

10,000 DEGREES

FINANCIAL STATEMENTS

June 30, 2025

(with Comparative Totals for 2024)

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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, 2025, 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, 2025, 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

We have previously audited the Organization's 2024 financial statements, and we expressed an unmodified audit opinion on those statements in our report dated November 22, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Long Beach, California
September 30, 2025

10,000 DEGREES

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

ASSETS

	<u>2025</u>	<u>2024</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 17,580,291	\$ 8,766,664
Investments	475,769	8,657,481
Grants and contributions receivable, net, current portion	7,143,300	3,255,402
Employee Retention Credit receivable	-	405,112
Other assets	1,644	18,347
Prepaid expenses	<u>269,149</u>	<u>342,093</u>
Total current assets	<u>25,470,153</u>	<u>21,445,099</u>
 PROPERTY AND EQUIPMENT, NET	 <u>2,953</u>	 <u>24,534</u>
 OTHER ASSETS		
Grants and contributions receivable, net, noncurrent	1,219,817	986,646
Beneficial interest in assets held by Marin Community Foundation	2,346,157	2,123,352
Deposits	17,667	17,667
Operating lease right-of-use assets, net	<u>328,334</u>	<u>384,261</u>
Total other assets	<u>3,911,975</u>	<u>3,511,926</u>
 TOTAL ASSETS	 <u>\$ 29,385,081</u>	 <u>\$ 24,981,559</u>

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

10,000 DEGREES

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)
(Continued)

LIABILITIES AND NET ASSETS

	2025	2024
CURRENT LIABILITIES		
Education grants and scholarships payable, net	\$ 2,277,821	\$ 3,598,818
Accounts payable and accrued expenses	704,451	863,376
Operating lease liabilities, current portion	179,046	170,768
Finance lease liabilities, current portion	-	916
Total current liabilities	3,161,318	4,633,878
NONCURRENT LIABILITIES		
Operating lease liabilities, noncurrent portion	162,357	226,107
Finance lease liabilities, noncurrent portion	-	20,270
Total noncurrent liabilities	162,357	246,377
Total liabilities	3,323,675	4,880,255
NET ASSETS		
Without donor restrictions:		
Board designated	4,350,000	4,350,000
Undesignated	2,457,430	1,339,395
Total net assets without donor restrictions	6,807,430	5,689,395
With donor restrictions:		
Purpose restrictions	17,473,262	12,701,195
Perpetual in nature	1,780,714	1,710,714
Total net assets with donor restrictions	19,253,976	14,411,909
Total net assets	26,061,406	20,101,304
TOTAL LIABILITIES AND NET ASSETS	\$ 29,385,081	\$ 24,981,559

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

10,000 DEGREES

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)**

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND SUPPORT				
Grants and contributions	\$ 3,324,994	\$ 19,939,049	\$ 23,264,043	\$ 12,827,691
Special events, net of costs of direct benefit to donors of \$516,169 in 2025 and \$322,258 in 2024	1,162,154	-	1,162,154	1,201,947
Change in value of beneficial interest	-	266,826	266,826	156,121
Program service fees	799,964	-	799,964	1,056,632
Investment return, net	748,700	-	748,700	835,748
Net assets released from restrictions	15,363,808	(15,363,808)	-	-
TOTAL REVENUES AND SUPPORT	21,399,620	4,842,067	26,241,687	16,078,139
EXPENSES				
Program services	14,739,869	-	14,739,869	15,097,993
Management and general	3,025,480	-	3,025,480	3,402,611
Fundraising	2,516,236	-	2,516,236	2,446,693
TOTAL EXPENSES	20,281,585	-	20,281,585	20,947,297
CHANGE IN NET ASSETS	1,118,035	4,842,067	5,960,102	(4,869,158)
NET ASSETS, BEGINNING OF YEAR	5,689,395	14,411,909	20,101,304	24,970,462
NET ASSETS, END OF YEAR	\$ 6,807,430	\$ 19,253,976	\$ 26,061,406	\$ 20,101,304

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

10,000 DEGREES

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2025 (WITH COMPARATIVE TOTALS FOR 2024)

	Donor	College	College	Other	Total Program	Management		Total Expenses	
	Scholarships	Access	Success	Programs	Services	and General	Fundraising	2025	2024
Grants and scholarships	\$ 6,855,754	\$ -	\$ 247,543	\$ 8,180	\$ 7,111,477	\$ -	\$ -	\$ 7,111,477	\$ 6,486,776
Salaries and wages	498,620	3,962,461	340,858	841,101	5,643,040	1,637,185	1,850,198	9,130,423	9,458,300
Payroll taxes and benefits	98,109	846,845	70,752	179,177	1,194,883	322,161	355,333	1,872,377	2,172,516
Communication	41,057	94,122	16,101	18,812	170,092	139,761	67,637	377,490	440,666
Consultants and contractors	27,291	16,644	4,011	27,525	75,471	202,018	42,814	320,303	588,342
Occupancy	9,280	117,948	7,794	14,837	149,859	89,530	23,335	262,724	320,428
Office supplies, postage, and delivery	559	125,932	2,310	32,427	161,228	40,693	13,860	215,781	207,693
Other	19,158	6,656	7,703	7	33,524	42,038	60,480	136,042	300,410
Accounting, audit, and legal	-	-	-	-	-	123,405	-	123,405	184,105
Mileage and transportation	896	78,551	2,772	19,261	101,480	4,838	9,756	116,074	108,941
Advertising and outreach	-	15,594	4,997	-	20,591	30,404	11,828	62,823	78,037
Recruiting and training	183	10,455	1,504	1,969	14,111	63,483	-	77,594	26,586
Dues, memberships, and conference fees	1,245	90	6,732	80	8,147	32,208	5,939	46,294	40,601
Travel, conferences, meals, and catering	11,926	18,750	13,296	10,494	54,466	29,909	12,706	97,081	135,299
Depreciation and amortization	-	-	-	-	-	21,582	-	21,582	59,921
Board expenses	-	-	-	-	-	11,579	19,309	30,888	16,735
Bad debt	1,500	-	-	-	1,500	183,096	-	184,596	31,212
Bank charges, administrative fees, and interest	-	-	-	-	-	51,590	43,041	94,631	290,729
Total expenses	\$ 7,565,578	\$ 5,294,048	\$ 726,373	\$ 1,153,870	\$ 14,739,869	\$ 3,025,480	\$ 2,516,236	\$ 20,281,585	\$ 20,947,297

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

10,000 DEGREES

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 5,960,102	\$ (4,869,158)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	21,582	59,922
Realized and unrealized gains on investments	(318,827)	(438,820)
Noncash lease expense	55,927	179,346
Change in value of beneficial interest in assets held by Marin Community Foundation	(266,826)	(156,121)
Contributions to beneifical interest assets held by Marin Community Foundation	(70,000)	-
Changes in operating assets and liabilities:		
Grants and contributions receivable	(4,121,069)	4,091,593
Employee Retention Credit receivable	405,112	-
Other assets	16,703	(15,483)
Prepaid expenses	72,944	(15,555)
Deposits	-	10,980
Education grants and scholarships payable	(1,320,997)	(675,082)
Accounts payable and accrued expenses	(158,925)	(195,804)
Deferred revenue and grant advance	-	(113,556)
Operating lease liabilities	(55,472)	(189,437)
Net Cash (Used In) Provided By Operating Activities	220,254	(2,327,175)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	10,263,286	10,469,689
Purchases of investments	(1,762,748)	(13,996,933)
Net Cash Provided By (Used In) Investing Activities	8,500,538	(3,527,244)

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

10,000 DEGREES

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)
(Continued)

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution from beneficial interest in assets held by Marin Community Foundation	114,021	98,631
Payments on finance lease	(21,186)	-
Payments on debt securities as a result of achieving units of impact	-	(507,000)
Contributions for endowments	-	(120,000)
Net Cash Provided By (Used In) Financing Activities	<u>92,835</u>	<u>(528,369)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	8,813,627	(6,382,788)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>8,766,664</u>	<u>15,149,452</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 17,580,291</u>	<u>\$ 8,766,664</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITY		
Cash paid for interest	<u>\$ -</u>	<u>\$ 201,750</u>

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

10,000 DEGREES

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR 2024)

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 16,000 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 – double the national average. For those who start at community college, the Organization's students transfer to and graduate from four-year colleges at double 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.

10,000 DEGREES

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR 2024)

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 95 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, 2025, the Organization provided direct support to almost 4,400 college students. The Organization is currently working in 44 high schools, 40 community colleges and 197 four-year colleges and universities across the nation.

10,000 DEGREES

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR 2024)

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.

10,000 DEGREES

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

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 - 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 8.)

Net Assets With Donor Restrictions - 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 and cash equivalents.

Investments

The Organization's investments consist of equity and fixed income securities valued at fair value based on broker or dealer quotes.

10,000 DEGREES

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

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. There have been no changes in the methodologies used at June 30, 2025.

Long-Lived Assets

The Organization evaluates long-lived assets, such as property and equipment or intangible assets, 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, 2025.

10,000 DEGREES

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

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 (ranging from 3.68% - 3.96% 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 is 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.

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, which 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.

10,000 DEGREES

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

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 cash equivalents 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 and cash equivalents 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.

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 grants and contributions 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. During the year ended June 30, 2025, the Organization received \$96,211 in contributed nonfinancial assets. There were no restrictions on the gifts received during the year and the gifts were used in programs.

10,000 DEGREES

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

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 Organization's contracts with customers and performance obligations have similar characteristics. 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 individual contracts.

The Organization's performance obligations related to program fee income consists of providing consulting services and program workshops to the districts it serves. Program fee income is recognized over time in the period that services are rendered. The Organization bills for services either on a monthly or quarterly basis, depending on the terms outlined in the contract with the customer. 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 rescissions during the years ended June 30, 2025 and 2024 amounted to \$2,336,326 and \$2,498,142, respectively.

Education grants and scholarships payable consist of amounts approved in the current fiscal year for the next fiscal year, net of an allowance for rescissions of \$759,274 at June 30, 2025.

10,000 DEGREES

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Grants and Scholarships (Continued)

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 the Organization's 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 within 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, a provision for income taxes has not been recorded 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. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

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, 2024 from which the summarized information was derived.

10,000 DEGREES

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Reclassification

Certain amounts in the prior year 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*.

Special Events

Special events revenue relates to the Organization's four fundraising events held throughout the year – Alumni Changemakers, Hoops for Change, 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, 2025, special event revenue totaled \$1,162,154, net of expenses of \$516,169.

10,000 DEGREES

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

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 (\$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, 2025, accounts receivable balances from two major donors comprised 46% of total accounts receivable.

For the year ended June 30, 2025, grants and contribution revenue from one donor comprised 13% 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 \$2,346,157 at June 30, 2025, is invested in pooled funds maintained by MCF that are subject to market fluctuation.

Subsequent Events

Management has evaluated subsequent events from the statement of financial position date through September 30, 2025, which represents the date the financial statements were available to be issued and determined no additional items need to be disclosed.

10,000 DEGREES

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR 2024)

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.

The Board of Directors has designated a portion of its unrestricted resources as board designated (See Note 8). 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	\$ 17,580,291
Investments	475,769
Grants and contributions receivable	<u>7,143,300</u>
	25,199,360
Less purpose restricted net assets	<u>(14,472,731)</u>
Financial assets available for general expenditures	<u>\$ 10,726,629</u>

10,000 DEGREES

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 4 – Investments and Fair Value Measurements

The Organization’s investments consist of equity and fixed income securities. 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, 2025:

	Fair Value Measurements Using:			
	Fair Value	Level 1	Level 2	Level 3
Equity securities	\$ 356,827	\$ 356,827	\$ -	\$ -
Fixed income securities	118,942	118,942	-	-
Beneficial interest in assets held by MCF	<u>2,346,157</u>	<u>-</u>	<u>-</u>	<u>2,346,157</u>
	<u>\$ 2,821,926</u>	<u>\$ 475,769</u>	<u>\$ -</u>	<u>\$ 2,346,157</u>

The beneficial interest in assets held by MCF is 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 MCF	<u>\$ 2,346,157</u>	<u>\$ -</u>	<u>Monthly</u>	<u>None</u>

10,000 DEGREES

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 5 – Grants and Contributions Receivable

At June 30, 2025, unconditional promises to give are as follows:

	<u>Current</u>	<u>Due in 2 to 5 Years</u>	<u>Total</u>
Grants and contributions receivable	\$ 7,143,300	\$ 1,575,400	\$ 8,718,700
Allowance for uncollectible amounts	-	(27,506)	(27,506)
Discount to net present value	-	(328,077)	(328,077)
Total	<u>\$ 7,143,300</u>	<u>\$ 1,219,817</u>	<u>\$ 8,363,117</u>

NOTE 6 – Property and Equipment

As of June 30, 2025, property and equipment consists of the following:

Office furniture and equipment	\$ 206,159
Leasehold improvements	<u>19,683</u>
	225,842
Less accumulated depreciation and amortization	<u>(222,889)</u>
Total	<u>\$ 2,953</u>

For the year ended June 30, 2025, depreciation and amortization expense amounted to \$21,582.

10,000 DEGREES

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025 (WITH COMPARATIVE TOTALS FOR 2024)

NOTE 7 – 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, 2025, the Organization contributed \$394,742 to the Plan.

NOTE 8 – 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. The Board has designated \$3,125,000 for an operating reserve and \$1,225,000 for a long-term reserve at June 30, 2025 and 2024.

NOTE 9 – Net Assets With Donor Restrictions, Purpose Restricted

Activity in net assets with restrictions for the year ended June 30, 2025, is as follows:

	<u>Beginning Balance</u>	<u>Contributions and Additions</u>	<u>Releases</u>	<u>Ending Balance</u>
Scholarships	\$ 5,491,841	\$ 13,424,691	\$ (9,309,354)	\$ 9,607,178
Time	986,646	235,000	(1,829)	1,219,817
Other programs	787,006	5,598,716	(4,970,067)	1,415,655
College Access and Success Programs	5,435,702	877,468	(1,082,558)	5,230,612
Perpetual in nature	1,710,714	70,000	-	1,780,714
	<u>\$ 14,411,909</u>	<u>\$ 20,205,875</u>	<u>\$ (15,363,808)</u>	<u>\$ 19,253,976</u>

NOTE 10 – Endowments

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

10,000 DEGREES

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 10 – 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 MCF's 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 MCF) 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.

10,000 DEGREES

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)**

NOTE 10 – Endowments (Continued)

The Organization is subject to investment and spending policies of MCF, 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 gifts and investment return.

Changes in endowment net assets for the year ended June 30, 2025 are as follows:

	Unappropriated Endowment Earnings	Net Assets with Donor Restrictions - Endowments	Totals
Endowment net assets, July 1, 2024	\$ 412,638	\$ 1,710,714	\$ 2,123,352
Contributions	-	70,000	70,000
Investment return, net	266,826	-	266,826
Amounts appropriated for expenditure	<u>(114,021)</u>	<u>-</u>	<u>(114,021)</u>
Endowment net assets, June 30, 2025	<u>\$ 565,443</u>	<u>\$ 1,780,714</u>	<u>\$ 2,346,157</u>

NOTE 11 – Leases

The Organization rents office space in San Rafael with a lease term that expires in March 2027. The Organization also rents an office in Santa Rosa under a lease that expires in August 2027.

10,000 DEGREES

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 11 – Leases (Continued)

The following table summarizes the Organization's operating lease right-of-use assets and operating lease liabilities as of June 30, 2025:

Operating lease right-of-use assets	\$ 328,334
Operating lease liabilities:	
Current	\$ 179,046
Long-term	162,357
Total operating lease liabilities	\$ 341,403

The components of operating lease expenses that are included in occupancy expense in the statement of functional expenses includes operating lease expense of \$55,927.

Operating cash flows from operating leases for the year ended June 30, 2025 were \$55,472.

The weighted-average remaining lease term at June 30, 2025 was 1.89 years. The weighted-average discount rate used in determining lease assets and liabilities at June 30, 2025 was 2.21%.

10,000 DEGREES

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 11 – Leases (Continued)

The table below summarizes the Organization's scheduled future minimum lease payments for years ending after June 30, 2025:

Year Ending June 30,	
2026	\$ 182,814
2027	157,941
2028	5,893
Total lease payments	346,648
Less amount representing interest	(5,245)
Total lease liabilities	341,403
Less current portion	(179,046)
Long-term lease liabilities	\$ 162,357

NOTE 12 – Related-Party Transactions

Board member donations to the Organization totaled \$589,066 for the year ended June 30, 2025.