



College Horizons, Inc.

Financial Statements and Independent Auditors' Report

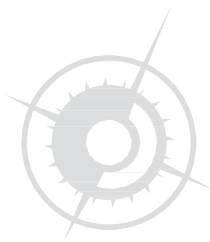
For the Years Ended August 31, 2023 and 2022

Schlenker &
Cantwell, P.A.

8830 Horizon Blvd NE
Albuquerque, NM 87113

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SCHLENKER & CANTWELL, P.A.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
College Horizons, Inc.
Albuquerque, New Mexico

Opinion

We have audited the accompanying financial statements of College Horizons, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2023, and 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 referred to above present fairly, in all material respects, the financial position of College Horizons, Inc. as of August 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of College Horizons, 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 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 College Horizons, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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, including omissions, 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 College Horizons, 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 College Horizons, 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.

Report on Summarized Comparative Information

We have previously audited College Horizons, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 8, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Schlenker & Cantwell, P.A.

SCHLENKER & CANTWELL, P.A.
Certified Public Accountants

December 4, 2023
Albuquerque, New Mexico

COLLEGE HORIZONS, INC.

Statements of Financial Position

August 31, 2023 and 2022

	<u>ASSETS</u>	
	<u>2023</u>	<u>2022</u>
Current assets		
Cash and cash equivalents	\$ 1,256,587	\$ 1,146,291
Grants and other receivables	25,870	37,993
Prepaid expenses	<u>6,249</u>	<u>6,917</u>
Total current assets	1,288,706	1,191,201
Property and equipment, net	<u>-</u>	<u>137</u>
Total assets	<u><u>\$ 1,288,706</u></u>	<u><u>\$ 1,191,338</u></u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 20,400	\$ 11,193
Deferred revenue	190,000	32,500
Other accrued expenses	<u>18,223</u>	<u>22,788</u>
Total current liabilities	<u>228,623</u>	<u>66,481</u>
Total liabilities	228,623	66,481
Net assets		
Without donor restrictions	955,602	1,010,896
Without donor restrictions - board designated	85,598	108,817
With donor restrictions	<u>18,883</u>	<u>5,144</u>
Total net assets	<u>1,060,083</u>	<u>1,124,857</u>
Total liabilities and net assets	<u><u>\$ 1,288,706</u></u>	<u><u>\$ 1,191,338</u></u>

See independent auditors' report and notes to the financial statements

COLLEGE HORIZONS, INC.**Statement of Activities and Changes in Net Assets**

For the year ended August 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Grants and contributions	\$ 280,169	\$ 25,800	\$ 305,969
Tuition and fees, net	430,183	-	430,183
In-kind revenues	498,085	-	498,085
Interest	3,947	-	3,947
Net assets released from restrictions	12,061	(12,061)	-
Total revenue and support	1,224,445	13,739	1,238,184
Expenses			
Program services	1,221,469	-	1,221,469
Management and general	67,428	-	67,428
Fundraising	14,061	-	14,061
Total expenses	1,302,958	-	1,302,958
Changes in net assets	(78,513)	13,739	(64,774)
Net assets, beginning of year	1,119,713	5,144	1,124,857
Net assets, end of year	\$ 1,041,200	\$ 18,883	\$ 1,060,083

See independent auditors' report and notes to the financial statements

COLLEGE HORIZONS, INC.
Statement of Activities and Changes in Net Assets
For the year ended August 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support			
Grants and contributions	\$ 457,741	\$ 30,000	\$ 487,741
Tuition and fees, net	380,551	-	380,551
In-kind revenues	101,130	-	101,130
Interest	2,248	-	2,248
Net assets released from restrictions	<u>112,322</u>	<u>(112,322)</u>	<u>-</u>
Total revenue and support	1,053,992	(82,322)	971,670
Expenses			
Program services	772,171	-	772,171
Management and general	62,670	-	62,670
Fundraising	<u>18,939</u>	<u>-</u>	<u>18,939</u>
Total expenses	<u>853,780</u>	<u>-</u>	<u>853,780</u>
Changes in net assets	200,212	(82,322)	117,890
Net assets, beginning of year	<u>919,501</u>	<u>87,466</u>	<u>1,006,967</u>
Net assets, end of year	<u><u>\$ 1,119,713</u></u>	<u><u>\$ 5,144</u></u>	<u><u>\$ 1,124,857</u></u>

See independent auditors' report and notes to the financial statements

COLLEGE HORIZONS, INC.
Statement of Functional Expenses
For the year ended August 31, 2023
(With comparative totals for the year ended August 31, 2022)

	Program Services				Total Program Services	Management and General	Fundraising	2023 Totals	2022 Totals
	College Horizon	Graduate Horizon	Training	Scholars Program Horizon					
Personnel	\$ 323,286	\$ 13,472	\$ -	\$ 102,875	\$ 439,633	\$ 19,964	\$ 10,603	\$ 470,200	\$ 469,654
Professional fees	240,085	-	-	-	240,085	36,096	-	276,181	141,910
Occupancy	267,157	1,145	924	2,506	271,732	2,920	1,047	275,699	23,904
Program expenses	79,587	7,647	-	56,503	143,737	-	-	143,737	141,610
Contract fees	4,000	2,000	-	23,755	29,755	-	-	29,755	37,852
Mileage and travel	14,401	3,572	-	11,686	29,659	76	-	29,735	3,291
Computer equipment	17,791	-	-	5,313	23,104	49	7	23,160	-
Supplies	19,328	-	-	-	19,328	-	-	19,328	3,305
Conferences and meetings	7,225	-	-	2,682	9,907	58	2	9,967	3,624
Miscellaneous	3,894	-	131	-	4,025	31	892	4,948	5,804
Telephone	3,503	-	-	-	3,503	1,019	206	4,728	3,427
Board expense	82	-	-	-	82	4,580	4	4,666	-
Postage and shipping	397	15	-	1,478	1,890	-	943	2,833	7,078
Equipment rental	691	-	-	393	1,084	991	330	2,405	4,545
Insurance	464	32	-	97	593	1,614	20	2,227	5,676
Dues and subscriptions	1,845	-	-	-	1,845	-	-	1,845	592
Recruitment and outreach	1,407	-	-	-	1,407	-	-	1,407	180
Total expenses before depreciation	985,143	27,883	1,055	207,288	1,221,369	67,398	14,054	1,302,821	852,452
Depreciation	100	-	-	-	100	30	7	137	1,328
Total expenses	<u>\$ 985,243</u>	<u>\$ 27,883</u>	<u>\$ 1,055</u>	<u>\$ 207,288</u>	<u>\$ 1,221,469</u>	<u>\$ 67,428</u>	<u>\$ 14,061</u>	<u>\$ 1,302,958</u>	<u>\$ 853,780</u>

See independent auditors' report and notes to the financial statements

COLLEGE HORIZONS, INC.
Statements of Cash Flows
For the years ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Changes in net assets	\$ (64,774)	\$ 117,890
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	137	1,328
Decrease (increase) in operating assets:		
Grants and other receivables	12,123	(32,952)
Prepaid expenses	668	1,975
Increase (decrease) in operating liabilities		
Deferred revenue	157,500	(6,500)
Accounts payable	9,207	(9,258)
Refundable advance-Payroll Protection Program	-	(73,070)
Other accrued expenses	<u>(4,565)</u>	<u>900</u>
Net cash provided by operating activities	<u>110,296</u>	<u>313</u>
Net increase in cash	110,296	313
Cash and cash equivalents, beginning of year	<u>1,146,291</u>	<u>1,145,978</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,256,587</u></u>	<u><u>\$ 1,146,291</u></u>

See independent auditors' report and notes to the financial statements

COLLEGE HORIZONS, INC.
Notes to the Financial Statements
August 31, 2023 and 2022

NOTE 1 - NATURE OF ORGANIZATION

College Horizons, Inc. (the Organization) is a private, nonprofit organization incorporated in New Mexico on October 5, 2004. The mission of the Organization is to support the higher education of Native American youth. College Horizons is a college-access, college-success, and pre-graduate organization that services American Indian, Alaska Native, and Native Hawaiian high school and college students. The goals of the Organization are to 1) increase the higher education rate of Native American and Native Hawaiian high school and college students by providing pre-college (College Horizons) and pre-graduate (Graduate Horizons) admission/financial aid counseling programs and, 2) to increase their college completion by providing academic, social, emotional, and culturally relevant college support services (Scholars Program) to students.

A volunteer Board of Directors governs the Organization. The board is comprised of community, business, and professional leaders.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of the accompanying financial statements are as follows:

Basis of Presentation

The Organization's financial statements are presented in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 2016-14, *Not-for-Profit Entities, Presenting Financial Statements*. Under ASC 2016-14, the Organization 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. In addition, the Organization is required to present a statement of functional expenses and a statement of cash flows.

Basis of Accounting

The accompanying financial statements of the Organization have been presented on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

COLLEGE HORIZONS, INC.

Notes to the Financial Statements

August 31, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended August 31, 2022, from which the summarized information was derived.

Adoption of New Accounting Standards - Leases

In February 2016, FASB issued Accounting Standards Update 2016-02, *Leases* (ASC 842). This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Adoption of New Accounting Standards - Contributed Nonfinancial Assets

In September 2020, FASB issued amended guidance for contributed nonfinancial assets with ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). The guidance requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, disclosure of the disaggregated amount by type, and disclosure of qualitative information about whether the contributed nonfinancial assets were monetized or utilized during the reporting period as well as a description of the programs or other activities in which the assets were used. The guidance also requires disclosure of any donor-imposed restrictions and a description of valuation techniques. The Organization adopted ASU 2020-07 for the year ending August 31, 2023.

COLLEGE HORIZONS, INC.

Notes to the Financial Statements

August 31, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Organization's financial statements are presented in accordance with FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. Under ASC 2014-09, the Organization is required to recognize revenue to transfer of goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services.

Revenue recognition for the Organization is as follows:

Contributions and Grants

Unconditional promises to give are recognized as revenue in the period the promise was made. Contributions, grants, and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. 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. We report contributions restricted by donors 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.

Conditional grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures or deliverables, as defined in each contract, are met. Funds received but not yet earned are shown as Deferred Revenue. Expenditures under contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

Contributions Received and Contributions Made

The Organization adopted FASB ASU No. 2018-08 – *Not for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update provides a more robust framework for determining whether a transaction should be accounted for as a contribution or an exchange transaction. To accomplish this, the ASU clarifies how a not-for-profit organization determines whether a resource provider is receiving value in return for the resources transferred based on the following criteria:

- A resource provider (including a private foundation, a government agency, or other) is not synonymous with the general public. Indirect benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider.

COLLEGE HORIZONS, INC.

Notes to the Financial Statements

August 31, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions Received and Contributions Made (continued)

- Execution of a resource provider's mission or the positive sentiment from acting as a donor would not constitute commensurate value received by a resource provider for purposes of determining whether a transfer of assets is a contribution or an exchange.

In addition, this ASU also requires an organization to determine whether a contribution is conditional based on whether the agreement includes a barrier that must be overcome or whether a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Tuition and School Fees

Tuition and school fees are recognized as revenue in the period that the services are rendered. Revenue is earned on a monthly basis, as defined in each contract. Funds received but not yet earned are shown as deferred revenue.

Tuition and fees are recorded as revenue in the statement of activities and changes in net assets when the related services are provided to students and colleges. Grants and other receivables represent tuition and fees and grants due from services rendered during the year. All amounts are deemed collectible at year end. Students may apply for, and receive financial aid. Tuition is presented net of tuition discounts. Tuition discounts deducted from tuition and fee revenue were zero for the years ended August 31, 2023, and 2022.

Students may also apply for travel assistance whereby the Organization will pay for all or a portion of the student's travel costs to the summer program. The amount of travel assistance awarded was \$92,415.38 for the years ended August 31, 2023 and zero for 2022, and is presented as a program service expense in the accompanying statement of activities and changes in net assets. In response to the COVID-19 pandemic and economic crisis, tuition fees were not collected from families due to financial hardship.

While all College Horizons, Scholars Pathway and Graduate Horizons programs were held remotely in 2020, 2021, and 2022, in 2023 all programs resumed in-person summer activities. College Horizons was hosted by the University of Redlands (Redlands, CA) and Emory University (Atlanta, GA) and the Scholars Pathway and Graduate Horizons were hosted by Lawrence University (Appleton, WI). A total of 280 students and 138 faculty were served directly in all three programs.

COLLEGE HORIZONS, INC.
Notes to the Financial Statements
August 31, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration and Credit Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash and cash equivalents and grants and other receivables. Cash and cash equivalents are maintained at high-quality financial institutions and credit exposure is limited at any one institution. Cash and cash equivalents held at banks are insured through the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times throughout the year, balances on deposits exceeded FDIC limits. The Organization has not experienced any losses on its cash and cash equivalents. The Organization manages credit risk related to accounts and contributions receivable through the use of valuation allowances. Historically, there have not been any losses on grants and other receivables. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents, grants, and other receivables.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking, savings, and money market accounts with maturities of three months or less.

Grants and Other Receivables

Receivables arise out of charges for services and are stated at the amount management expects to collect. The Organization considers all amounts fully collectible. Accordingly, an allowance for doubtful accounts is not required. Grants and other receivables are periodically reviewed and uncollectible amounts are expensed. Historically, such amounts have not been material.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (“ROU”) assets – operating and lease liability – operating, and finance leases are included in right-of-use (“ROU”) assets – financing and lease liability – financing in the statements of financial position.

COLLEGE HORIZONS, INC.

Notes to the Financial Statements

August 31, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as an expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities. There were no leases that met the requirements of capitalization for ASC-842.

Property and Equipment

Purchase of property and equipment over \$5,000 and expected to have a useful life of more than one year are capitalized. Property and equipment acquisitions are recorded at cost, or fair market value at the date of the gift, and are depreciated over their estimated useful lives using the straight-line method. The estimated useful life of furniture, fixtures, and equipment ranges from three to ten years.

Accrued Leave

Full-time employees are eligible for 8 days sick leave, 20 days personal leave, 5 days bereavement leave, and 16 days of holiday leave per fiscal year. Sick leave accrues monthly and can carry over from one fiscal year to the next; however, the board of directors approves the hours of sick leave permitted per fiscal year in compliance with the New Mexico Healthy Worker's Act. Personal leave accrues monthly and can carry over from one fiscal year to the next; however, when the leave balances reaches 25 days, further accruals will cease. Five days of bereavement leave are offered to employees; bereavement leave does not accrue and does not carry over to the next fiscal year. A total of 16 days of paid holiday leave is offered to employees; holiday leave does not accrue and does not carry over to the next fiscal year. Upon employee's resignation or termination, only paid personal leave is paid out. Part-time employees earn sick leave, personal leave, bereavement leave, and holiday leave on a prorated basis.

COLLEGE HORIZONS, INC.

Notes to the Financial Statements

August 31, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Income Taxes

The Organization has received tax-exempt status under Code Section 501(c)(3) of the Internal Revenue Code. The Organization has adopted accounting principles generally accepted in the United States of America as they relate to uncertain tax positions for the year ended August 31, 2023, and has evaluated its tax positions taken for all open tax years. The Organization is not currently under audit nor has the Organization been contacted by this jurisdiction. Management believes that the activities of the Organization are within their tax-exempt purpose and that there are no uncertain tax positions.

Contributed Materials, Facilities, and Services

Contributed materials and facilities are recognized as revenue at their estimated values at the date of receipt. Contributions of services are recognized as revenue at their estimated values only if the services received (a) create or enhance non-financial assets or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The majority of in-kind contributions are provided by the various colleges that host the summer programs. The total amount of contributed materials, facilities, and services was \$8,000 and \$250,000 and \$240,085, respectively, for the year ended August 31, 2023, and zero and zero and \$101,130, respectively, for the year ended August 31, 2022. In response to the COVID-19 pandemic and economic crisis, beginning in 2020 and through 2022, all College Horizons programs were held remotely resulting in decreases of contributed materials, facilities, and services as compared to prior years.

COLLEGE HORIZONS, INC.
Notes to the Financial Statements
August 31, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

Advertising costs are expensed as incurred. Total advertising expense was zero for the years ended August 31, 2023, and 2022.

Functional Allocation of Expenses

The costs of providing program services and other activities have been summarized by their natural expenditure classification on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services benefited.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of August 31:

	<u>2023</u>	<u>2022</u>
Furniture and fixtures	\$ -	\$ 5,764
Computer equipment	<u>10,200</u>	<u>10,200</u>
Total property and equipment	10,200	15,964
Accumulated depreciation	<u>(10,200)</u>	<u>(15,827)</u>
Property and equipment, net	<u><u>\$ -</u></u>	<u><u>\$ 137</u></u>

Depreciation expense totaled \$137 and \$1,328 for the years ended August 31, 2023, and 2022, respectively.

COLLEGE HORIZONS, INC.
Notes to the Financial Statements
August 31, 2023 and 2022

NOTE 4 - LEASES

The Organization leases office space and a copier that expires in 2026. Rent expense for the years ended August 31, 2023, and 2022 was \$21,639, and are included in “Occupancy” and “Equipment rental” in the statement of functional expenses.

Future minimum lease payments related to these leases are as follows:

2024	\$	21,639
2025		1,484
2026		1,236
		<hr/>
	\$	24,359
		<hr/> <hr/>

NOTE 5 - RETIREMENT PLAN

The Organization formed a simple IRA retirement plan on May 17, 2017, for its employees. Employees are eligible to participate on their date of hire. The plan provides for a matching contribution by the Organization of up to 3% of the employee’s salary. Participants become fully vested immediately upon eligibility. The Organization’s contributions were \$11,491 and \$11,216 in 2023 and 2022, respectively, and are included in “Personnel” in the statement of functional expenses.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as follows as of August 31:

	<u>2023</u>	<u>2022</u>
Institute for Policy Studies	\$ 18,883	\$ -
Davis Scholars	<hr/> -	<hr/> 5,144
Total net assets with donor restrictions	<hr/> \$ 18,883	<hr/> \$ 5,144

COLLEGE HORIZONS, INC.
Notes to the Financial Statements
August 31, 2023 and 2022

NOTE 7 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions are as follows as of August 31:

	2023	2022
San Manuel	\$ -	\$ 55,000
NM State Higher Education	-	21,537
Davis Scholars	5,144	29,856
Institute for Policy Studies	6,917	-
NCAN Success	-	4,939
Abelow	-	990
	<hr/>	<hr/>
Total net assets released from donor restrictions	<u>\$ 12,061</u>	<u>\$ 112,322</u>

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Credit cards are used for routine purchases. It is the Organization's policy to pay any outstanding balance monthly. The combined credit limit is \$75,000 and the average interest rate at year-end was 12.75% and 14% for 2023 and 2022, respectively.

NOTE 9 - LIQUIDITY AND AVAILABILITY

The Organization receives significant support without donor restrictions from grants and contributions, student tuition and fees, and in-kind revenues. Such support represented approximately 97% of annual program funding in 2023 and 2022.

As part of the Organization's liquidity management, it ensures its financial assets are available as its general expenditures, liabilities, and other obligations come due. As of August 31, 2023, and 2022, the Organization had working capital of \$1,060,083 and \$1,124,720 and average days cash on hand of 352 days and 491 days, respectively.

General expenditures include management and general expenses, fundraising expenses, and program expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Organization's fiscal year.

COLLEGE HORIZONS, INC.
Notes to the Financial Statements
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NOTE 9 - LIQUIDITY AND AVAILABILITY (continued)

The Organization manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and,
- Maintaining sufficient reserves to provide reasonable assurance that commitments and obligations that support mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

Financial assets available for general expenditures within one year as of August 31 are as follows:

	<u>2023</u>	<u>2022</u>
Financial assets as of year end:		
Cash and cash equivalents	\$ 1,256,587	\$ 1,146,291
Grants and other receivables	<u>25,870</u>	<u>37,993</u>
Total financial assets	1,282,457	1,184,284
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(18,883)	(5,144)
Plus net assets with purpose restrictions expected to be met within one year	<u>18,883</u>	<u>5,144</u>
Total financial assets available for general expenditures within one year	<u><u>\$ 1,282,457</u></u>	<u><u>\$ 1,184,284</u></u>

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 4, 2023, the date which the financial statements were available for issuance, to determine whether such events should be recorded or disclosed in the financial statements for the year ended August 31, 2023.