STEPS TO SUCCESS, INC.

Financial Statements
June 30, 2024
(With Comparative Totals for 2023)

STEPS TO SUCCESS, INC.

FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

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To the Board of Directors of
Steps to Success, Inc.
Brookline, MA

Independent Auditors' Report

Opinion

We have audited the accompanying financial statements of Steps to Success, Inc. (a nonprofit 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 financial statements referred to above present fairly, in all material respects, the financial position of Steps to Success, Inc. 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. 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 Steps to Success, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Steps to Success, Inc. 's 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 Steps to Success, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Steps to Success, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the 2023 financial statements of Steps to Success, Inc., and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated January 3, 2024. 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 consolidated financial statements from which it has been derived.

GONZALEZ, & ASSOCIATES, P.C.
Certified Public Accountants

Stoughton, Massachusetts
December 17, 2024

STEPS TO SUCCESS, INC.

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

ASSETS

	2024	2023
Current Assets		
Cash and cash equivalents - current	$ 760,454	$ 1,114,715
Accounts receivable	10,858	7,841
Pledges receivable	112,500	231,751
Prepaid expenses	8,475	9,295
Investments	194,075	155,814
Total current assets	1,086,362	1,519,416
Fixed Assets		
Furniture & equipment	24,806	24,806
Less: accumulated depreciation	(22,977)	(19,638)
Total furniture and equipment	1,829	5,168
Long-term Assets		
Cash and cash equivalents - long-term	615,416	
Total long-term assets	615,416	
Total Assets	$ 1,703,607	$ 1,524,584

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	$ 45,398	$ 33,222
Accrued payroll and related expenses	15,642	14,969
Grant payable		265,000
Total current liabilities	61,040	313,191
Net Assets		
Without donor restrictions	1,179,549	577,961
With donor restrictions	463,018	633,432
Total net assets	1,642,567	1,211,393
Total Liabilities and Net Assets	$ 1,703,607	$ 1,524,584

See accompanying notes and Independent Auditors' Report.

STEPS TO SUCCESS, INC.

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
Support and Revenue				
Contributions and grants	$ 528,024	$ 140,600	$ 668,624	$ 568,640
Released from restrictions	316,014	(316,014)		
Special events	180,701	5,000	185,701	168,999
Contracts	618,036		618,036	553,798
In-kind donations	50,000		50,000	50,000
Interest and dividend income	36,374		36,374	232
Realized gain on investments	3,371		3,371	
Unrealized gain on investments	35,819		35,819	25,511
Total Support and Revenue	1,768,339	(170,414)	1,597,925	1,367,180
Expenses				
Program services	874,696		874,696	1,094,771
General and administrative	216,987		216,987	241,730
Fundraising	75,068		75,068	66,370
Total Expenses	1,166,751		1,166,751	1,402,871
Change in Net Assets	601,588	(170,414)	431,174	(35,691)
Net Assets - Beginning of Year	577,961	633,432	1,211,393	1,247,084
Net Assets - End of Year	$ 1,179,549	$ 463,018	$ 1,642,567	$ 1,211,393

See accompanying notes and Independent Auditors' Report.

STEPS TO SUCCESS, INC.

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

	2024				2023
	Program Services	General and Administrative	Fundraising	Total	Total
Salaries	$ 619,392	$ 112,722		$ 732,114	$ 544,487
Fringe benefits	41,161	7,264		48,425	28,494
Payroll taxes	54,164	9,558		63,722	43,784
Total salaries and related expenses	714,717	129,544		844,261	616,765
Bank charges		1,629		1,629	1,285
Consultants		50,003	25,144	75,147	156,285
Depreciation	2,838	501		3,339	3,890
Direct mailing expenses		1,531	11,574	13,105	12,407
Dues and memberships		2,034		2,034	1,019
Filing fees		530		530	569
Grant expense					375,000
Hiring expenses	1,774			1,774	10,999
In-kind rent	42,500	7,500		50,000	50,000
Insurance	11,444	2,020		13,464	7,815
Office expense		1,120		1,120	640
Payroll processing fees		1,792		1,792	1,662
Postage		423	159	582	783
Printing		1,520		1,520	552
Professional development	298	1,400		1,698	2,164
Professional fees		12,000		12,000	11,010
Program expenses	35,762			35,762	70,538
Program supplies	29,738			29,738	28,713
Scholarships	9,225			9,225	7,500
Special event	1,100	3,292	30,012	34,404	8,359
Stipends	19,778			19,778	20,150
Subscriptions	5,522		8,179	13,701	660
Telephone and internet					8
Travel		148		148	81
Website & software subscriptions					14,017
Total	$ 874,696	$ 216,987	$ 75,068	$ 1,166,751	$ 1,402,871

See accompanying notes and Independent Auditors' Report.

STEPS TO SUCCESS, INC.

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	$ 431,174	$ (35,691)
Adjustment to reconcile change in net assets to cash provided (used) by operations:		
Depreciation	3,339	3,889
Unrealized (gain) loss on investments	(35,819)	(25,511)
(Increase) decrease in:		
Accounts receivable	(3,017)	8,294
Pledges receivable	119,251	132,082
Prepaid expenses	820	(3,282)
Increase (decrease) in:		
Accounts payable and accrued expenses	12,176	11,133
Accrued payroll and related expenses	673	(23,919)
Grant payable	(265,000)	265,000
Net Cash Provided by Operating Activities	263,597	331,995
Cash Flows From Investing Activities		
Purchase of fixed assets		(3,484)
Purchase of investments	(19,432)	
Sale of investments	16,990	167
Net Cash (Used) by Investing Activities	(2,442)	(3,317)
Cash Flows From Financing Activties	0	0
Net Cash Provided by Financing Activties	0	0
Increase in Cash and Cash Equivalents	261,155	328,678
Cash and Cash Equivalents - Beginning of Year	1,114,715	786,037
Cash and Cash Equivalents - End of Year	$ 1,375,870	$ 1,114,715

See accompanying notes and Independent Auditors' Report.

STEPS TO SUCCESS, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1. Organization

Steps to Success, Inc., was organized in the Commonwealth of Massachusetts as a not-for-profit corporation in July, 2014. The stated purpose of the Organization is to promote equity for students from low-income families in Brookline by expanding their horizons, building upon their skills, and supporting their educational journey in order to maximize their life choices.

Founded in 2001, the mission of Steps to Success, Inc. (STS) is to promote equity for Brookline's students from low-income families by expanding their horizons, building upon their skills, and supporting their educational journey in order to maximize their life choices. Together with our lead partners, the Public Schools of Brookline (PSB) and Brookline Housing Authority (BHA), STS tackles the seemingly intractable opportunity gap between low-income students and their higher-income peers.

STS helps students living in Brookline's public housing units thrive academically in grade school, matriculate in college, and obtain a college degree. STS has served more than 4,000 students to date, through out of school time programs such as afterschool, vacation programs and camp access, career readiness through paid internships and workshops, and college success through advising, mentoring, and financial aid access. In the past decade, STS has eliminated the college matriculation gap between low- and high-income Brookline students. Because of the long-term investment in our students, both in and out of school, 89% of Steps to Success students are on track to graduate from college within 6 years, versus 11% of low-income students nationwide.

In FY19, STS invested more heavily in capacity-building projects for the organization, including developing its first ever strategic plan, a development plan and stronger financial reporting, and a new student database. These one-time investments help chart the next three years for Steps to Success, Inc., including organizational goals, a fundraising plan to achieve long-term sustainability, and a database that allows for improved outcomes tracking.

Notwithstanding the extraordinary challenges presented by COVID, the assistance through the PPP in late 2020 and partnerships across the Town enabled Steps to continue to bear the financial costs of the pandemic and continue to provide services to students and their families. FY22 saw increased investment in programming and development in order to sustain long-term viability and growth.

Note 2. Summary of Significant Accounting and Reporting

a. Standards of Accounting and Reporting
The Organization follows the standards of accounting and financial reporting as described in the American Institute of Certified Public Accountants' Audit and Accounting Guide for "Not-for-Profit Organizations".

b. Basis of presentation
The financial statements of Steps to Success, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require Steps to Success, Inc. to report information regarding its financial position and activities according to the following net asset classifications:

Note 2. Summary of Significant Accounting and Reporting (Continued)

b. Basis of presentation (continued)

Net assets without donor restrictions
Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Steps to Success, Inc.'s management and the board of directors.

Net assets with donor restrictions
Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Steps to Success, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

c. Compensated Absences
Employees of the Organization are entitled to paid vacation, paid sick, and personal days off, depending on their job classifications. None of these benefits vest, therefore, vacation and sick leave are expensed as incurred.

d. Cash and Cash Equivalents
For purposes of the statements of cash flows, Steps to Success, Inc. considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

e. Use of Estimates
The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

f. Promises to Give
Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Note 2. Summary of Significant Accounting and Reporting (Continued)

g. Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions. When a 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 statements of activities as net assets released from restrictions.

h. Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, fringe benefits, payroll taxes, insurance, in-kind rent, and depreciation, which are allocated on the basis of estimates of time and effort.

i. Property and Equipment

These assets are recorded at cost, when purchased or if donated, at their estimated fair market value at date of donation. All acquisitions of property and equipment in excess of $1,000 and all expenditures for repairs and betterments that materially prolong the useful lives of assets are capitalized.

j. Depreciation

Provisions for depreciation are made in the accounts using the straight-line method over the estimated useful life of the asset. Equipment is being depreciated over five years.

k. Fair Value

The Organization follows the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 820 "Fair Value Measurements and Disclosures", for assets and liabilities that are measured at fair value on a recurring basis, and to determine fair value disclosures. The standard defines fair value and it establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The standard applies to certain other existing pronouncements that require or permit fair value measurements. It does not establish or change any existing requirements for fair value accounting.

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value accounting standard established a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The three tiers are defined as:

Note 2. Summary of Significant Accounting and Reporting (Continued)

k. Fair Value (continued)

- Level 1 – Observable inputs such as quoted prices in active markets.
- Level 2 – Inputs other than Level 1 inputs that are observable, whether directly or indirectly, 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 markets.
- Level 3 – Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions and are significant to the fair measurement.

The Organization's investments are valued based on Level 1 inputs within the fair value hierarchy.

l. Summarized Comparative Financial Statements
The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute presentation in conformity with generally accepted accounting principles. 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.

Note 3. Tax Status

Steps to Success, Inc. is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

Note 4. Concentrations of Credit Risk

The Organization has cash deposits in financial institutions in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2024, the Organization's uninsured cash balances totaled $882,627.

Note 5. Availability and Liquidity

The following represents Steps to Success, Inc.'s financial assets at June 30, 2024 and 2023:

Financial assets at year end:	2024	2023
Cash and cash equivalents	$ 1,375,870	$ 1,114,715
Accounts receivable	10,858	7,841
Pledges receivable	112,500	231,751
Investments	194,075	155,814
Financial assets available to meet general expenditures over the next twelve months	$ 1,693,303	$ 1,510,121

Steps to Success, Inc.'s goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately $349,700). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts.

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 support and revenue to cover general expenditures not covered by donor-restricted resources.

Note 6. Pledges Receivable

Pledges receivable in the amount of $112,500 were due to the Organization at year end and are expected to be received in less than one year.

Note 7. Investments

Steps to Success, Inc. maintains an investment account. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization. Equities held at the brokerage are insured up to $500,000 by the SIPC. Investments are carried at quoted market values as summarized below:

	2024		2023	
	Cost	FMV	Cost	FMV
Mutual funds	$ 110,029	$ 194,075	$ 107,586	$ 155,814
Money Market	12	12	166	166
Total	$ 110,041	$ 194,087	$ 107,752	$ 155,980

The following schedule summarizes the investment return and its classification in the statement of activities for the year:

Interest and dividends	$ 36,374
Realized gains	3,371
Net unrealized gains	35,819
	75,564
Net investment income	$ 25,743

Note 8. Contributions In-kind

The Public Schools of Brookline provides in-kind space for completing the mission and work of Steps to Success, Inc. The Organization has recorded in-kind revenue and expense, based on the estimated fair value of the space provided. This in-kind space totaled $50,000 for each year ended June 30, 2024 and 2023.

Note 9. Net Assets

Net assets with donor restrictions were as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Specific Purpose		
Annual Fund	$	$ 25,000
Career Connections	67,500	
College Books	10,000	
Extended Learning Program	30,000	
Jim Fitzgibbons Fund	145,813	145,813
K-3		138,333
Outdoor Education Exploration	2,500	2,500
Racial Equity		50,000
Scholarships	78.738	90,250
Step Up Celebration		10,000
Student Support	5,000	
Summer Connections	5,967	25,900
Work Connections	5,000	
Passage of Time		
Pledges receivable	112,500	145,636
Total	$ 463,018	$ 633,432

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2024 and 2023:

Note 9. Net Assets (Continued)

	2024	2023
Satisfaction of Purpose Restrictions		
Annual Fund	$ 25,000	$
Amy Morrissey Fund		25,000
Books		10,000
Camp Treetops Tuition		22,800
Career Connections		25,000
College Success Initiative		25,000
Extended Learning Program	7,500	
Fundraising Capacity Building		
K-2		5,000
K-3	138,333	66,667
Outdoor Education Program		5,000
Racial Equity	50,000	
Scholarships	12,112	
STEM Learning Program	10,000	30,000
Step Up Celebration	10,000	
Summer Connections	19,933	
Student Support Fund		5,000
Satisfaction of Time Restrictions		
Pledges receivable	43,136	86,864
Total	$ 316,014	$ 306,331

Note 10. Retirement Plan

The Organization maintains a Savings Incentive Match Plan for Employees (SIMPLE IRA) to which eligible employees may elect to make contributions under salary reduction agreements. For those employees electing to participate, the Organization makes matching contributions on behalf of the participant of up to 3% of compensation for employees after one year of service and 1% of compensation for employees who have less than one year of service. Employees are qualified to participate in the Plan if they are at least twenty-one years of age and have or will earn more than $5,000 within the year. Matching contributions are made based on the organization's performance each year. Matching contributions for the year ended 2024 and 2023 totaled $12,606 and $6,187, respectively.

Note 11. Date of Management's Review

Subsequent events were evaluated through December 17, 2024, which is the date the financial statements were available to be issued.