1,120,217</u>	<u>\$ 258,332</u>	<u>\$ 344,619</u>	<u>\$ 1,723,168</u>	
Total Expenses - 2022	<u>\$ 243,558</u>	<u>\$ 243,799</u>	<u>\$ 128,682</u>	<u>\$ 141,076</u>	<u>\$ 244,062</u>	<u>\$ 1,001,177</u>	<u>\$ 229,725</u>	<u>\$ 251,240</u>		<u>\$ 1,482,142</u>

See independent auditors' report and notes to financial statements.

WORKING IN THE SCHOOLS, INC.
Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (164,480)	\$ 99,381
<i>Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:</i>		
Depreciation and amortization	6,856	2,024
Realized and unrealized (gain) loss on investments	(18,784)	22,832
Amortization of deferred rent credit		(24,693)
Donated investments	(41,148)	(45,216)
Donated property and equipment	(4,500)	
<i>Increase (decrease) in cash due to changes in:</i>		
Promises to give	99,935	1,768
Prepaid expenses	(199,611)	(3,365)
Security deposit		(5,500)
Accounts payable and accrued expenses	6,885	(2,929)
Deferred revenue	<u>2,600</u>	<u>9,150</u>
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>(312,247)</u>	<u>53,452</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of investments, net	44,436	30,240
Purchases of property and equipment	<u>(21,040)</u>	
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>23,396</u>	<u>30,240</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(288,851)	83,692
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>882,155</u>	<u>798,463</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 593,304</u>	<u>\$ 882,155</u>

WORKING IN THE SCHOOLS, INC.
Notes to Financial Statements
June 30, 2023 and 2022

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

Description of Programs – Working in the Schools, Inc. (“WITS”) empowers Chicago elementary students to discover themselves through reading while developing foundational literacy skills. WITS creates community through literacy-based mentorship, enables teachers to build diverse classroom libraries, and promotes book ownership at home. For the years ended June 30, 2023 and 2022, WITS served students in 50 and 34 schools, respectively, through activating 516 and 464 volunteers, respectively, and providing professional development for 76 and 107 teachers, respectively. For the years ended June 30, 2023 and 2022, WITS worked with 29 and 34 partnering organizations, respectively, including corporations, universities, and city agencies. The following is an overview of the programs in the WITS portfolio:

Mid-day Mentoring: Mid-day Mentoring is a school day literacy and mentoring program that pairs elementary school students and business volunteers for one-on-one, 45 minute reading sessions. Mid-day Mentoring promotes foundational literacy skills and love of reading through reading aloud, sharing favorite stories, and talking about books.

Workplace Mentoring: Workplace Mentoring is an after-school program that provides for third through sixth grade students to be transported by bus to corporate offices where they are matched with employees for one-on-one, 60 minute mentoring sessions.

WITS Kindergarten: The WITS Kindergarten (“WITSK”) program is a one-on-one reading program that takes place at Chicago public elementary schools (“CPS”). Kindergarten students read with a consistent volunteer each week, which allows volunteers and children to establish a consistent reading rapport and build book print awareness, as well as early literacy skills, over the course of the school year.

WITSummer Early Childhood Program: WITSummer Early Childhood Program is a five week intensive classroom program for pre-k students going into kindergarten. Students attend the program four days a week for two and half hours. The program aims to provide students with a head-start on the basics of literacy development as they transition into kindergarten in the fall. WITS created and uses a curriculum focused on exploring folk tales through engaging read-alouds and activities. WITS partner teachers serve as “lead teachers” throughout the summer and bring their expertise to provide instruction as well as reinforce classroom culture that students are expected to know upon entering kindergarten.

NOTE 1 - DESCRIPTION OF THE ORGANIZATION (Continued)

Description of Programs (Continued)

Rochelle Lee Teacher Award: The Rochelle Lee Teacher Award (“RLTA”) is named in honor of Rochelle Lee, CPS educator and librarian who inspired generations of students to be impassioned readers. Rochelle Lee Teacher Awardees are CPS teachers who embody the same drive as Rochelle Lee to develop their students into people who will foster a life-long relationship to learning and reading. The competitive essay-based application process draws CPS teacher applicants across subject matters in grades pre-kindergarten through eighth. Teachers apply either as a potential individual awardee or part of a study group. Teachers may be selected to participate in RLTA for a maximum of four years. The first two years can be as an individual participant; the last two must be as a member of a study group. Teachers attend self-selected literacy workshops during WITS’ Summer Institute and receive accredited continuing professional development hours for each completed workshop. Once teachers complete the required number of workshop hours, they are awarded book grants to purchase new books for their classroom libraries.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

To conform with the provisions of generally accepted accounting principles for nonprofit organizations, WITS is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. WITS is considered a voluntary health and welfare organization since it receives its support primarily from the general public to be used for specific community services.

- *Net Assets without Donor Restrictions:* Net assets available to finance the general operations of WITS. The only limits on the use of without donor restrictions net assets are the broad limits resulting from the nature of WITS, the environment in which it operates and the purposes specified in their articles of incorporation.
- *Net Assets with Donor Restrictions:* Net assets subject to donor or grantor 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, wherein donors stipulate that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At June 30, 2023 and 2022, WITS had \$10,000 in net assets with perpetual donor restrictions and \$289,210 and \$414,245, respectively, in net assets with temporary donor-imposed restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of checking and highly liquid interest bearing accounts.

Promises to Give

Unconditional promises to give are recognized as revenue in the period that the promises are received. Because the promises to give include amounts that will be collected over a period longer than one year, amounts have been discounted to determine their present value. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible. No allowance was considered necessary at June 30, 2023 and 2022.

Investments

Investments of WITS are reported at fair value. The fair value of a financial instrument is the amount that would be received to sell that asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date (the exit price).

Purchases and sales of the investments are reflected on a trade-date basis.

Dividend income is recorded on the ex dividend date. Interest income is recorded on the accrual basis.

Property and Equipment

Property and equipment are carried at cost or, if donated, fair value at time of donation. Major additions are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed using the straight-line method over estimated useful lives of three to five years.

Property and equipment consisted of the following at June 30,:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 13,993	\$ 16,443
Leasehold improvements	16,539	16,443
	<u>30,532</u>	<u>16,443</u>
Less: accumulated depreciation and amortization	<u>(9,465)</u>	<u>(14,060)</u>
Property and equipment, net	<u>\$ 21,067</u>	<u>\$ 2,383</u>

Depreciation and amortization expense totaled \$6,856 and \$2,024 for the years ended June 30, 2023 and 2022, respectively. During the year ended June 30, 2023, fully depreciated furniture and equipment of \$11,451 was retired by WITS.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

WITS determines if an arrangement is or contains a lease at inception. Leases are included in operating right of use ("ROU") assets and operating lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets may also include prepaid or accrued rent. For operating leases, WITS uses an incremental monthly borrowing rate of 50 basis points over the weighted average lease term. Operating lease expense is recognized on a straight-line basis over the lease term. WITS does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Revenue and Support

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor imposed restrictions.

Donor restricted support, is reported as an increase in with donor restrictions. When the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), with donor restrictions are reclassified to without donor restrictions and is reported in the statements of activities as satisfaction of program restrictions. If a restriction is fulfilled in the same period in which the contribution is received, WITS reports the support as without donor restrictions.

In-kind Contributions

Contributed nonfinancial assets include donated professional services, donated property and equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and detailed in the statement of functional expenses. Expenses which are directly associated with a particular program or supporting service are charged directly to that functional category. Certain operating expenses directly identifiable with a functional area are charged to that area, and where these expenses affect more than one area, they are allocated on a basis of time and effort as determined by management.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 3 - LIQUIDITY AND AVAILABILITY

WITS has a liquidity policy to maintain financial assets less current liabilities at a minimum of 90 days operating expenses. To achieve this target, WITS forecasts its future cash flows and monitors its liquidity regularly. During the years ended June 30, 2023 and 2022, the level of liquidity and reserves was managed within the policy requirements.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, WITS considers all expenditures related to its ongoing programs, as well as the conduct of services undertaken to support those activities, to be general expenditures. Financial assets available for general expenditures within one year at June 30, 2023 and 2022 comprise the following:

	<u>2023</u>	<u>2022</u>
Financial assets		
Cash and cash equivalents	\$ 593,304	\$ 882,155
Promises to give, net due within one year	152,563	278,380
Investments	<u>217,221</u>	<u>201,725</u>
Total Financial Assets Available Within One Year	963,088	1,362,260
Less amounts unavailable for use within one year due to:		
Net assets with perpetual donor restrictions	<u>(10,000)</u>	<u>(10,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 953,088</u>	<u>\$ 1,352,260</u>

WITS has certain donor-restricted net assets that are available for general expenditures within one year, because the restrictions on the net assets are expected to be met by conducting the normal activities of its programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year. In addition to financial assets available to meet general expenditures over the next 12 months, WITS operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

NOTE 4 - REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue Disaggregation

In accordance with ASU 2014-09, the Association disaggregates revenue from contracts with customers into major revenue streams and the timing of recognizing revenue. Revenue from contracts with customers disaggregated by category for the years ended June 30, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Revenue recognized at a point in time:		
Special events, direct benefit	\$ 20,962	\$ 10,881

NOTE 4 - REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

Contract Balances

There were no contract assets at June 30, 2023, 2022, and 2021. WITS' contract liabilities include deferred revenue arising from annual special event revenue received in advance of the event. Deferred revenue was as follows at June 30,:

	<u>2023</u>	<u>2022</u>
Deferred revenue, beginning of year	\$ 15,000	\$ 5,850
Revenue recognized during the year	(15,000)	(5,850)
Revenue deferred until next year	<u>17,600</u>	<u>15,000</u>
Deferred revenue, end of year	<u>\$ 17,600</u>	<u>\$ 15,000</u>

Significant Judgement

Significant judgment is required to be made by management to determine the appropriate approach to applying the revenue recognition criteria. Significant judgment was also required when determining whether revenue from contracts with customers was earned at a point in time or over time.

NOTE 5 - CONCENTRATION OF CASH

Cash consists of monies held in checking and highly liquid interest bearing accounts without significant withdrawal restrictions. WITS places its cash with financial institutions deemed to be creditworthy. Balances are insured up to \$250,000 per financial institution. Balances may at times exceed insured limits. Management believes this credit risk to be minimal.

NOTE 6 - TAX STATUS

WITS has been advised by the Internal Revenue Service that it is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is, therefore, not subject to tax under present income tax laws. WITS is not considered to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require WITS to evaluate tax positions taken by WITS and recognize a tax liability if WITS has taken an uncertain position that more likely than not would not be sustained upon examination by tax authorities. WITS is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 7 - PROMISES TO GIVE

Promises to give that cover multiple years have been discounted using a discount rate ranging from 3.01% to 4.87% as of June 30, 2023 and 2022. The following presents a summary of multi- year promises to give as of June 30,:

	<u>2023</u>	<u>2022</u>
Promises to give in less than one year	\$ 152,563	\$ 278,380
Promises to give in one to five years	<u>103,000</u>	<u>80,017</u>
	255,563	358,397
Discount for present value	<u>(13,753)</u>	<u>(16,652)</u>
Total	<u>\$ 241,810</u>	<u>\$ 341,745</u>

NOTE 8 - CONDITIONAL GRANT

During the year ended June 30, 2023, WITS was awarded a \$150,000 grant, which was conditional on WITS achieving certain goals and conditions at the grantor's discretion over the grant period ending December 2025. Of the total grant amount, the entire balance is withheld from payment contingent upon WITS meeting performance objectives. WITS did not recognize revenue associated with the grant during the year ended June 30, 2023.

NOTE 9 - INVESTMENTS

Investments consisted of the following as of June 30,:

	<u>2023</u>	<u>2022</u>
Mutual Funds	\$ 197,647	\$ 180,659
Money market funds	19,574	17,068
Common stocks	<u> </u>	<u>3,998</u>
	<u>\$ 217,221</u>	<u>\$ 201,725</u>

Net investment income (loss) for the years ended June 30, 2023 and 2022 is summarized as follows:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 4,370	\$ 2,958
Unrealized gain / (loss) on investments	17,802	(22,860)
Realized gain on investments	<u>982</u>	<u>28</u>
	<u>\$ 23,154</u>	<u>\$ (19,874)</u>

WITS invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, currency and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and any such changes could materially affect the amounts reported in the statements of financial position.

NOTE 10 - FAIR VALUE MEASUREMENTS

The *Fair Value Measurements and Disclosures* Topic of the FASB Accounting Standards Codification established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. The fair values of the mutual funds are determined by reference to the funds' underlying assets, which are principally marketable equity and fixed income securities. Shares held in mutual funds and common stocks are traded on national securities exchanges and are valued at the net asset value on the last business day of each period presented.

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly. Money market funds are valued at cost, which approximates their fair value.

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. At June 30, 2023 and 2022, WITS had no Level 3 investments.

The following tables set forth WITS' investments measured at fair value on a recurring basis and the basis of measurement at:

Investments:	June 30, 2023			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds				
Fixed income	\$ 71,350	\$ 71,350	\$	\$
Equities	<u>126,297</u>	<u>126,297</u>		
	197,647	197,647		
Money market funds	<u>19,574</u>		<u>19,574</u>	
	<u>\$ 217,221</u>	<u>\$ 197,647</u>	<u>\$ 19,574</u>	<u>\$</u>
Investments:	June 30, 2022			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds				
Fixed income	\$ 72,855	\$ 72,855	\$	\$
Equities	<u>107,804</u>	<u>107,804</u>		
	180,659	180,659		
Money market funds	<u>17,068</u>		<u>17,068</u>	
Common stocks	<u>3,998</u>	<u>3,998</u>		
	<u>\$ 201,725</u>	<u>\$ 184,657</u>	<u>\$ 17,068</u>	<u>\$</u>

See independent auditors' report.

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions and releases, which consisted of grants and contributions restricted for time or purpose, is summarized below:

	June 30, 2023			
	<u>Perpetual in Nature</u>	<u>Time Restricted</u>	<u>Purpose Restricted</u>	<u>Total</u>
Net Assets -				
Beginning of year	\$ 10,000	\$ 284,274	\$ 129,971	\$ 424,245
Contributions		98,265	621,000	719,265
Expenditures		<u>(170,729)</u>	<u>(673,571)</u>	<u>(844,300)</u>
Net Assets -				
End of year	<u>\$ 10,000</u>	<u>\$ 211,810</u>	<u>\$ 77,400</u>	<u>\$ 299,210</u>

	June 30, 2022			
	<u>Perpetual in Nature</u>	<u>Time Restricted</u>	<u>Purpose Restricted</u>	<u>Total</u>
Net Assets -				
Beginning of year	\$ 10,000	\$ 254,770	\$ 202,892	\$ 467,662
Contributions		233,301	532,500	765,801
Expenditures		<u>(203,797)</u>	<u>(605,421)</u>	<u>(809,218)</u>
Net Assets -				
End of year	<u>\$ 10,000</u>	<u>\$ 284,274</u>	<u>\$ 129,971</u>	<u>\$ 424,245</u>

Net assets with donor restrictions consisted of the following at June 30,:

	<u>2023</u>	<u>2022</u>
Perpetual in nature	\$ 10,000	\$ 10,000
Time restricted	211,810	284,274
Purpose restricted	<u>77,400</u>	<u>129,971</u>
	<u>\$ 299,210</u>	<u>\$ 424,245</u>

The net assets with perpetual restrictions are restricted in order to continue the tradition of WITS, the income from which is expendable for recruiting, training and transportation expenditures.

NOTE 12 - LINE OF CREDIT

Prior to June 30, 2022, WITS maintained a line of credit that was due on demand. The maximum borrowing available under the line of credit was \$75,000 and interest was payable monthly at the rate of 6.25%. There was no outstanding balance on this line of credit as of June 30, 2022. The line of credit was closed during the year ended June 30, 2022.

NOTE 13 - LEASES

WITS leases office space from Vestmark, Inc. in Chicago, Illinois, under a noncancellable operating lease agreement expiring December 31, 2025. WITS determines if an arrangement is a lease at the inception of a contract and recognizes the operating lease expense on a straight-line basis over the lease term. Rent expense is recognized on a straight-line basis.

For the years ended June 30, 2023 and 2022, the weighted average remaining lease term was 2.5 years and 3.5 years, respectively. At both June 30, 2023 and 2022, the weighted average discount rate was 6.0%.

The maturities of the lease liability as of June 30, 2023 were as follows:

Year ending June 30,	
2024	\$ 66,000
2025	66,000
2026	<u>33,000</u>
Total lease payments	165,000
Less: effects of discounting	<u>(12,132)</u>
	<u>\$ 152,868</u>

Total rent expense for the years ended June 30, 2023 and 2022 was \$69,802 and \$21,352, respectively. Due to the termination of WITS' previous rental agreement effective during the year, amortization of deferred rent liability resulted in a \$24,693 benefit to rent expense during the year ended June 30, 2022. During the years ended June 30, 2023 and 2022, WITS paid cash of \$66,000 and \$49,759, respectively, which is included in operating cash flows from operating leases.

NOTE 14 - IN-KIND CONTRIBUTIONS

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the statements of financial position and statements of activities included the following:

	<u>2023</u>	<u>2022</u>
Professional fees	\$ 22,327	\$ 73,560
Office and program supplies	6,360	3,827
Employee benefits	1,655	3,262
Donated special events supplies	4,171	978
Capitalized property and equipment	<u>4,500</u>	<u> </u>
	<u>\$ 39,013</u>	<u>\$ 81,627</u>

NOTE 14 - IN-KIND CONTRIBUTIONS (Continued)

Contributed professional fees include legal services that are provided by attorneys who advise us on various administrative legal matters. Contributed professional fees are used for management and general activities and are recognized at fair value based on current rates for similar legal services.

Contributed computers and equipment, office supplies, program supplies, and employee benefits are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of the contribution. Contributed food and supplies are used in program services and contributed employee benefits are used for staff development. During the year ended June 30, 2023, WITS received a donation of computers and equipment to be used by WITS staff with a fair value of \$4,500 based on a "like-kind" methodology. The computers and equipment were capitalized as property and equipment.

NOTE 15 - RETIREMENT PLAN

Effective 2023, WITS has a defined contribution plan under Section 401(k) of the Internal Revenue Code covering all qualified employees eligible to participate in the plan. Prior to 2023, WITS maintained a defined contribution 403(b) retirement plan to provide retirement benefits for all eligible employees. For the years ended June 30, 2023 and 2022, WITS matched up to 3.5% and 3%, respectively, of eligible compensation, as defined by the plans. Contributions totaled \$35,093 and \$19,008 for the years ended June 30, 2023 and 2022, respectively. Participants pay for all costs of the plan's administration.

NOTE 16 - CONTRACTUAL COMMITMENTS

WITS has entered into contracts for services and for future special events. These contracts may include penalty clauses which would require WITS to pay certain amounts if the event were to be canceled.

NOTE 17 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 19, 2023, the date on which the financial statements were available to be issued.