The Chicago Scholars Foundation
d/b/a Chicago Scholars

Financial Statements

Years Ended June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
The Chicago Scholars Foundation
Chicago, Illinois

Opinion

We have audited the financial statements of The Chicago Scholar Foundation d/b/a Chicago Scholars (the 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, 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 (GAAS). 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 the Organization 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 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 the Organization's ability to continue as a going concern for 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 GAAS 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 GAAS, 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 the Organization'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 the Organization'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.

Mann Weitz & Associates LLC

MANN. WEITZ & ASSOCIATES L.L.C.

Deerfield, Illinois
March 30, 2023

THE CHICAGO SCHOLARS FOUNDATION D/B/A CHICAGO SCHOLARS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,528,537	$ 1,124,828
Restricted cash	177,312	152,592
Accounts receivable	141,133	32,170
Contributions receivable - Notes 6 and 11	2,528,816	1,373,016
Deferred compensation investments - Note 14		49,234
Prepaid expenses	110,266	37,734
Total Current Assets	4,486,064	2,769,574
Property and Equipment, net - Note 7	650,711	742,270
Other Assets		
Investments - Notes 3 and 4	4,319,655	4,782,966
Contributions receivable - Notes 6 and 11	486,162	1,477,956
Deferred compensation investments - Note 14	28,891	24,945
Security deposit	78,845	78,845
Total Other Assets	4,913,553	6,364,712
Total Assets	$ 10,050,328	$ 9,876,556

	2022	2021
LIABILITIES AND NET ASSETS		
Current Liabilities		
Note payable - Note 8	$ -	$ 583,667
Accounts payable and accrued expenses	58,009	26,335
Accrued payroll expenses	203,443	161,689
Deferred compensation obligation - Note 14		49,234
Deferred revenue	135,190	101,925
Deferred rent - Note 13	6,506	48,048
Funds held for others	177,312	152,592
Total Current Liabilities	580,460	1,123,490
Noncurrent Liabilities		
Deferred compensation obligation - Note 14	28,891	24,945
Deferred rent - Note 13		32,249
Total Noncurrent Liabilities	28,891	57,194
Total Liabilities	609,351	1,180,684
Net Assets		
Without donor restrictions	1,181,762	758,912
With donor restrictions Notes 9 and 10	8,259,215	7,936,960
Total Net Assets	9,440,977	8,695,872
Total Liabilities and Net Assets	$ 10,050,328	$ 9,876,556

The accompanying notes are an integral part of this statement.

THE CHICAGO SCHOLARS FOUNDATION D/B/A CHICAGO SCHOLARS
STATEMENT OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Contributions and grants - Note 11	$ 2,193,243	$ 2,684,255	$ 4,877,498	$ 1,925,278	$ 2,948,123	$ 4,873,401
Contributed nonfinancial assets - Note 12	597,597		597,597	222,787		222,787
Special events revenue	1,168,845		1,168,845	320,637		320,637
Less: cost of direct benefit to donors	(118,461)		(118,461)	(55,336)		(55,336)
Program service fees	321,352		321,352	105,505		105,505
Other income	18,418		18,418			
Total Revenues and Gains	4,180,994	2,684,255	6,865,249	2,518,871	2,948,123	5,466,994
Net assets released from restrictions - Note 9	2,049,184	(2,049,184)		1,618,796	(1,618,796)	
Total Revenue, Gains and Other Support	6,230,178	635,071	6,865,249	4,137,667	1,329,327	5,466,994
Expenses						
Program services	4,096,995		4,096,995	3,644,764		3,644,764
Management and general	1,225,112		1,225,112	1,091,028		1,091,028
Fundraising	1,068,431		1,068,431	710,398		710,398
Total Expenses	6,390,538		6,390,538	5,446,190		5,446,190
Change in Net Assets from Operations	(160,360)	635,071	474,711	(1,308,523)	1,329,327	20,804
Non-Operating Income (Loss)						
Forgiveness of note payable, Paycheck Protection Program - Note 8	581,970		581,970	553,899		553,899
Investment income (loss), net - Note 3	1,240	(312,816)	(311,576)	19,750	1,141,952	1,161,702
Total Non-Operating Income (Loss)	583,210	(312,816)	270,394	573,649	1,141,952	1,715,601
Change in Net Assets	422,850	322,255	745,105	(734,874)	2,471,279	1,736,405
Net Assets						
Beginning of year	758,912	7,936,960	8,695,872	1,493,786	5,465,681	6,959,467
End of year	$ 1,181,762	$ 8,259,215	$ 9,440,977	$ 758,912	$ 7,936,960	$ 8,695,872

The accompanying notes are an integral part of this statement.

THE CHICAGO SCHOLARS FOUNDATION D/B/A CHICAGO SCHOLARS
STATEMENT OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022					2021				
	Program Services	Management and General	Fundraising	Cost of Direct Benefit to Donors	Total	Program Services	Management and General	Fundraising	Cost of Direct Benefit to Donors	Total
Salaries and wages	$ 2,067,047	$ 803,855	$ 556,485	$ -	$ 3,427,387	$ 2,187,772	$ 637,037	$ 414,616	$ -	$ 3,239,425
Payroll taxes	156,967	61,202	43,835		262,004	165,176	41,594	31,352		238,122
Employee benefits	239,708	91,481	67,598		398,787	234,330	60,284	62,396		357,010
Occupancy - Note 13	239,649	49,869	34,584		324,102	208,591	47,632	24,867		281,090
Depreciation and amortization - Note 7	112,865	12,048	21,015		145,928	110,963	11,906	23,943		146,812
Information technology	160,620	16,067	28,354		205,041	133,984	13,155	30,252		177,391
Insurance	18,810	9,252	6,208		34,270	22,666	5,713	4,158		32,537
Bad debt expense		52,626			52,626		15,398			15,398
Bank charges and processing fees	858	35,664	20,419		56,941	2,238	26,852	17,906		46,996
Equipment and supplies	21,252	14,666	5,884		41,802	15,688	9,936	6,222		31,846
Food and travel	22,450	4,441	13,316	1,100	41,307	4,490		4,518		9,008
Communications	9,165		2,527		11,692	26,331	5,843	9,983		42,157
Promotional materials	26,918	60	8,599	41,492	77,069	13,452		9,662	31,774	54,888
Consultants/contractual services	504,722	4,514	185,572		694,808	26,060	40,689	70,523		137,272
Professional fees		69,367			69,367		174,989			174,989
Event catering	13,353			54,491	67,844				7,392	7,392
Facilities rental	11,014			21,378	32,392				16,170	16,170
College counseling	127,537				127,537	112,773				112,773
Scholarships awarded	364,060				364,060	380,250				380,250
Event promotion			74,035		74,035					
Total Expenses	4,096,995	1,225,112	1,068,431	118,461	6,508,999	3,644,764	1,091,028	710,398	55,336	5,501,526
Less: expenses included with revenues on the statement of activities										
Cost of direct benefit to donors				(118,461)	(118,461)				(55,336)	(55,336)
Total Functional Expenses	$ 4,096,995	$ 1,225,112	$ 1,068,431	$ -	$ 6,390,538	$ 3,644,764	$ 1,091,028	$ 710,398	$ -	$ 5,446,190

The accompanying notes are an integral part of this statement.

THE CHICAGO SCHOLARS FOUNDATION D/B/A CHICAGO SCHOLARS
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	$ 745,105	$ 1,736,405
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation and amortization	145,928	146,812
Donated securities	(30,157)	(365,782)
Realized and unrealized (gain) loss on investments	352,876	(1,101,003)
Forgiveness of note payable, Paycheck Protection Program	(583,667)	(553,899)
Net (increase) decrease in assets		
Accounts receivable	(108,963)	(3,862)
Contributions receivable	(164,006)	(1,859,269)
Prepaid expenses	(72,532)	7,799
Net increase (decrease) in liabilities		
Accounts payable and accrued expenses	31,674	3,288
Accrued payroll expenses	41,754	1,423
Deferred revenue	33,265	82,775
Deferred rent	(73,791)	(59,863)
Funds held for others	24,720	(421)
Net Cash Provided by (Used for) Operating Activities	342,206	(1,965,597)
Cash Flows from Investing Activities		
Purchase of investments	(2,385,805)	(1,203,421)
Proceeds from sale of investments	2,526,397	1,959,580
Purchase of property and equipment	(54,369)	(20,318)
Net Cash Provided by Investing Activities	86,223	735,841
Cash Flows from Financing Activities		
Proceeds from note payable		583,667
Net Cash Provided by Financing Activities		583,667
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	428,429	(646,089)
Cash, Cash Equivalents and Restricted Cash		
Beginning of year	1,277,420	1,923,509
End of year	$ 1,705,849	$ 1,277,420

The accompanying notes are an integral part of this statement.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Organization

The Chicago Scholars Foundation d/b/a Chicago Scholars (the Organization) is a nonprofit organization formed in 1996 in Chicago, Illinois. The Organization uniquely selects, trains, and mentors academically ambitious students from under-resourced communities to complete college and become the next generation of leaders who will transform their neighborhoods and the city of Chicago. At its core, Chicago Scholars' work is about economic mobility, leadership development, and belonging. The primary programmatic objectives are to help selected students enroll and matriculate to the most selective colleges that match their talents and fit their abilities, persist through collect to graduation, and transition successfully into careers or post-graduate programs. To date, over 5,000 Chicago Scholars are in or have completed the program. 93% of all Scholars and Alums are people of color; 90% are low-income and 82% are first generation college students representing all 77 of Chicago community areas. Historically 95% of Scholars matriculate to college in the fall following their high school graduation on-time and 78% earn their degrees within six years. Overall the Scholars attended or graduated from more than 550 colleges and universities worldwide. The Organization's primary sources of revenue are donations from foundations, corporations, individuals and special events.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting. Using this method, revenues and expenses are recognized in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Information regarding the financial position and activities of the Organization are reported in two classes of net assets: net assets with donor restrictions and net assets without donor restrictions, based on 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 imposed stipulations. They include all activities of the Organization, except for those amounts that are restricted by external donors.

- Net assets with donor restrictions - Net assets subject to donor imposed stipulations. Some donor imposed stipulations are temporary in nature, such as those that will be met through the passage of time (time restrictions) or other events specified by the donor (purpose restrictions). Other donor imposed stipulations are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity and only the investment income be expended.

Cash Equivalents

The Organization considers amounts held in money market accounts and all highly liquid investments with an initial maturity of three months or less, to be cash equivalents.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Restricted Cash / Funds Held for Others

Restricted cash represents funds held in trust for others, which result from agency agreements with other charitable organizations. The Organization expects the restricted cash to be expended for the restricted purpose during the year ending June 30, 2023, and therefore the restricted cash balance of $177,312 is classified as a current asset and the corresponding funds held for others is classified as a current liability in the statement of financial position at June 30, 2022. The restricted cash balance at June 30, 2021 was $152,592.

Investments

Investments are carried at fair value, which generally represents quoted prices as of the last business day of the year. Net investment income is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment management and custodial fees.

The Organization invests in various investment securities. Investment securities are exposed to risks such as interest rate, market, 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 statement of financial position.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using a risk-free interest rate (ranging from 0.46% to 1.19%) applicable to the year in which the contribution is made. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Amounts received for conditional promises to give prior to the conditions being substantially met are considered refundable advances and are recorded as deferred revenue.

Uncollectible Accounts

The Organization records an allowance for uncollectible accounts and contributions receivable to state accounts and contributions receivable at their net receivable value. The allowance is based on management's analysis of specific accounts and pledges. Accounts and contributions receivable are written off if reasonable collection efforts prove unsuccessful. The allowance for uncollectible accounts was $82,250 and $38,224 at June 30, 2022 and 2021, respectively.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Property and Equipment

Property and equipment is recorded at historical cost. The Organization's policy is to capitalize any items with a cost in excess of $1,000 deemed to have a useful life greater than one year. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets as follows:

Description	Years
Leasehold improvements	Life of lease
Furniture and fixtures	5
Computer and office equipment	5

Maintenance and repairs, which neither materially add to the value of the fixed assets nor appreciably prolong their lives, are charged to expense as incurred. Gains and losses on dispositions of property and equipment are included in the statement of activities.

Software Costs

The Organization capitalizes certain internal-use computer software and software development costs in connection with program database development. Software is recorded at cost including the direct cost of external development services during the development stage. Capitalized software costs are included in property and equipment in the statement of financial position and are amortized on a straight-line basis over their estimated useful lives of three years. The net book value of capitalized software costs were $11,665 and $10,589 as of June 30, 2022 and 2021, respectively.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions of cash and other assets are recorded as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. 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. Net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed Nonfinancial Assets

The Organization recognizes the fair value of donated services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. Contributions of assets other than cash are reflected as contributions at their fair value at the date of donation and are reported as support without donor restrictions unless explicit donor stipulations specify how donated assets must be used.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional Allocation of Expenses

The costs of providing program services and supporting activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses which are easily identifiable and directly associated with a particular program or supporting service are recorded directly to that functional category. Certain costs are allocated among the program and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Certain expenses were allocated using the following methodologies:

- Time and effort – salaries and wages, payroll taxes and employee benefits

- Square footage – occupancy, depreciation, insurance, information technology and equipment and supplies

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code for all business income related to the Organization's tax exempt purposes. The Organization is subject to income taxes on unrelated business income after related expenses. The Organization had no unrelated business activities during the years ended June 30, 2022 and 2021 and accordingly, no tax provision was required.

Evaluation of Tax Positions

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. As of June 30, 2022 and 2021, the Organization had no uncertain income tax positions that qualify for recognition or disclosure in the financial statements.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains and expenses during the reported period. Actual results could differ from those estimates.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash and money market accounts with creditworthy financial institutions. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. The Organization has not experienced any losses in such accounts; however, cash balances exceeded federally insured limits by approximately $1,464,000 and $1,080,000, at June 30, 2022 and 2021, respectively. The Organization maintains its cash with a high quality financial institution which the Organization believes limits these risks. Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members and foundations supportive of the Organization’s mission. Although the fair values of investments are subject to fluctuation on a year-to-year basis, they are diversified and managed by an investment manager who is monitored by the Organization and the Investment Committee of the Board of Directors. The Organization and Investment Committee believe that investment policies and guidelines are prudent for the long-term welfare of the Organization.

Measure of Operations

The Organization includes in its measure of operations all revenues generated by and expenses incurred from activities that are integral part of its programs and supporting activities. Net investment income, including interest, dividends, realized and unrealized gains and losses and related expenses, and nonrecurring transactions, such as the loan forgiveness income from the Paycheck Protection Program note payable, are recognized as non-operating activities.

Reclassification

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Adoption of New Accounting Standards

During the year ended June 30, 2022, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958).* The key provisions of ASU 2020-07 are a requirement to present contributed nonfinancial assets as a separate line item in the statements of activities and disclosure of contributed nonfinancial assets disaggregated by type, which includes information about monetization and utilization, donor restrictions, and the valuation techniques used. The adoption resulted in expanded disclosures related to the nature of the contributed nonfinancial assets, which are reflected in the statement of activities and Note 12.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Effect of Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its statement of financial position. In May 2020, the FASB approved a one year deferral of this standard for non-public entities, with a revised effective date for fiscal years beginning after December 15, 2021. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients during the period of adoption. Management is currently evaluating the impact this change in accounting standards will have on the financial statements and related disclosures.

Subsequent Events

The Organization has evaluated subsequent events for potential recognition and/or disclosures through March 30, 2023, the date the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY

The Organization's goal is to maintain financial assets without donor restriction to meet at least six months of average recurring operating costs. The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of the Organization's liquidity management plan, the operating reserve is to be funded and available in cash and cash equivalents. Cash in excess of daily operating requirements is invested in money market funds.

Donor restricted amounts that are available for use within one year for general purposes include the estimated payment of $150,000 from the endowment fund per the spending policy. Additionally, as reflected in Note 15, the Organization maintains a $500,000 line of credit, all of which was available on June 30, 2022.

The following table reflects the Organization's financial assets as of June 30, 2022 and 2021, reduced by amounts that are not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Financial assets are considered unavailable when non-liquid or not convertible to cash within one year or because donors have restricted the use of funds.

2. LIQUIDITY AND AVAILABILITY - Continued

	2022	2021
Cash and cash equivalents	$ 1,528,537	$ 1,124,828
Investments	4,319,655	4,782,966
Accounts receivable	141,133	32,170
Contributions receivable, current portion	2,528,816	1,373,016
Total Financial Assets	8,518,141	7,312,980
Donor restricted net assets		
Endowment	(3,000,000)	(3,000,000)
Time restrictions greater than one year and purpose restrictions	(2,709,749)	(3,548,944)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 3,308,392	$ 764,036

3. INVESTMENTS

Investments consist of mutual funds, are stated at fair value based on quoted prices in active markets (all Level 1 measurements), and are summarized as follows:

	2022	2021
Cost	$ 3,777,752	$ 3,570,035
Fair Value	4,319,655	4,782,966
Unrealized Gain	$ 541,903	$ 1,212,931

Net investment return consists of the following:

	2022	2021
Interest income	$ 1,726	$ 330
Dividend income	64,192	92,771
Net realized gain	318,152	183,657
Net unrealized gain (loss)	(671,028)	917,346
Investment expense	(24,618)	(32,402)
Net Investment Income (Loss)	$ (311,576)	$ 1,161,702

4. FAIR VALUE MEASUREMENTS

The FASB Codification provides a framework for measuring fair value using a hierarchy that prioritizes 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 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 the identical, unrestricted assets or liabilities.

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.

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The hedge funds held by the Organization at June 30, 2022 are measured at fair value using the net asset value per share (NAV) practical expedient and have not been categorized in the fair value hierarchy.

4. FAIR VALUE MEASUREMENTS - Continued

The estimated fair values of investments measured on a recurring basis are as follows:

		June 30, 2022		
		Fair Value Measurements Using		
Description	Total	Quoted Prices in Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Large cap equity	$ 1,685,094	$ 1,685,094	$ -	$ -
International equity	265,649	265,649		
Fixed income	814,827	814,827		
Total Investments at Fair Value	2,765,570	$ 2,765,570	$ -	$ -
Cash	1,554,085			
Total Investments	$ 4,319,655			

		June 30, 2021		
		Fair Value Measurements Using		
Description	Total	Quoted Prices in Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Large cap equity	$ 2,516,249	$ 2,516,249	$ -	$ -
International equity	1,415,354	1,415,354		
Fixed income	589,163	589,163		
Total Investments at Fair Value	4,520,766	$ 4,520,766	$ -	$ -
Investments at Net Asset Value:				
Hedge funds	211,993			
Cash	50,207			
Total Investments	$ 4,782,966			

5. CONDITIONAL GRANTS

The Organization received grants which were conditional on the Organization achieving certain fundraising and program performance targets. The Organization does not recognize revenues from conditional grants until the conditions are substantially met.

Revenues were recognized when conditions were met as follows:

		Revenue Recognized During		
Grants Awarded	**Amount**	**2022**	**2021**	**Prior**
Year ended June 30, 2022:	$ 569,111	$ 82,373		
Year ended June 30, 2021:	$ 2,000,000			
	250,000	250,000		
Year ended June 30, 2020:	$ 300,000	100,000	$ 100,000	$ 100,000
	200,000		100,000	100,000
	250,000	44,000	33,000	16,500
Totals	$ 3,569,111	$ 476,373	$ 233,000	$ 216,500

The conditions for the remainder of the grants awarded during the years ended June 30, 2022 and 2021 were not met as of June 30, 2022. The remaining portion of grants awarded as of June 30, 2022 that could potentially be recognized in future years if conditions are met amount to $2,643,238.

6. CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are recorded as receivables and revenue when received. The Organization distinguishes between contributions received for each net asset category in accordance with donor imposed restrictions. Contributions receivable are recorded after being discounted to the anticipated net present value of the future cash flows.

6. CONTRIBUTIONS RECEIVABLE - Continued

Contributions receivable are estimated to be collected as follows:

	2022	2021
Within one year	$ 2,528,816	$ 1,373,016
Within two to five years	575,000	1,533,000
	3,103,816	2,906,016
Less:		
Discount to net present value	6,588	16,820
Allowance for uncollectible contributions receivable	82,250	38,224
Net contributions receivable	3,014,978	2,850,972
Less current portion	2,528,816	1,373,016
Long-term portion	$ 486,162	$ 1,477,956

The contributions receivable are comprised of several different categories as follows:

	2022	2021
Individuals	$ 1,662,448	$ 2,015,016
Foundations	452,257	729,000
Corporations	170,250	58,500
High 5 Partners	117,000	80,000
College Partner	28,574	23,500
Employee Retention Credit	673,287	
Total Contributions Receivable	$ 3,103,816	$ 2,906,016

Two donors accounted for 73% and 86% of net contributions receivable at June 30, 2022 and 2021. Two donors accounted for 25% and 55% of total contributions and grants for the year ended June 30, 2022 and 2021.

7. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2022 and 2021 consist of the following:

	2022	2021
Leasehold improvements	$ 1,368,955	$ 1,368,955
Furniture and fixtures	267,919	267,919
Computer and office equipment	271,394	225,775
Software	285,382	276,632
	2,193,650	2,139,281
Less: Accumulated depreciation and amortization	1,542,939	1,397,011
Net Property and Equipment	$ 650,711	$ 742,270
Depreciation expense	$ 138,254	$ 135,891
Amortization expense	7,674	10,921
Total Depreciation and Amortization Expense	$ 145,928	$ 146,812

8. NOTE PAYABLE – PAYCHECK PROTECTION PROGRAM

On April 6, 2020, the Organization entered into an agreement with a lender and the Small Business Administration to obtain a Paycheck Protection Program (PPP) loan offered as a result of the Coronavirus Aid, Relief and Economic Security Act (CARES). The PPP loan was intended to help certain small businesses and nonprofits stay afloat during the COVID-19 pandemic. The loan in the amount of $552,623 provided for interest at a rate of 1% and was to mature on April 6, 2022. The PPP loan was eligible for forgiveness if the Organization met certain criteria including utilization of the loan for eligible expenses and maintaining or restoring employee counts and salary levels to pre-pandemic amounts. The Organization has adopted the policy to record the PPP loan under the guidance of FASB ASC 470 *Debt*. The PPP loan in amount of $552,623 and related accrued interest was forgiven and included as non-operating income on the statement of activities during the year ended June 30, 2021.

On March 13, 2021, the Organization was approved for a second round of PPP funding offered as a result of the Economic Aid to Hard-Hit Small Business, Nonprofits, and Venues Act. This loan in the amount of $581,970, has substantially similar terms as the first PPP loan, including interest at a rate of 1%, a deferral of payments and an opportunity for the loan to be forgiven if the Organization meets certain criteria. The PPP loan in amount of $581,970 and related accrued interest was forgiven and included as non-operating income on the statement of activities during the year ended June 30, 2022.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of contributions received for subsequent periods (which are restricted by the passage of time), restricted for purpose, restricted for both passage of time and purpose and restricted in perpetuity.

Net assets with donor restrictions are comprised of the following:

Restriction	2022	2021
Time restricted for future periods:		
Passage of time	$ 2,885,628	$ 2,715,972
Time and purpose restricted:		
Passage of time and scholarships	210,342	289,573
Passage of time and Equity for Young Men of Color	56,500	
Purpose restricted:		
App Development	231,795	
Career coaching	25,000	
Career programming, data analysis and evaluation efforts		27,481
COVID-19 Response Fund		4,518
CTA Elevating Futures Scholarship Fund	49,500	33,000
Design Thinking for Space Planning	24,167	
Educational Leadership Development	3,000	
Emerge fellowship program	29,319	31,147
Equity for Young Men of Color	50,681	
Emergency funding	49,108	17,042
Emergency support and general program assistance		1,565
Girls Supporting Girls	141	141
Launch and Lift programs	14,878	
Professional Development	5,000	
Scholarships	254,501	34,050
Video, Marketing and Content Support	50,000	
Accumulated endowment earnings - Note 10	1,319,655	1,782,471
Restricted in perpetuity:		
Endowment - Note 10	3,000,000	3,000,000
Total Net Assets With Donor Restrictions	$ 8,259,215	$ 7,936,960

9. NET ASSETS WITH DONOR RESTRICTIONS - Continued

Net assets were released from donor restrictions through the passage of time or by incurring expenses satisfying restricted purposes specified by donors as follows:

	2022	2021
Passage of time	$ 1,270,005	$ 900,846
Passage of time and scholarships	79,231	25,000
Passage of time and Emerge fellowship program	68,884	
Passage of time and College Access and Completion program		50,000
Scholarships	97,476	74,085
Emerge fellowship program		108,900
Equity for Young Men of Color	149,819	
Career programming, data analysis and evaluation efforts	27,481	99,268
COVID-19 Response Fund	4,518	13,799
CTA Elevating Futures Scholarship Fund	27,500	16,500
Emergency funding	42,934	65,511
Emergency support and general program assistance	1,565	43,568
Girls Supporting Girls		4,859
Launch and Lift programs	65,122	66,460
Randomized Control Trial	64,649	
Pursuant to endowment spending-rate distribution formula	150,000	150,000
Total Net Assets Released From Restrictions	$ 2,049,184	$ 1,618,796

10. ENDOWMENT

The Steven N. Wohl Leadership Chair endowment fund (Endowment) was created in 2013 to provide a permanent source of income to the Chicago Scholars Foundation to fund the cost of the President and Chief Executive Officer's position.

The endowment fund assets are invested in the Organization's investment portfolio absent explicit donor stipulations to the contrary. Net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

10. ENDOWMENT - Continued

As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts donated to the Endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted endowment is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Return Objectives and Risk Parameters

The Finance Committee, which oversees the investment portfolio of the Organization with the assistance of the Organization's investment manager, operates under investment policies that attempt to protect the corpus and provide a predictable stream of income and investment returns from its endowment assets. The endowment is invested in diversified portfolio, consisting primarily of mutual funds, hedge funds, fixed income funds, cash equivalents, and other investments. The asset allocation emphasizes diversification to lower year-to-year volatility and attempts to achieve the highest expected total return relative to portfolio risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity and fixed income mutual funds based investments to achieve its long-term return objectives within prudent risk constraints.

Investment and Spending Policies

The Finance Committee of the Organization has adopted investment and spending policies for the endowment fund that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets.

The overall rate of return objective of the portfolio measured over a full market cycle, shall be to outperform, net of fees, certain chosen indices as determined by the Organization's investment manager. The risk parameter established is that the portfolio should experience less risk (volatility and variability of return) than that of the chosen index.

10. ENDOWMENT - Continued

The Organization uses an endowment spending-rate formula to determine the maximum amount to spend from the Endowment each year. The approved annual spending rate is 5% of a moving average of the 12 previous quarters of principal as calculated each calendar year. For years in which endowment spending is not necessary to support operations, funds can remain invested as part of the full principal to sustain growth. Additionally, in extreme circumstances (i.e. bankruptcy consideration or other extreme hardship) where the Organization has exhausted its reserves and is unable to cover annual operating costs, the Organization may draw down on Endowment principal to sustain operations only if the majority of the President and CEO and the Executive Committee approves proposal for such action.

Changes in Endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2020	$ -	$ 3,790,519	$ 3,790,519
Net investment income		1,141,952	1,141,952
Appropriation of endowment assets pursuant to spending rate policy		(150,000)	(150,000)
Endowment net assets, June 30, 2021	-	4,782,471	4,782,471
Net investment loss		(312,816)	(312,816)
Appropriation of endowment assets pursuant to spending rate policy		(150,000)	(150,000)
Endowment net assets, June 30, 2022	$ -	$ 4,319,655	$ 4,319,655

11. RELATED PARTY TRANSACTIONS

Contributions from board members and affiliates and companies whose directors are also members of the board of directors or officers of the Organization were $801,998 and $3,181,533 for the years ended June 30, 2022 and 2021, respectively. Of the total support of these related parties, two parties contributed 37% and 87% for the years ended June 30, 2022 and 2021, respectively.

Net contributions receivable from members of the board of directors or officers of the Organization and their related companies were $1,874,448 and $2,524,526 at June 30, 2022 and 2021, respectively.

12. CONTRIBUTED NONFINANCIAL ASSETS

The Organization received the following contributions of nonfinancial assets for the years ended June 30:

	2022			
	Program	Management and General	Fundraising	Total
Donated Goods				
Special event	$ -	$ -	$ 19,512	$ 19,512
Donated Services				
Professional and				
Consulting services				
Legal and accounting		29,822		
Communication services		15,000		
Fundraising			5,000	
App development	300,000			300,000
Equity for young men				
of color program	175,282			175,282
IT services and software	36,144	4,320	7,536	48,000
College counseling	4,981			4,981
Total Contributed Nonfinancial Assets	$ 516,407	$ 49,142	$ 32,048	$ 597,597

	2021			
	Program	Management and General	Fundraising	Total
Donated Goods				
Special event	$ -	$ -	$ 3,500	$ 3,500
Supplies and equipment			992	992
Donated Services				
Legal and accounting		146,810		146,810
IT services and software	36,144	4,320	7,536	48,000
Consulting services	18,565			18,565
College counseling	4,920			4,920
Total Contributed Nonfinancial Assets	$ 59,629	$ 151,130	$ 12,028	$ 222,787

12. CONTRIBUTED NONFINANCIAL ASSETS - Continued

The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. Assets unrelated to or unused in the Organization's mission, such as contributed auction items were valued at the gross selling priced received when sold at auction during special events. There were no donor imposed restrictions associated with the donated services and assets received.

Contributed services are recognized as in-kind revenue at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. The Organization received legal, IT services, software, consulting, app development, strategic consulting and college counseling services that are reported using current rates for similar professional services.

A significant amount of volunteer services is contributed to the Organization to support their program and supporting services. These volunteer activities include participating on the Board of Directors and numerous other committees as well as assistance with fundraising events, special projects, as well as the Organization's College Access, College Success, and Career Mentoring programs. The value of these services has not been included in the financial statements because the criteria for recognition have not been satisfied.

13. LEASE COMMITMENTS

In December 2014, the Organization entered into a long-term lease for their office facilities. The lease commenced in November 2014, matures in May 2022 and includes a five-year renewal option. Lease payments commenced at $22,867 per month with annual escalation of approximately 2% per annum. The lease included seven months of rent abatement totaling $160,265 and lease improvement allowance of $274,350, which are being amortized over the life of the lease.

The Organization was granted a deferment of their July 2020 rent and their proportional share of related real estate taxes totaling $28,734. Rent relief in the amount of $25,266 is being paid back beginning September 2020. As of June 30, 2021, the unpaid balance of the rent deferment was $10,528.

In August 2021, the Organization entered into a lease renewal through May 2023. The lease renewal included two months of rent abatement. The lease renewal provides for monthly minimum rental payment of $25,743.

In February 2022, the Organization entered into a lease renewal through May 2024. The lease renewal included one and a half months of rent abatement. The lease renewal provides for monthly minimum rental payment of $25,743.

13. LEASE COMMITMENTS - Continued

The Organization expenses lease payments on a straight-line basis in accordance with accounting principles generally accepted in the United States of America. The difference between actual rent payments and the expense recognized using the straight-line basis is recorded as deferred rent liability in the amount of $6,506 and $80,297 as of June 30, 2022 and 2021, respectively.

Future minimum lease payments under this lease, excluding real estate taxes, and reflective of the rent relief are as follows:

Year Ending June 30,	Amount
2023	$ 257,428
2024	244,557
Total	$ 501,985

Rent expense was $279,689 and $275,038 for the years ended June 30, 2022 and 2021, respectively, and is included in occupancy on the accompanying statement of functional expenses.

14. RETIREMENT PLANS

The Organization established a savings plan in 2008 covering substantially all employees which includes an income deferral option that qualifies under Section 401(k) of the Internal Revenue Code. In 2015, the Organization elected to begin an employer matching contribution of up to 2% of each employee's salary for all full time employees. Prior to 2015, the Plan did not require the Organization to match employee deferrals. In October 2020, the Organization terminated their 401(k) Plan and all participants became 100% vested in their accounts, and all the assets were transferred to the new 403(b) Plan.

In September, 2020, the Organization established a new plan that qualifies under Section 403(b) of the Internal Revenue Code. All employees are eligible to participate in the plan which allows for elective deferrals of up to 100% of compensation and includes an employer matching contribution of up to 2% of each employee's compensation and discretionary non-elective contributions.

The employer matching contributions were $47,453 and $57,615 in total for the years ended June 30, 2022 and 2021, respectively. The Organization did not make any discretionary non-elective contributions during the years ended June 30, 2022 and 2021.

14. RETIREMENT PLANS - Continued

During the year ended June 30, 2019, the Organization established a nonqualified deferred compensation plan that operates under section 457(b) of the Internal Revenue Service for the future benefit of select executives. The Organization may make discretionary non-elective contributions to the plan. Contributions to the plan amounted to $12,000 and $10,000 during the years ended June 30, 2022 and 2021, respectively. During the year ended June 30, 2022, the Organization made a distribution of $47,709. The plan assets are included in current and other assets and the associated plan obligation is included in current and noncurrent liabilities in the statement of financial position. The 457(b) plan asset and liability balances as of June 30, 2022 and 2021 were $28,891 and $74,179, respectively.

15. LINE OF CREDIT

During the year ended June 30, 2022, the Organization entered into a line of credit which allows for borrowings up to a maximum of $500,000. The line of credit expires on November 15, 2023, and is bearing interest at the Prime rate (4.75% at June 30, 2022) minus 0.5%. There was no outstanding balance on the line of credit as of June 30, 2022 and there were no borrowings during the year ended June 30, 2022. The line of credit was collateralized by marketable securities held in the Endowment investment account included in the investments total on the statement of financial position.

16. SUBSEQUENT EVENT

In October 2022, the Organization formed a single member limited liability company, REACH Pathways, LLC, for which the Organization is the sole member, with the intention of expanding the potential revenue generating opportunities to diversify the Organization’s revenues. It is expected that revenues generated in the for-profit entity will be substantially related to the Organization’s exempt purposes and will flow to the Organization.