10,000 Degrees

Financial Statements

June 30, 2024
(with Comparative Totals for 2023)

WINDES
AUDIT | TAX | ADVISORY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
10,000 Degrees:

Report on the Financial Statements

Opinion

We have audited the financial statements of 10,000 Degrees (the Organization), which comprise the statement of financial position as of June 30, 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, 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 (GAAS). 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 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 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 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 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 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.

Report on Summarized Comparative Information

The financial statements of the Organization as of June 30, 2023, were audited by other auditors, whose report dated December 1, 2023, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it was derived.

Windes, Inc.

Long Beach, California
November 22, 2024

10,000 DEGREES

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

ASSETS

	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	$ 8,766,664	$ 15,149,452
Investments	8,657,481	4,691,427
Grants and contributions receivable, net, current portion	3,255,402	7,324,019
Employee Retention Credit receivable	405,112	405,112
Other assets	18,347	2,864
Prepaid expenses	342,093	326,538
Total current assets	21,445,099	27,899,412
PROPERTY AND EQUIPMENT, NET	24,534	84,446
OTHER ASSETS		
Grants and contributions receivable, net, long-term portion	986,646	1,009,622
Beneficial interest in assets held by Marin Community Foundation	2,123,352	1,945,862
Deposits	17,667	28,647
Operating lease right-of-use assets, net	384,261	563,607
Total other assets	3,511,926	3,547,738
TOTAL ASSETS	$ 24,981,559	$ 31,531,596

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

10,000 DEGREES

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)
(Continued)

LIABILITIES AND NET ASSETS

	2024	2023
CURRENT LIABILITIES		
Education grants and scholarships payable, net	$ 3,598,818	$ 4,273,900
Accounts payable and accrued expenses	863,376	1,059,180
Deferred revenue and grant advance	-	113,556
Operating lease liabilities, current portion	170,768	174,251
Finance lease liabilities, current portion	916	11,032
Total current liabilities	4,633,878	5,631,919
NONCURRENT LIABILITIES		
Debt impact securities	-	507,000
Operating lease liabilities, noncurrent portion	226,107	412,061
Finance lease liabilities, noncurrent portion	20,270	10,154
Total noncurrent liabilities	246,377	929,215
Total liabilities	4,880,255	6,561,134
NET ASSETS		
Without donor restrictions:		
Board designated	4,350,000	2,250,000
Undesignated	1,339,395	3,245,558
Total net assets without donor restrictions	5,689,395	5,495,558
With donor restrictions:		
Purpose restrictions	12,701,195	17,884,190
Perpetual in nature	1,710,714	1,590,714
Total net assets with donor restrictions	14,411,909	19,474,904
Total net assets	20,101,304	24,970,462
TOTAL LIABILITIES AND NET ASSETS	$ 24,981,559	$ 31,531,596

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

10,000 DEGREES

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND SUPPORT				
Grants and contributions	$ 3,267,181	$ 9,560,510	$ 12,827,691	$ 20,046,123
Special events, net of costs of direct benefit to donors of $322,258 in 2024 and $192,208 in 2023	1,201,947	-	1,201,947	933,251
Change in value of beneficial interest	-	156,121	156,121	164,552
Program service fees	1,056,632	-	1,056,632	273,574
Investment return, net	835,748	-	835,748	352,963
Employee Retention Credit income	-	-	-	405,112
Net assets released from restrictions	14,779,626	(14,779,626)	-	-
TOTAL REVENUES AND SUPPORT	21,141,134	(5,062,995)	16,078,139	22,175,575
EXPENSES				
Program services	15,097,993	-	15,097,993	17,848,075
Management and general	3,402,611	-	3,402,611	2,495,297
Fundraising	2,446,693	-	2,446,693	1,781,012
TOTAL EXPENSES	20,947,297	-	20,947,297	22,124,384
CHANGE IN NET ASSETS	193,837	(5,062,995)	(4,869,158)	51,191
NET ASSETS, BEGINNING OF YEAR	5,495,558	19,474,904	24,970,462	24,919,271
NET ASSETS, END OF YEAR	$ 5,689,395	$ 14,411,909	$ 20,101,304	$ 24,970,462

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

10,000 DEGREES

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	Donor Scholarships	College Access	College Success	Other Programs	Total Program Services	Management and General	Fundraising	Total Expenses 2024	Total Expenses 2023
Grants and scholarships	$ 6,486,776	$ -	$ -	$ -	$ 6,486,776	$ -	$ -	$ 6,486,776	$ 9,574,631
Salaries	441,334	2,901,310	2,451,284	290,186	6,084,114	1,936,992	1,437,193	9,458,299	8,426,858
Payroll taxes and benefits	95,122	549,386	530,473	139,530	1,314,511	546,362	306,095	2,166,968	1,788,134
Consultants and contractors	49,866	48,168	34,585	6,565	139,184	300,177	192,091	631,452	362,665
Computer maintenance and software licenses	30,462	30,206	43,391	17,425	121,484	58,989	51,671	232,144	301,032
Occupancy	5,990	90,339	62,572	9,595	168,496	22,081	58,546	249,123	286,726
Meals and catering	2,245	8,809	9,939	2,418	23,411	14,547	22,500	60,458	60,458
Accounting, audit, and legal	835	690	1,111	182	2,818	151,602	145	154,565	155,034
Office supplies	3,859	14,173	16,255	3,811	38,098	19,986	6,261	64,345	149,325
Advertising	406	5,095	1,200	875	7,576	52,474	17,987	78,037	121,415
Recruiting and training	634	822	2,150	1,505	5,111	20,350	1,125	26,586	119,288
Dues, memberships, and conference fees	9,622	674	509	2,219	13,024	25,642	1,935	40,601	108,872
Other	3,910	19,297	22,015	42,384	87,606	26,509	189,412	303,527	117,049
Supplies	185	54,801	35,305	3,399	93,690	36,192	6,808	136,690	27,795
Local mileage, transportation, and travel	349	48,428	35,078	2,490	86,345	11,017	11,580	108,942	81,806
Telephone and internet	2,166	17,095	23,085	2,473	44,819	10,529	4,835	60,183	70,289
Equipment rental	-	872	-	660	1,532	32,969	-	34,501	66,941
Depreciation and amortization	-	-	-	54,940	54,940	4,982	-	59,922	64,292
Printing and copying	-	1,474	4,526	1,580	7,580	1,181	57,520	66,281	57,568
Travel and conferences	6,921		19,671	5,395	31,987	21,231	2,941	56,159	50,524
Insurance	-	18,831	-	-	18,831	-	-	18,831	47,260
Legal	-	51,562	1,006	-	52,568	23,470	3,910	79,948	22,857
Postage and delivery	280	1,155	2,822	79	4,336	1,370	8,234	13,940	25,229
Board expenses	-	750	-	372	1,122	14,050	2,313	17,485	6,063
Bad debt	-	-	-	-	-	-	30,492	30,492	-
Bank charges, administrative fees and interest	247	720	201,741	8	202,716	69,593	19,110	291,419	13,169
Rent - other facilities	-	-	2,078	3,240	5,318	316	13,989	19,623	19,104
Total expenses	$ 7,141,209	$ 3,864,657	$ 3,500,796	$ 591,331	$ 15,097,993	$ 3,402,611	$ 2,446,693	$ 20,947,297	$ 22,124,384

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

10,000 DEGREES

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (4,869,158)	$ 51,191
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	59,922	64,292
Realized and unrealized gains on investments	(438,820)	(49,588)
Noncash lease expense	179,346	22,705
Change in value of beneficial interest in assets held by Marin Community Foundation	(156,121)	(164,552)
Contributions to beneificial interest assets held by Marin Community Foundation	-	50,873
Changes in operating assets and liabilities:		
Grants and contributions receivable	4,091,593	2,165,526
Other receivables	-	174,207
Other assets	(15,483)	-
Prepaid expenses	(15,555)	(95,825)
Deposits	10,980	(6,405)
Education grants and scholarships payable	(675,082)	3,581,920
Accounts payable and accrued expenses	(195,804)	652,549
Deferred revenue and grant advance	(113,556)	(13,184)
Operating lease liabilities	(189,437)	-
Deferred rent	-	(21,435)
Net Cash (Used In) Provided By Operating Activities	(2,327,175)	6,412,274
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	10,469,689	10,109,858
Purchase of investments	(13,996,933)	(14,641,929)
Purchase of property and equipment	-	(19,736)
Net Cash Used In Investing Activities	(3,527,244)	(4,551,807)

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

10,000 DEGREES

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)
(Continued)

	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution from beneficial interest in assets held by Marin Community Foundation	98,631	42,611
Payments on finance lease	-	(9,227)
Payments on debt securities as a result of achieving units of impact	(507,000)	(741,000)
Contributions for endowments	(120,000)	(50,873)
Net Cash Used In Financing Activities	(528,369)	(758,489)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6,382,788)	1,101,978
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	15,149,452	14,047,474
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 8,766,664	$ 15,149,452
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITY		
Cash paid for interest	$ 201,750	$ 4,318

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

NOTE 1 – Description of Organization

Nature of Activities

10,000 Degrees (the Organization) is a nonprofit, 501(c)(3) public benefit organization incorporated in the state of California. The Organization is a leading college success nonprofit that helps students from low-income backgrounds gain access to and complete higher education to positively impact their communities and the world. Specifically, the Organization delivers near-peer advising around college access, enrollment, and graduation as well as one-to-one financial aid support and management. The Organization also provides comprehensive college success programming and financial aid support after students enroll in college. The Organization's college success support includes scholarship grants as well as on-campus office hours, near-peer advising, an innovative texting platform, leadership development opportunities, and paid summer internships for current college students. The Organization also provides career success services to current students and recent graduates, including mentorship programs, internships at corporate partners, coaching on applying and interviewing for job opportunities, and entry-level professional development.

The Organization was founded in 1981 and is a nationally recognized college access and success organization serving over 12,000 students and families annually from low-income backgrounds in the San Francisco Bay Area.

Key Elements of Programs

College Success and Scholarship Programs

The Organization's College Success program supports students from low-income backgrounds through college to achieve a baccalaureate and graduate career ready. With this support, over 80% of the Organization’s four-year college students earn bachelor's degrees, compared to 31% of their peers nationally. For those who start at community college, the Organization's students transfer to and graduate from four-year colleges at a rate that is three times faster than the national average. Program participation is not limited by academic requirements or test scores. The College Success program staff trusts and believes in each student’s strengths and goals as they help them achieve their dream of graduating from college.

NOTE 1 – Description of Organization (Continued)

Key Elements of Programs (Continued)

College Success and Scholarship Programs (Continued)

For this program, the Organization's services include on-campus and virtual office hours at local community colleges and state universities, near-peer advising, and the development of a campus community that fosters campus connections and assists students in activating resources and navigating opportunities. The Organization also offers regular public workshops on financial aid, college knowledge and resources, and career development.

In addition to college success support, the Organization awards undergraduate scholarships as well as administers additional scholarships for more than 65 foundations, civic organizations, and individuals. Additionally, the Organization administers profile-specific scholarships for qualifying undergraduates, including scholarships for teacher and vocational training as well as scholarships to help cover the cost of childcare while in school. Since 1986, the Organization has administered the Donor Advised Scholarships of the Marin Community Foundation (MCF). Likewise, since 2014, the Organization has administered the Donor Advised Scholarships for the Community Foundation of Sonoma County.

College Access Programs

The Organization’s College Access program provides the preparation, relevant information, and financial resources to help students get accepted into college. The College Access program staff also seeks to create an environment that promotes educational equity via community activities. This program provides college preparation, college and financial aid counseling, and FAFSA and California Dream Act application completion among a series of other public workshops, ensuring that students and families enroll in college successfully. Through the Community College Success program, the Organization’s staff works on campus with community college-bound high school seniors ensuring they are prepared and supported to succeed at community college.

Through its innovative model, the Organization has been able to effectively scale its programs without compromising its college success metrics. For the year ended June 30, 2024, the Organization provided direct support to almost 3,000 college students. The Organization is currently working in 42 high schools, 40 community colleges and 166 four-year colleges and universities across the nation.

NOTE 1 – Description of Organization (Continued)

Key Elements of Programs (Continued)

Fellowship Program

The Organization's program success is powered by its Fellowship program. The program's Fellows are recent college graduates from low-income backgrounds, most of whom are alumni of the Organization's programs. The Fellows come back to serve in two- to three-year Fellowships in program leadership roles where they support students and families throughout their college journeys.

Fellows gain hands-on leadership experience which contributes to the success and efficacy of the Organization's programs. As recent college graduates from low-income backgrounds, the Fellows have deep content expertise and cultural awareness of the challenges students face. The Organization's near-peer role modeling helps students understand, navigate, and manage the entire college success process.

Funding

Funding sources include private foundations, individuals, corporations, governments, and community organizations. The Organization receives major funding in the form of grants from MCF and its affiliates. Additionally, over the past several years, the Organization has received substantial support for its programs in Sonoma County and San Francisco as well as, more recently, in Napa and Santa Clara counties. Connections to a nationally recognized funding organization provided an opportunity to establish a pilot program to remotely support students outside of California as well.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared using the accrual basis of accounting, which involves the recognition of revenues and gains when earned and expenses and losses when incurred in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for not-for-profit organizations.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation

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

> *Net Assets Without Donor Restrictions* - Those net assets and activities which represent the portion of expendable funds that have no use or time restrictions. The Board of Directors (the Board) has designated portions of this class of net assets as not available for the Organization's operations without approval of or notification to the Board. (See Note 9.)

> *Net Assets With Donor Restrictions* - Those net assets that are 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. Purpose and time restrictions are released when specified restrictions are met.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

The Organization's investments consist of bonds and treasury bills valued at fair value based on broker or dealer quotes.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

The Organization is required to consider the use of market-based information over entity-specific information in valuing its financial assets measured at fair value, using a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date.

The three-level hierarchy for fair value measurements is defined as follows:

Level 1	Inputs to the valuation methodology include unadjusted quoted prices for identical assets or liabilities in active markets
Level 2	Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the observable inputs and minimize the use of unobservable inputs. At June 30, 2024, there were no changes in the methodologies used.

Debt Impact Securities

Impact securities are debt securities issued by a nonprofit organization, foundation, government, or supranational entity, featuring variable returns that are contingent on the achievement of predetermined impact metrics. The Organization uses the investor capital from the sale of impact securities to run their programs and conduct impact measurements. Over time, impact is reported by the Organization and independently verified. Periodic payment amounts are entirely dependent on successful Units of Impact. If impact is not achieved, there is no obligation to make payments to holders since the security does not provide for or guarantee a return of principal. (See Note 7.)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Long-Lived Assets

The Organization evaluates long-lived assets, such as property and equipment or intangibles, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by comparison of the carrying amount of an asset or an asset group to estimated undiscounted future net cash flows expected to be generated by the asset or asset group. If the carrying amount of an asset exceeds these estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the assets exceeds the fair value of the asset or asset group, based on discounted cash flows. There were no events or changes in circumstances requiring consideration of impairment at June 30, 2024.

Grants and Contributions Receivable

Grants and contributions receivable consist of unconditional amounts committed by donors that have not been received by the Organization. Amounts receivable beyond one year are classified as long-term and discounted to present value using a risk-free rate (currently ranging from 4.13% - 4.71% based on the Daily Treasury Yield Curve Rate).

Beneficial Interest in Assets Held by Marin Community Foundation

Beneficial interest in assets held by MCF consists of assets transferred and subsequent contributions to MCF for investment purposes, with the understanding that the income pertaining to these assets would be distributed to the Organization, and therefore reciprocal in nature.

Although the Board recommends distributions from the fund, the trustees of MCF have the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to a specified organization, if, in the sole judgment of the Board of Trustees, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the needs of the community served by the Foundation. In accordance with Accounting Standards Codification (ASC) 958-605, *Not-for-Profit Entities - Revenue Recognition*, assets transferred that are reciprocal in nature are recognized on the financial statements of the Organization.

Beneficial interests in assets held by MCF are reported at fair value based on their net asset values. Change in value of beneficial interest in assets held by MCF consists of interest and dividend income, realized and unrealized gains and losses and is included in the statement of activities.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment with a cost of $2,500 or more and estimated useful lives in excess of one year are capitalized at cost if purchased, or fair market value, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The asset lives range from three to seven years. Leasehold improvements are amortized over the shorter of the lease term or the useful life of the improvement. The cost of maintenance and repairs is charged to operations when incurred.

Revenue Recognition

Unconditional contributions and pledges are recognized at fair value when promised.

Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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.

The Organization reports gifts of property and equipment at fair value on the date of donation as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed into service.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

The Organization receives nonfinancial asset contributions. The Organization records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind services/products are offset by like amounts included in expenses or additions to property and equipment. Unless otherwise noted, contributed nonfinancial assets do not have donor-imposed restrictions. At June 30, 2024, there were no material contributed nonfinancial assets.

Revenue recognition for program fee income is evaluated under ASC 606, *Revenue from Contracts with Customers*.

The Organization utilizes the portfolio approach practical expedient to account for program service income as the contracts with customers and performance obligations have similar characteristics and the Organization reasonably expects that the effects on the financial statements from applying the portfolio method are not materially different than applying ASC 606 to the individual contracts.

The performance obligation related to program fee income is to provide consulting services to districts in which they serve, including program workshops. The Organization recognizes program fee income over time in the period that services are rendered. The Organization bills for services either on a monthly or quarterly basis, depending on the agreement. Payment is typically due within 30 days after billing. Payments collected in excess of the related program fee income as of year-end are recorded as deferred revenue.

Grants and Scholarships

Grants and scholarships are recorded as expenses after the approval process is completed and recipients are notified. Scholarship modifications represent amounts rescinded by the Organization, which occur primarily because recipient eligibility has changed and recipients do not meet conditions for the award. Amounts are reflected net of estimated awards that will be rescinded due to changes in the recipient student's situation. Total recissions during the years ended June 30, 2024 and 2023 amounted to $2,498,142 and $1,449,527, respectively.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Grants and Scholarships (Continued)

Education grants and scholarships payable consist of amounts approved in the current fiscal year for the next fiscal year, net of an allowance for recissions of $635,000 as June 30, 2024.

Scholarships are awarded to students based on each student's anticipated enrollment status at the time of the award. Scholarship expense is recorded at the time the award is made. If a student's enrollment status changes, the amount of the scholarship will be reduced accordingly. This is reflected as a scholarship modification, which is a decrease to scholarship expense. Accordingly, scholarship expense is a significant estimate, subject to change.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on a pro-rata allocation of time determined by management. Office rent expenses are allocated based upon square footage. Shared costs are costs that provide benefits to two or more departments in the Organization.

Income Taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code, Section 23701d (or other states and code sections, as relevant). Accordingly, it has not provided for income taxes in these financial statements.

Each year, management considers whether any material tax position the Organization has taken is more likely than not to be sustained upon examination by the applicable taxing authority. Management believes that any positions the Organization has taken are supported by substantial authority and, hence, do not need to be measured or disclosed in these financial statements.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Summarized Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023 from which the summarized information was derived.

Reclassification

Certain amounts in June 30, 2023 financial statements have been reclassified to conform to the current year financial statement presentation.

Leases

Right-of-use assets represent the Organization's right to use an underlying asset for the lease term, while lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of the Organization's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at the Organization's sole discretion. The Organization regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Organization includes such options in the lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Organization uses the rate implicit in the lease, or if not readily available, the Organization uses a risk- free rate based on U.S. Treasury notes or bond rates for a similar term.

Right-of-use assets are assessed for impairment in accordance with the Organization's long-lived asset policy. The Organization reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with ASC Topic 842, *Leases*.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Special Events

Special events revenue relates to the Organization's three fundraising events held throughout the year – Alumni Changemakers, Sonoma Festive, and One Amazing Community. Revenue from special events is recognized on the date event occurs, net of expenses. During the year ended June 30, 2024, special event revenue totaled $1,201,947 net of expenses of $322,258.

Concentrations

Cash and Cash Equivalents

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. Risks associated with cash and cash equivalents are mitigated by banking with creditworthy institutions. Such balances with any one institution may, at times, be in excess of federally insured amounts (currently $250,000 per depositor). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Funding

At June 30, 2024, accounts receivable balances from two major donors comprised 30% of total accounts receivable.

For the year ended June 30, 2024, the grants and contribution revenue from one donor comprised 59% of total grants and contributions revenue.

Investments

Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility. The Organization's Beneficial Interest in MCF, which was valued at $2,123,352 at June 30, 2024, is invested in pooled funds maintained by the MCF that are subject to market fluctuation.

Subsequent Events

The Organization has evaluated subsequent events through November 22, 2024, which represents the date the financial statements were available to be issued.

NOTE 3 – Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while striving to maximize the investment of its available funds. The Organization has various sources of liquid assets at its disposal, including cash, cash equivalents, and marketable debt securities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programming and scholarship administration as well as the conduct of services undertaken to support those activities to be general expenditures. The Donor Advised Scholarship funds are considered restricted and therefore not available to meet current operating needs.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

10,000 Degrees' Board of Directors has designated a portion of its unrestricted resources as board designated (refer to Note 10). This amount is invested to maximize earnings but remains available to be spent at the discretion of the Board.

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	$ 8,766,664
Investments	8,657,481
Grants and contributions receivable	4,242,048
	21,666,193
Less time and purpose restricted net assets	(12,701,195)
Financial assets available for general expenditures	$ 8,964,998

NOTE 4 – Investments and Fair Value Measurements

The Organization's investments consist of bonds and treasury bills. In addition, it has beneficial interests in assets held by MCF, which are invested in pooled funds consisting of an equity fund, fixed income fund, and enhanced cash fund.

The following are the major categories of investments measured at fair value on a recurring basis at June 30, 2024:

	Fair Value Measurements Using:			
	Fair Value	Level 1	Level 2	Level 3
Treasury bills	$ 8,657,481	$ 8,657,481	$ -	$ -
	$ 8,657,481	$ 8,657,481	$ -	$ -

The beneficial interest in assets held by MCF are invested in a balance portfolio of equities and fixed income aimed at preserving the purchasing power of the investments over the long term.

The following table summarizes how the beneficial interest in assets held by MCF are held at net asset value with their related unfunded commitments and redemption features:

	Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Beneficial interest in assets held by Marin Community Foundation	$ 2,123,352	$ -	Monthly	None

NOTE 5 – Grants and Contributions Receivable

At June 30, 2024, unconditional promises to give received are as follows:

	Current	Due in 2 to 5 Years	Total
Grants and contributions receivable	$ 3,255,402	$ 1,259,023	$ 4,514,425
Allowance for uncollectible amounts	-	(25,380)	(25,380)
Discount to net present value	-	(246,997)	(246,997)
Total	$ 3,255,402	$ 986,646	$ 4,242,048

NOTE 6 – Property and Equipment

As of June 30, 2024, property and equipment consist of the following:

Office furniture and equipment	$ 435,759
Leasehold improvements	19,683
	455,442
Less accumulated depreciation and amortization	(430,908)
Total	$ 24,534

For the year ended June 30, 2024, depreciation and amortization expense amounted to $59,922.

NOTE 7 – Debt Impact Securities

During the year ended June 30, 2021, the Organization entered into a debt impact securities agreement with NPX Advisors, a donor impact fund, in the amount of $1,600,000. The debt impact securities are issued by the Organization where the repayments of those securities are contingent on the achievement of predetermined impact metrics. The impact debt securities combined the contingent returns concept found in pay-for-success financings with an established, scalable, and tradable capital markets structure.

The Organization used the funds from the debt impact securities to run its programs and conduct impact measurement. Over time, impact was reported by the Organization and underwent independent evaluation. The donor impact fund provided restricted donor contributions so it can meet repayment obligations to the investors.

At June 30, 2024, the Organization has met all of these metrics, and accordingly repaid all of the liability.

NOTE 8 – Retirement Plan

The Organization has a defined contribution plan (the Plan) that provides for employer contributions of 5% of each eligible employee's annual salary. Eligible employees include those individuals who work at least 20 hours per week and are employed by the Organization for at least one year. Employees are also permitted to make voluntary contributions to the Plan, to the extent allowed by law. All contributions to the Plan are fully vested when received. During the year ended June 30, 2024, the Organization contributed $367,412 to the Plan.

NOTE 9 – Board-Designated Net Assets

The Board has designated certain funds for use in times of severe fiscal stress and the operating reserve to manage short term cash shortfalls and unexpected expenses.

NOTE 9 – Board-Designated Net Assets (Continued)

A rollforward of activity for the year ended June 30, 2024 for board-designated net assets is as follows:

	Operating Reserve	Long-term Reserve	Total
Balance, July 1, 2023	$ 1,350,000	$ 900,000	$ 2,250,000
Designated to the fund	1,775,000	325,000	2,100,000
Balance, June 30, 2024	$ 3,125,000	$ 1,225,000	$ 4,350,000

NOTE 10 – Net Assets With Donor Restrictions, Purpose Restricted

Activity in net assets with restrictions for the year ended June 30, 2024, is as follows:

	Beginning Balance	Contributions	Releases	Ending Balance
Scholarships	$ 7,196,345	$ 4,317,242	$ (6,021,746)	$ 5,491,841
Time	1,009,622	-	(22,976)	986,646
Other programs	1,174,120	3,801,307	(4,188,421)	787,006
College Access and Success Programs	8,504,103	1,478,082	(4,546,483)	5,435,702
Perpetual in nature	1,590,714	120,000	-	1,710,714
	$ 19,474,904	$ 9,716,631	$ (14,779,626)	$ 14,411,909

NOTE 11 – Endowments

The Organization's endowments consist of approximately 10 individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 11 – Endowments (Continued)

The Organization is subject to the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) governing endowments. The Organization has interpreted this law 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. As a result, the Organization classifies net assets with donor restrictions – perpetual in nature to include a) the original value of gifts donated to the perpetual endowment, b) the original value of subsequent gifts to the perpetual endowment, and c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund, that is not classified as perpetual in nature, is classified as donor restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard prudence prescribed under law.

From time to time, the fair market value of assets associated with the endowment funds may fall below the level required to be retained as funds of perpetual duration. The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law.

The Organization adopted investment and spending policies which are consistent with Marin Community Foundation policies and approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets (all held at the Marin Community Foundation) are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate that has sufficient liquidity to make an annual distribution in accordance with the current spending policy, while growing the funds, if possible. Therefore, the Organization expects its endowment assets, over time, to produce an average rate of approximately 8% annually. Actual returns in any given year may vary from this amount

Investment risk is measured in terms of total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

NOTE 11 – Endowments (Continued)

The Organization is subject to investment and spending policies of Marin Community Foundation, appropriating for distribution each year 4.5% - 5% of its endowment fund's average fair value of the prior 12 quarters through calendar year-end proceeding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new girts and investment return.

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

	Unappropriated Endowment Earnings	Net Assets with Donor Restrictions - Endowments	Totals
Endowment Net Assets, July 1, 2023	$ 355,148	$ 1,590,714	$ 1,945,862
Contributions	-	120,000	120,000
Investment return, net	156,121	-	156,121
Amounts appropriated for expenditure	(98,631)	-	(98,631)
Endowment Net Assets, June 30, 2024	$ 412,638	$ 1,710,714	$ 2,123,352

NOTE 12 – Leases

The Organization rents office space in San Rafael with a lease term which expires in April 2026.

The Organization also rents an office in Santa Rosa under a seven-year lease that commenced in 2015. An amendment to extend the lease term to August 2027 was signed during 2022.

The Organization does not have any material leasing transactions with related parties.

NOTE 12 – Leases (Continued)

The following table summarizes the operating lease right-of-use assets and operating lease liabilities as of June 30, 2024:

Operating lease right-of-use assets	$ 384,261
Operating lease liabilities:	
Current	$ 170,768
Long-term	226,107
Total operating lease liabilities	$ 396,875

The table below summarizes the Organization's scheduled future minimum lease payments for years ending after June 30, 2024:

Years Ending June 30,	
2025	$ 177,489
2026	153,625
2027	70,373
2028	5,894
Total lease payments	407,381
Less amount respresenting interest	(10,506)
Total lease liabilities	396,875
Less current portion	(170,768)
Long-term lease liabilities	$ 226,107

NOTE 13 – Significant Estimate

Scholarships are awarded to students based on each student's anticipated enrollment status at the time of the award. Scholarship expense is recorded at the time the award is made. If a student's enrollment status changes, the amount of the scholarship will be reduced accordingly. This is reflected as a scholarship modification, which is a decrease to scholarship expense. Accordingly, scholarship expense is a significant estimate, subject to change.

NOTE 14 – Related-Party Transactions

Board member donations totaled $578,711 for the year ended June 30, 2024.

NOTE 15 – Employee Retention Credit

The Employee Retention Credit (ERC), which was included as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and amended by the Consolidated Appropriations Act (CAA), the American Rescue Plan Act (ARPA), and the Infrastructure Investment and Jobs Act (IIJA), incentivizes employers severely impacted by the COVID-19 pandemic to retain their employees when they might otherwise find it difficult to do so. The fully refundable tax credit is allowed against the employer's share of employment taxes for qualified wages paid after March 12, 2020 and before October 1, 2021. Credits in excess of the tax amounts paid by an employer are treated as overpayments and are also refunded to the employer. The ERC is calculated as a percentage of qualified wages (as defined in the CARES Act, as amended) paid by an eligible employer. The Organization qualified for ERC as its operations were partially suspended during the second calendar quarter of 2020 due to orders from the California State Government limiting certain of its activities due to COVID-19. The Organization averaged less than 100 full-time employees (FTEs) during 2019, therefore, it was considered a small employer. As a small employer, all of the Organization's otherwise qualified wages were eligible for the ERC. For 2020, the ERC equaled 50% of an employee's qualified wages up to $10,000 per employee per calendar quarter with a maximum annual credit for each employee of $5,000. For 2021, the ERC equaled 70% of an employee's qualified wages up to $10,000 per employee per calendar quarter with a maximum annual credit of $21,000 for each employee.

NOTE 15 – Employee Retention Credit (Continued)

The Organization accounts for this federal funding in accordance with the FASB ASC 958-605 guidance for conditional contributions and, accordingly, revenues are measured and recognized when barriers are substantially met. The Organization claimed credits totaling $405,112 on amended 2020 quarterly forms 941. The full credit was recognized in revenue at June 30, 2023.