

EDUCATING STUDENTS TOGETHER, INC.
(formerly known as Educational Student Tours, Inc.)
(A California Not-for-Profit Corporation)

AUDITED FINANCIAL STATEMENTS
For the year ended
DECEMBER 31, 2023

EDUCATING STUDENTS TOGETHER, INC.
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JEFFREY A. HILL CPA, INC.

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To the Board of Directors of
Educating Students Together, Inc.
Los Angeles, California

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Educating Students Together, Inc.** (a California not-for-profit corporation), which comprise the statement of financial position as of December 31, 2023, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Educating Students Together, Inc.** as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 **Educating Students Together, Inc.** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 **Educating Students Together, Inc.**'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

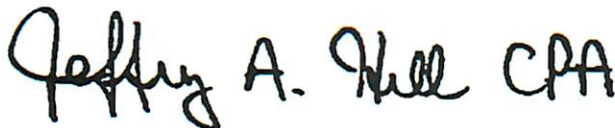
Auditor's Responsibilities for the Audit of the Financial Statements

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 occurs. The risk of not detecting a material misstatement resulting from fraud is higher than 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.

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

- Exercise professional judgement 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 **Educating Students Together, 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Educating Students Together, 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.

Handwritten signature of Jeffrey A. Hill CPA in black ink.

Carson, California
June 5, 2024

EDUCATING STUDENTS TOGETHER, INC.
STATEMENT OF FINANCIAL POSITION
At December 31, 2023

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 315,593
Investments	<u>258,882</u>
Total current assets	<u>574,475</u>
Total assets	<u><u>\$ 574,475</u></u>
 LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable	\$ <u>-</u>
Total liabilities	<u>-</u>
Net Assets	
Without donor restrictions	<u>574,475</u>
Total net assets	<u>574,475</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 574,475</u></u>

The accompanying notes are an integral part of these financial statements.

EDUCATING STUDENTS TOGETHER, INC.

STATEMENT OF ACTIVITIES

For the year ended December 31, 2023

	Without donor restrictions	Total
SUPPORT AND REVENUES:		
Contributions and donations	\$ 1,341,357	\$ 1,341,357
Investment income	9,566	9,566
Total support and revenues	<u>1,350,923</u>	<u>1,350,923</u>
EXPENSES:		
College access program expenses	249,227	249,227
Campus visits	384,460	384,460
SAT tutoring	32,627	32,627
Writing coaches	30,750	30,750
Salaries and wages	401,713	401,713
Payroll taxes	70,404	70,404
Professional fees	8,423	8,423
Grant writing	16,965	16,965
Graphic design	4,205	4,205
Emergency grants	4,340	4,340
Tuition assistance	57,662	57,662
Consultants	4,500	4,500
Bank and credit card fees	5,505	5,505
Office supplies	29,440	29,440
Insurance	12,343	12,343
Other expenses	16,645	16,645
Rent	24,439	24,439
Telephone and utilities	4,921	4,921
Total expenses	<u>1,358,569</u>	<u>1,358,569</u>
Decrease in net assets	(7,646)	(7,646)
Net assets, beginning of the year	<u>582,121</u>	<u>582,121</u>
Net assets, end of the year	<u>\$ 574,475</u>	<u>\$ 574,475</u>

The accompanying notes are an integral part of these financial statements.

EDUCATING STUDENTS TOGETHER
STATEMENT OF CASH FLOWS
For the year ended December 31, 2023

Cash flows from operating activities:	
Decrease in net assets	\$ (7,646)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Changes in operating assets and liabilities:	
(Increase) decrease in assets:	
Increase (decrease) in liabilities:	
Net cash used by operating activities	<u>(7,646)</u>
Cash flows from investing activities:	
Cash used to purchase investments	<u>(258,882)</u>
Net cash used by investing activities	<u>(258,882)</u>
Net decrease in cash	(266,528)
Cash and cash equivalents - beginning of the year	<u>582,121</u>
Cash and cash equivalents - end of the year	<u><u>\$ 315,593</u></u>

The accompanying notes are an integral part of these financial statements.

EDUCATING STUDENTS TOGETHER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES

Educating Students Together, Inc. (formerly known as Educational Student Tours, Inc.) (EST) is a California not-for-profit organization whose mission is to increase access, retention, and the graduation of youth from the foster care system and low-income communities at four-year Historically Black Colleges and Universities (HBCUs) in order to transform their lives. Our mission is met through the following program activities:

College Counseling and Preparation-We ensure that students are completing and passing the A-G courses (classes required for college entrance), help students identify and tour the colleges that will best suit them, guide them through their college essays and applications and assist them with scholarship applications. Our students take part in a 12-week ACT prep course to help them achieve the highest score possible. Students also take part in a seven-week Personal Statement Boot Camp. The Boot camp is designed to assist students in writing their college personal statements required by colleges participating in the Common Application program. While at the Boot Camp, students brainstorm, draft, examine successful essays, revise, and complete college essays that stand out from the crowd and get noticed by admissions officials.

Mentoring and Networks of Support-Monthly mentoring sessions begin during students' first days with the program and continue all the way through college. Research shows that mentorship is a highly effective non-academic strategy to support the success of foster youth. The strong bonds that our students and mentors develop facilitate trust and open communication. Students know that they don't need to wait for the next mentoring session, they can reach out to their mentor whenever they need help. Once a student has started college, their mentor will help them navigate campus resources, connect with other EST students, and develop a positive, supportive network on campus. Our students know they are never alone.

Financial Literacy and Support-As early as their junior year of high school, our scholarship writing coaches help students identify and apply for scholarships. We also help students complete the Free Application for Federal Student Aid (FAFSA), which establishes eligibility for Pell grants, and the California Chafee Grant for Foster Youth application. Our students learn how to read a financial aid award letter so that they understand the cost of attendance and any funding gaps. A seven-week financial literacy course taught by Loyola Marymount University ensures our students have the skills to manage a tight budget, avoid credit card debt in college, save money and even invest. Along with financial coaching and education, we award emergency support when needed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements are prepared on the accrual basis in accordance with the AICPA's Audit and Accounting Guide, "Not-for-Profit Organizations" which require EST to report information regarding its financial position and activities according to the following net asset classifications:

These notes are an integral part of the preceding financial statements.

EDUCATING STUDENTS TOGETHER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-(continued)

Net assets without Donor Restrictions: - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of EST. These net assets may be used at the discretion of EST's management and the board of directors. Also, contributions that are restricted by the donor are reported as increases in net assets Without Donor Restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

Net assets with Donor Restrictions - Net assets subject to donor (or certain 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, where the donor stipulates 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. EST had no net assets with donor restriction at December 31, 2021.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management estimates and assumptions that could affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, EST considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

INCOME TAXES

EST is a not-for-profit organization that is exempt from Federal and state income taxes under the Internal Revenue Code Section 501(c) (3) and the California State Revenue and Taxation Code 23701 (d) except on net income derived from unrelated business activities. EST's management believes that it has support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

EST's Forms 990, Return of Organization Exempt from Income Tax for the years ending December 31, 2023, 2022, 2021 and 2020 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

These notes are an integral part of the preceding financial statements.

EDUCATING STUDENTS TOGETHER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-(continued)

FAIR VALUE MEASUREMENTS

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value.

EST is required to measure three types of assets and the related revenues at fair value: pledged contributions, non-cash contributions, and certain investments. The techniques used to measure fair value are described in the notes below that relate to each asset/revenue.

Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used at each level:

Level 1 inputs – quoted prices in active markets for identical assets

Level 2 inputs – quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs – estimates using the best information available when there is little or no market.

NOTE 3 - INVESTMENTS

Investments consist of marketable securities held by and managed by trustees. At December 31, 2023, marketable securities are carried on the books at the fair market value using level one inputs as follows:

<u>Description</u>	<u>Amount</u>
U.S. Treasury Bills	\$ <u>258,882</u>
Total	\$ <u><u>258,882</u></u>

NOTE 4 - CONCENTRATION OF CREDIT RISK

EST maintains a bank account at one bank. This account is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Total cash exceeded the federally insured limits by \$65,593 as of December 31, 2023. EST has not experienced any losses, has confidence in the strength of the assets of the banking institution and does not believe it is exposed to any significant credit risk related to cash.

These notes are an integral part of the preceding financial statements.

EDUCATING STUDENTS TOGETHER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - SUBSEQUENT EVENTS

EST has evaluated subsequent events for the period from December 31, 2023 through June 5, 2024, the date the financial statements were available to be issued. Management did not identify any transactions that require disclosure or that would have an impact on the financial statements.

These notes are an integral part of the preceding financial statements.