

**LINK UNLIMITED SCHOLARS**

**FINANCIAL STATEMENTS**

**For the Year Ended  
June 30, 2023**

**(With summarized comparative  
information for June 30, 2022)**

# LINK UNLIMITED SCHOLARS

## Annual Financial Report

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# Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## **Independent Auditor's Report**

To the Board of Directors of  
LINK Unlimited Scholars  
Chicago, IL

### ***Opinion***

We have audited the accompanying financial statements of LINK Unlimited Scholars (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LINK Unlimited Scholars as of June 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LINK Unlimited Scholars 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 LINK Unlimited Scholars' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it 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 LINK Unlimited Scholars' 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 LINK Unlimited Scholars' 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 LINK Unlimited Scholars 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 25, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Desmond & Akers, Ltd*

November 16, 2023  
Chicago, IL

**LINK UNLIMITED SCHOLARS**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2023 (with comparative totals for 2022)**

	<u>2023</u>	<u>2022</u>
<b><u>Assets</u></b>		
Current Assets		
Cash and equivalents	\$ 340,023	\$ 718,429
Investments	69,436	67,116
Contributions receivable, net	976,685	868,697
Prepaid expenses	<u>7,327</u>	<u>10,080</u>
Total current assets	<u>1,393,471</u>	<u>1,664,322</u>
Property and Equipment		
Land	100,000	100,000
Building	1,625,903	1,625,903
Furniture and equipment	16,210	16,210
Leasehold improvements	<u>163,150</u>	<u>121,162</u>
Total property and equipment	1,905,263	1,863,275
Less accumulated depreciation and amortization	<u>(1,210,728)</u>	<u>(1,109,874)</u>
Net property and equipment	<u>694,535</u>	<u>753,401</u>
Other Assets		
Contributions receivable - long term, net	<u>396,701</u>	<u>793,895</u>
<b>Total Assets</b>	<b><u>\$ 2,484,707</u></b>	<b><u>\$ 3,211,618</u></b>
<b><u>Liabilities and Net Assets</u></b>		
Current Liabilities		
Accounts payable	\$ 89,793	\$ 198,560
Accrued expenses	15,348	13,875
Deferred revenue	<u>188,021</u>	<u>166,304</u>
Total Liabilities	<u>293,162</u>	<u>378,739</u>
Net Assets		
Without donor restrictions		
Undesignated	694,045	1,115,437
Board designated	205,000	205,000
With donor restrictions	<u>1,292,500</u>	<u>1,512,442</u>
Total net assets	<u>2,191,545</u>	<u>2,832,879</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 2,484,707</u></b>	<b><u>\$ 3,211,618</u></b>

See independent auditor's report and notes to financial statements.

**LINK UNLIMITED SCHOLARS  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2023 (with comparative totals for 2022)**

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
<b><u>Public Support and Revenue</u></b>				
Contributions	\$ 1,568,393	\$ 507,500	\$ 2,075,893	\$ 3,135,854
Government grants	339,277	-	339,277	-
In-kind	-	-	-	5,000
Investment income	2,696	-	2,696	1,820
Miscellaneous	3,431	-	3,431	11,106
	<u>1,913,797</u>	<u>507,500</u>	<u>2,421,297</u>	<u>3,153,780</u>
Special Events				
Contributions	138,714	-	138,714	-
Ticket sales	25,950	-	25,950	-
Auction/raffle	6,650	-	6,650	-
Less cost of direct benefits to donors	(43,131)	-	(43,131)	-
Net revenues from special events	<u>128,183</u>	<u>-</u>	<u>128,183</u>	<u>-</u>
Net assets released from restrictions - satisfaction of program restriction	<u>727,442</u>	<u>(727,442)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>2,769,422</u>	<u>(219,942)</u>	<u>2,549,480</u>	<u>3,153,780</u>
<b><u>Expenses</u></b>				
Program services	2,216,292	-	2,216,292	2,055,404
Management and general	500,412	-	500,412	564,321
Fundraising	474,110	-	474,110	622,386
Total expenses	<u>3,190,814</u>	<u>-</u>	<u>3,190,814</u>	<u>3,242,111</u>
<b>Change in net assets</b>	<b>(421,392)</b>	<b>(219,942)</b>	<b>(641,334)</b>	<b>(88,331)</b>
<b>Net assets, beginning of year</b>	<u>1,320,437</u>	<u>1,512,442</u>	<u>2,832,879</u>	<u>2,921,210</u>
<b>Net assets, end of year</b>	<u><u>\$ 899,045</u></u>	<u><u>\$ 1,292,500</u></u>	<u><u>\$ 2,191,545</u></u>	<u><u>\$ 2,832,879</u></u>

See independent auditor's report and notes to financial statements.

**LINK UNLIMITED SCHOLARS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2023 (with comparative totals for 2022)**

	Program Services	Management and General	Fundraising	2023 Total Expense	2022 Total Expense
<b><u>Functional Expenses</u></b>					
Salaries	\$ 972,962	\$ 277,554	\$ 274,503	\$ 1,525,019	\$ 1,397,314
Payroll taxes and fringe benefits	165,857	47,313	46,794	259,964	219,049
Total salaries, taxes and fringe benefits	<u>1,138,819</u>	<u>324,867</u>	<u>321,297</u>	<u>1,784,983</u>	<u>1,616,363</u>
Tuition	360,680	-	-	360,680	291,557
Program supplies	320,560	-	-	320,560	50,234
Fundraising supplies	-	-	20,463	20,463	4,000
Utilities	18,728	5,343	5,284	29,355	29,752
Professional fees	181,610	84,436	71,829	337,875	746,358
Insurance	10,850	3,095	3,061	17,006	14,756
Office expense	3,486	980	980	5,446	32,442
Bank and credit card fees	8,666	2,438	2,437	13,541	39,219
Marketing and promotion	5,589	1,572	1,572	8,733	32,790
Travel and meetings	10,091	2,878	2,847	15,816	32,113
Equipment and maintenance	48,732	13,902	13,749	76,383	71,919
Staff development	1,699	477	478	2,654	3,833
Dues and subscriptions	10,636	3,034	3,001	16,671	21,814
Postage and shipping	-	792	-	792	4,195
Printing and copying	3,543	1,011	1,000	5,554	24,496
Telephone	11,472	3,272	3,237	17,981	13,340
Miscellaneous	16,786	4,721	4,721	26,228	44,940
Interest	-	-	-	-	630
Depreciation and amortization	64,345	18,356	18,154	100,855	89,668
Bad debt	-	29,238	-	29,238	77,692
Total other expenses	<u>1,077,473</u>	<u>175,545</u>	<u>152,813</u>	<u>1,405,831</u>	<u>1,625,748</u>
<b>Total Expenses</b>	<b><u>\$ 2,216,292</u></b>	<b><u>\$ 500,412</u></b>	<b><u>\$ 474,110</u></b>	<b><u>\$ 3,190,814</u></b>	<b><u>\$ 3,242,111</u></b>

See independent auditor's report and notes to financial statements.

**LINK UNLIMITED SCHOLARS**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2023 (with comparative totals for 2022)**

	<u>2023</u>	<u>2022</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Change in net assets	\$ (641,334)	\$ (88,331)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	100,855	89,668
Change in assets - (increase) decrease		
Contributions receivable, net	289,207	(269,871)
Prepaid expenses	2,753	(1,355)
Change in liabilities - increase (decrease)		
Accounts payable	(108,767)	144,971
Accrued expenses	1,473	(16,125)
Deferred revenue	21,717	52,054
Net cash (used in) operating activities	<u>(334,096)</u>	<u>(88,989)</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Purchases of fixed assets	(41,990)	(45,395)
Purchases of investments	(2,320)	-
Sales of investments	-	5,044
Net cash (used in) investing activities	<u>(44,310)</u>	<u>(40,351)</u>
<b>Net (decrease) in cash and equivalents</b>	(378,406)	(129,340)
<b>Cash and equivalents, beginning of year</b>	<u>718,429</u>	<u>847,769</u>
<b>Cash and equivalents, end of year</b>	<u><u>\$ 340,023</u></u>	<u><u>\$ 718,429</u></u>

See independent auditor's report and notes to financial statements.



**LINK UNLIMITED SCHOLARS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies**

Organization

LINK Unlimited Scholars (“LINK” or the “Organization”) is an Illinois nonprofit charitable corporation established in 1966. LINK is Chicago’s only scholarship, college access & success, and career and leadership development organization exclusively serving Black youth. Since 1966, LINK has supported more than 5,000 Scholars and serves 300+ middle, high school and collegiate Scholars annually, vastly improving college graduation rates and access to success. The mission of LINK Unlimited Scholars is to connect Black students with resources and opportunities that strengthen the necessary skills to succeed as they advance to, through and beyond college. LINK Scholars are outpacing their peers and graduating college at three times the national average for Black students (60% vs 21%).

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities in accordance with the accounting principles generally accepted in the United States of America (“GAAP”).

Basis of Presentation

As required by the generally accepted accounting principles for Not-for-Profit accounting, the Organization is required to report information regarding its financial position and activities according to two classes:

Without donor restrictions – Net assets that are not subject to donor-imposed restrictions. Such gifts include gifts without restrictions, including restricted gifts whose donor-imposed restrictions were met during the year. Board designated are funds established by the Board of Directors and represent net assets without donor restrictions which have been set aside to be used for future expenditures to expand LINK’s mission through the scholars program.

With donor restrictions – Net assets subject to donor-imposed restrictions which will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Restrictions that have been met on net assets with donor restrictions are reported as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor restrictions.

Income Tax Status

LINK Unlimited Scholars was granted an exemption from federal income tax by the Internal Revenue Service pursuant to the provisions of Internal Revenue Code Section 501(c)(3). LINK qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The tax-exempt purpose of LINK and the nature in which it operates is described above. Management believes LINK operates in compliance with its tax-exempt purpose. Thus, no provision for income tax has been provided for in the financial statements.

**LINK UNLIMITED SCHOLARS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)**

Income Tax Status (cont.)

LINK has adopted the requirements for accounting for uncertain tax positions and management has determined that LINK was not required to record a liability related to uncertain tax positions as of June 30, 2023.

LINK's annual information and income tax returns filed with the federal and state governments are subject to examination generally for three years after they are filed. All filings are current.

Use of Estimates

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

Cash and Equivalents

Cash and cash equivalents consist of deposits in federally and privately insured (Securities Investment Protection Corporation (SIPC) accounts. At times, balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

For purposes of the statement of cash flows, LINK considers all highly liquid debt instruments, if any, purchased or donated with an original maturity or anticipated liquidation of three months or less to be cash equivalents. No cash was paid for taxes or interest during the year ended June 30, 2023.

Investments

Investments are carried at fair value. Realized and unrealized gains and losses are reflected in the statement of activities. Investment income is reflected in the statement of activities as with or with restrictions based on the existence and nature of any donor restrictions. Investments are presented in Statement of Activities net of investment fees. For the year ended June 30, 2023, no investment fees were paid.

Property and Equipment

Expenditures for land, building, property and equipment, and items which substantially increase the useful lives of existing assets, are capitalized at cost. LINK capitalizes all expenditures and contributions of computers and equipment over \$500. All other assets are capitalized if the value exceeds \$1,000. Any donated property and equipment are recorded at their estimated fair value when received. Depreciation is computed on the straight-line method at rates designed to depreciate the costs of assets over their estimated useful lives ranging from 3 to 25 years.

**LINK UNLIMITED SCHOLARS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)**

Support and Revenue

LINK 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.

LINK reports gifts of land, buildings, and equipment as net assets without donor restricted support 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 restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, LINK reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. During the year ending June 30, 2023 no such gifts of land, buildings, or equipment were received.

LINK recognizes contract revenue at an amount that reflects consideration to which the Organization expects to be entitled to in exchange for transferring goods or services to a customer. LINK is not currently engaged in this type of contract, which is based on performance reporting. All contracts recognize revenue in accordance with ASU No. 2014-09.

For performance reporting contracts, a customer pays the agreed upon amounts after the completion and submission of specified deliverables in the contract. For these contracts, the Organization will allocate the transaction price of the contract to the specific performance obligations based on the contract. The Organization recognizes revenue when the performance obligations are met and delivered to the customer. The Foundation had no contracts during 2023 that were performance reporting contracts. There are no contract assets or liabilities.

Donated Services

Contributions of services are required to be recognized if the services received (a) create or enhance non-financial 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. During the year ending June 30, 2023 LINK did not receive any donated services meeting the above criteria.

However, a number of volunteers, including the Board of Directors, have made significant contributions of time to LINK's programs and support functions, but the value of this contributed time does not meet the above criteria for recognition of contributed services contained per Generally Accepted Accounting Principles.

**LINK UNLIMITED SCHOLARS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)**

In-Kind Contributions

In addition to receiving cash contributions, LINK may receive in-kind contributions from various donors. It is the policy of LINK to record the estimated fair market value of certain in-kind donations as an expense in its financial statements, and similarly increase donation revenue by a like amount. During the year ended June 30, 2023 LINK did not receive any such contributions.

Contributions Receivable

Contributions receivable represent amounts promised by sponsor benefactors reflecting unconditional promises to give for student tuition, net of allowance for doubtful accounts. The allowance is evaluated by management based on existing economic conditions and the historical relationships with the sponsors. Accounts are written off when management deems contributions uncollectible. An allowance for doubtful accounts of \$10,000 was deemed necessary as of June 30, 2023.

Contributions are recorded at fair value and recognized as revenue and receivables in the period in which the pledge is made. LINK will not recognize a conditional promise to receive until the conditions which the promise depends are substantially met.

LINK receives contributions from various sources. Contributions made consist of sponsors, benefactors, individuals, foundations, and corporations that make pledges which are to be paid overtime. Every year, management reviews its outstanding receivables to ensure collectability. When it has been determined that the receivable will not be collected, management recognizes a loss associated with the receivable. For the year ended June 30, 2023, bad debt expense was \$29,238.

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 the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Directly identifiable expenses are charged to the specific program or supporting service. Expenses related to more than one function are allocated to program expenses and supporting services as the basis of periodic time and expense reviews made by management.

Subsequent Events

Accounting principles generally accepted in the United States of America establish general standards of accounting for, and disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. LINK has evaluated subsequent events through November 16, 2023, which is the date the financial statements were available to be issued. No subsequent events have been identified that are required to be disclosed as of that date.

**LINK UNLIMITED SCHOLARS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)**

Adoption of New Accounting Standard

The Organization has adopted the new lease accounting standard, ASU 842, effective July 1, 2022. The Organization has determined that its leases are all short-term or immaterial, and as such, has elected to account for them using the practical expedient. The impact of the adoption of ASU 842 on the financial statements was not material.

**Note 2 – Financial Assets and Liquidity Resources**

The Organization monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

As of June 30, 2023, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

Financial assets at year-end	
Cash and equivalents	\$ 340,023
Investments	69,436
Contributions receivable	1,383,386
Total financial asset, at year-end	<u>1,792,845</u>
Less amounts not available to be used within one year:	
Restricted by donor with time restrictions (long-term)	(396,701)
Designated by board of directors	(205,000)
Restricted by donor with purpose restrictions	(75,000)
Allowance for doubtful accounts	<u>(10,000)</u>
Financial assets available to meet cash need for general expenditures within one year	<u>\$ 1,106,144</u>

The Organization moderately relies on donor restricted resources but with a significant portion of those net assets with donor restriction available in future periods. 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.

**LINK UNLIMITED SCHOLARS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 3 – Fair Value Measurements and Investments**

Generally Accepted Accounting Principles defines fair value as the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on a determined measurement date.

Generally accepted accounting principles establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The fair value of debt and equity investments that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or by quoted market prices of similar securities with similar due dates or matrix pricing. This is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on securities' relationship to other benchmark quoted securities (Level 2 inputs). Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions (Level 3 inputs). Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

**LINK UNLIMITED SCHOLARS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 3 – Fair Value Measurements and Investments (cont.)**

The following table summarizes the valuation of the Organization’s financial assets measured and recorded at fair value on a recurring basis at June 30, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	<u>\$ 69,436</u>	<u>\$ -</u>	<u>\$ -</u>

Following is a description of the valuation methodologies used for assets measured at fair value.

*Mutual Funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Note 4 – Contingencies and Commitments**

LINK administers scholarships, which stipulates that selected students will be awarded four-year scholarships, with subsequent annual awards conditional upon maintaining adequate academic status and eligible college prep institution.

**Note 5 – Contributions Receivable**

Contributions receivables at June 30, 2023 are short and long-term commitments from various donors without restriction as to purpose but with donor restriction until received in future periods. At June 30, 2023 total net short-term contribution receivables were \$976,685 while total net long-term contribution receivables were \$396,701. Contributions receivable with due dates extending beyond one year are discounted using Treasury bill rates at 4.49% annual rate of interest at June 30, 2023.

**LINK UNLIMITED SCHOLARS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 5 – Contributions Receivable (cont.)**

At June 30, 2023, the organization had committed funds of:

Total contributions receivable	\$ 1,426,685
Less discount to present value	(43,299)
Less allowance for doubtful accounts	<u>(10,000)</u>
Net contributions receivable	<u>\$ 1,373,386</u>
Amounts due in:	
Less than one year	\$ 976,685
One to five years	<u>396,701</u>
Total contributions receivable	<u>\$ 1,373,386</u>

**Note 6 – Net Assets With Donor Restrictions**

Net assets with donor restrictions for the year ended June 30, 2023 are as follows:

Future periods	\$ 1,217,500
Scholarships	<u>75,000</u>
Total net assets with donor restrictions	<u>\$ 1,292,500</u>

**Note 7 – Special Events and Deferred Revenue**

LINK typically hosts various fundraising events during the fiscal year. During the year ended June 30, 2023, the Organization received \$188,021 related to event sponsorships for fiscal year 2024. This amount has been recorded as deferred revenue as of June 30, 2023 and will be recognized as special event revenue when the event occurs.

**Note 8 – Concentration of Revenue**

The Illinois State Board of Education accounted for approximately 13% of total revenues for the year ended June 30, 2023. One donor accounted for approximately 32% of total receivables as of June 30, 2023. This donor's pledge is to be received over the next three years. Total receivables will be reduced annually as pledge payments are made over the three years. The Organization expects it to be paid in full.

**Note 9 – Employee Benefit Plan**

LINK has a defined contribution benefit plan. The plan conforms to the provisions of section 401k of the Internal Revenue Code and covers employees from date of hire. The LINK Unlimited Scholars 401k plan provides a matching contribution of 100% of deferrals up to 3% of compensation and then 50% of deferrals on 3.1% to 5% of compensation. LINK made contributions to the plan in the amount of \$17,643 for the year ended June 30, 2023.