BREAKTHROUGH NEW YORK, INC.

Financial Statements

June 30, 2024 and 2023

(With Independent Auditors' Report Thereon)

BREAKTHROUGH NEW YORK, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Breakthrough New York, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Breakthrough New York, Inc. (the Organization) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024 and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Breakthrough New York, 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 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.

Prior Period Financial Statements

The financial statements of Breakthrough New York, Inc. as of June 30, 2023 were audited by other auditors whose report dated July 22, 2024 expressed an unmodified opinion on those statements.

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 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 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 31, 2025

BREAKTHROUGH NEW YORK, INC.
Statements of Financial Position
June 30, 2024 and 2023

Assets	2024	2023
Assets:		
Current assets:		
Cash and equivalents	$ 412,295	246,364
Investments, at fair value	1,386,206	1,473,507
Contributions receivable	412,427	734,329
Prepaid expenses	145,279	152,557
Total current assets	2,356,207	2,606,757
Right-of-use asset - operating lease	1,094,769	1,267,293
Noncurrent portion of contributions receivable, net	-	109,284
Property and equipment, at cost	701,690	701,690
Less accumulated depreciation	(548,574)	(505,177)
Net property and equipment	153,116	196,513
Total assets	$ 3,604,092	4,179,847
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	114,736	94,401
Current installments of operating leases liability	176,336	57,194
Total current liabilities	291,072	151,595
Operating lease, net of current installments	1,028,124	1,311,128
Total liabilities	1,319,196	1,462,723
Net assets:		
Without donor restrictions	2,064,076	2,330,642
With donor restrictions	220,820	386,482
Total net assets	2,284,896	2,717,124
Total liabilities and net assets	$ 3,604,092	4,179,847

See accompanying notes to financial statements.

BREAKTHROUGH NEW YORK, INC.
Statement of Activities
Year ended June 30, 2024
with comparative totals for 2023

	Without donor restrictions	With donor restrictions	Total 2024	Total 2023
Revenue:				
Contributions	$ 1,506,995	220,000	1,726,995	1,600,472
Government grants	59,403	-	59,403	48,380
Contributed nonfinancial assets	49,451	-	49,451	18,526
Special events, net of direct costs of $201,258 in 2024 and $224,191 in 2023	747,309	-	747,309	819,108
Investment income	104,349	-	104,349	87,378
Net assets released from restrictions	385,662	(385,662)	-	-
Total revenue	2,853,169	(165,662)	2,687,507	2,573,864
Expenses:				
Program services	2,754,638	-	2,754,638	2,441,534
Fundraising	212,862	-	212,862	477,727
Management and general	152,235	-	152,235	190,275
Total expenses	3,119,735	-	3,119,735	3,109,536
Change in net assets	(266,566)	(165,662)	(432,228)	(535,672)
Net assets at beginning of year	2,330,642	386,482	2,717,124	3,252,796
Net assets at end of year	$ 2,064,076	220,820	2,284,896	2,717,124

See accompanying notes to financial statements.

BREAKTHROUGH NEW YORK, INC.
Statement of Activities
Year ended June 30, 2023

	Without donor restrictions	With donor restrictions	Total
Revenue:			
Contributions	$ 1,280,472	320,000	1,600,472
Government grants	48,380	-	48,380
Contributed nonfinancial assets	18,526	-	18,526
Special events, net of direct costs of $224,191	819,108	-	819,108
Investment income	87,378	-	87,378
Net assets released from restrictions	158,514	(158,514)	-
Total revenue	2,412,378	161,486	2,573,864
Expenses:			
Program services	2,441,534	-	2,441,534
Fundraising	477,727	-	477,727
Management and general	190,275	-	190,275
Total expenses	3,109,536	-	3,109,536
Change in net assets	(697,158)	161,486	(535,672)
Net assets at beginning of year	3,027,800	224,996	3,252,796
Net assets at end of year	$ 2,330,642	386,482	2,717,124

See accompanying notes to financial statements.

BREAKTHROUGH NEW YORK, INC.
Statement of Functional Expenses
Year ended June 30, 2024
with comparative totals for 2023

	Program services	Fundraising	Management and general	Total 2024	Total 2023
Salaries	$ 1,889,790	68,083	70,604	2,028,477	1,971,975
Consultants/professional fees	342,794	12,350	12,807	367,951	369,252
Occupancy	168,628	44,968	11,242	224,838	231,942
Technology	38,777	10,341	2,585	51,703	56,680
Supplies	23,366	5,337	1,334	30,037	46,832
Food	47,034	12,542	3,136	62,712	47,079
Scholarships	52,348	-	-	52,348	53,753
Gala	-	201,258	-	201,258	224,191
Postage and delivery	3,037	810	202	4,049	5,066
Insurance	36,334	9,689	2,422	48,445	43,939
Printing and reproduction	1,010	1,010	-	2,020	2,626
Staff development/recognition	34,049	9,349	2,025	45,423	59,419
Telephone and internet	10,417	2,778	694	13,889	16,288
Transportation	28,255	2,948	610	31,813	30,579
Contributed nonfinancial assets	49,451	-	-	49,451	18,526
Depreciation	-	-	43,397	43,397	38,241
Bad debt	-	-	-	-	85,978
Miscellaneous	29,348	32,657	1,177	63,182	31,361
	2,754,638	414,120	152,235	3,320,993	3,333,727
Less special events	-	(201,258)	-	(201,258)	(224,191)
Total expenses	$ 2,754,638	212,862	152,235	3,119,735	3,109,536

See accompanying notes to financial statements.

BREAKTHROUGH NEW YORK, INC.
Statement of Functional Expenses
Year ended June 30, 2023

	Program services	Fundraising	Management and general	Total
Salaries	$ 1,576,525	291,813	103,637	1,971,975
Consultants/professional fees	295,204	54,642	19,406	369,252
Occupancy	173,957	46,388	11,597	231,942
Technology	37,879	15,041	3,760	56,680
Supplies	37,063	7,815	1,954	46,832
Food	35,309	9,416	2,354	47,079
Scholarships	53,753	-	-	53,753
Gala	-	224,191	-	224,191
Postage and delivery	3,800	1,013	253	5,066
Insurance	32,954	8,788	2,197	43,939
Printing and reproduction	1,313	1,313	-	2,626
Staff development/recognition	48,715	8,773	1,931	59,419
Telephone and internet	12,216	3,258	814	16,288
Transportation	28,342	1,938	299	30,579
Contributed nonfinancial assets	18,526	-	-	18,526
Depreciation	-	-	38,241	38,241
Bad debt	85,978	-	-	85,978
Miscellaneous	-	27,529	3,832	31,361
	2,441,534	701,918	190,275	3,333,727
Less special events	-	(224,191)	-	(224,191)
Total expenses	$ 2,441,534	477,727	190,275	3,109,536

See accompanying notes to financial statements.

BREAKTHROUGH NEW YORK, INC.
Statements of Cash Flows
Years ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ (432,228)	(535,672)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	43,397	38,241
Net realized and unrealized gain on investments	(61,617)	(34,477)
Reduction in lease liability	8,662	101,029
Changes in:		
Contributions receivable	431,186	16,160
Prepaid expenses	7,278	99,500
Accounts payable and accrued expenses	20,335	18,492
Net cash provided by (used in) operating activities	17,013	(296,727)
Cash flows from investing activities:		
Purchases of investments	(358,847)	(86,290)
Proceeds from sales of investments	507,765	27,619
Purchases of property and equipment	-	(73,306)
Net cash provided by (used in) investing activities	148,918	(131,977)
Change in cash and equivalents	165,931	(428,704)
Cash and equivalents at beginning of year	246,364	675,068
Cash and equivalents at end of year	$ 412,295	246,364
Supplemental schedule of cash flow information:		
Cash paid for amounts included in measurement of lease liability - operating lease payments	$ 163,862	-
Lease assets obtained in exchange for lease liabilities - operating leases	$ -	1,425,516

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

Breakthrough New York, Inc. (the Organization), originally founded as Summerbridge, a program of the Town School in 1999, is a not-for-profit corporation under the laws of the State of New York.

The Organization is a ten-year college success program committed to getting high-potential, low-income students to and through four-year colleges. The Organization provides after-school and summer enrichment programs to middle school students from New York City public schools, providing them ongoing academic preparation, guidance and mentoring needed to graduate form selective four year colleges to be career ready. Through the students-teaching-students model, the Organization also promotes careers in education.

(b) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(c) Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations and may be used for any purpose designed by the Organization’s Board of Directors.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may be or will be met either by actions of the Organization and/or the passage of time and net assets subject to donor-imposed stipulations to be maintained in perpetuity by the Organization.

(d) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(e) Cash and Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(1) Summary of Significant Accounting Policies, Continued

(f) Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. The Corporation maintains financial instruments at financial institutions which periodically may exceed federally insured limits. At June 30, 2024, the Organization $148,362 in excess of the federally insured limits. At June 30, 2023, the Organization had no amounts in excess of the federally insured limits.

(g) Investments

Investments are stated at fair value as determined by published market prices.

(h) Capitalization and Depreciation

Property and equipment is recorded at cost or fair market value at the date of the gift in the case of donated property and equipment. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is provided for in amounts sufficient to related the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property and equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of activities.

(i) Deferred Revenue and Revenue Recognition

Contracts awarded are accounted for as exchange transactions and recorded as revenue when expenditures have been incurred in compliance with the grant restrictions. Amounts unspent are recorded in the statements of financial position as deferred revenue.

(j) Contributions

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

(1) Summary of Significant Accounting Policies, Continued

(k) Unconditional Promises to Give

Promises to give (pledges) are recognized as revenue in the period the pledges are received. Pledges receivable expected to be collected within one year are recorded at net realizable value. Pledges receivable expected to be collected in future years are recorded at fair value, which is measured as the present value of their estimated future cash flows. The discounts on these amounts are computed using the risk-adjusted interest rates applicable to the years in which the pledges are received. Amortization of the discounts is included in contribution income in the statements of activities. The Organization records uncollectable pledges using the direct write-off method.

(l) Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Organization presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Organization has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Organization are subject to examination by taxing authorities.

(m) Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain cost have been allocated among the programs and supporting services benefited. Costs are allocated on the basis of the proportion of full-time employee equivalents of a program or other supporting service versus the total organizational full-time employee equivalents.

(n) Subsequent Events

The Organization has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(o) Reclassifications

Reclassifications have been made to certain 2023 balances in order to conform them to the 2024 presentation.

(2) Liquidity

The Organization has $824,722 of financial assets available within one year of the statements of financial position date to meet cash needs for general expenditures, consisting of $412,295 of cash and equivalents and $412,427 of receivables. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date.

(3) Investments

Fair Value Measurements

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Level 2 assets are those whose inputs to the valuation methodology are determined by quoted prices for similar assets in active markets. Investments held by the Organization are classified as level 1 in the fair value hierarchy.

The fair value of investments at June 30, 2024 and 2023 are summarized as follows:

	2024	2023
Level 1:		
Mutual funds	$ 1,117,417	1,332,663
Common stock	268,789	140,844
	$ 1,386,206	1,473,507

Investments in marketable securities at June 30, 2024 and 2023 are stated at fair value. In accordance with the policy of carrying investments at fair value, the change in the net unrealized appreciation or depreciation is include in the statements of activities.

(4) Contributions Receivable

The Organization records promises to give that are expected to be collected within one year at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their net realizable value, using U.S. Treasury rates, applicable to the years in which promises are to be received. Discounted amortization is included in contribution income in the statement of activities. Unconditional promises to give at June 30, 2024 and 2023 consists of the following:

(4) Contributions Receivable, Continued

		2024	2023
Gross amount due in:			
Less than one year	$	412,427	734,329
One to five years		-	120,000
		412,427	854,329
Less discounts to present value		-	(10,716)
Total	$	412,427	843,613

As of June 30, 2024 and 2023, 36% and 63%, respectively, of the contributions receivable was from two donors.

(5) Property and Equipment

Property and equipment at June 30, 2024 and 2023 is compromised of the following:

		2024	2023
Furniture and equipment	$	312,310	312,310
Information technology		284,582	284,582
Leasehold improvements		104,798	104,798
		701,690	701,690
Less accumulated depreciation		(548,574)	(505,177)
Net property and equipment	$	153,116	196,513

(6) Right-of-Use Asset - Lease Liabilities

The Organization leases space in Manhattan, New York under an operating lease agreement and has elected the practical expedient not to separate lease and nonlease components for all lease transactions. The Organization also has certain occupancy related expenses that contain variable lease payments and leases with terms less than 12 months. The Organization has elected to recognize these lease expenses on the straight-line basis or when incurred. The lease provide for monthly payments of various amounts through December 2030. The lease inception or period of adoption, unless explicitly stated, is in accordance with the Organization’s accounting policies. Additional information about the Organization’s leases are as follows at June 30, 2024 and 2023:

	2024	2023
Operating leases - program services - rent	$ 217,562	106,334
Variable leases - program services - rent	7,276	125,608
Total lease expense	$ 224,838	231,942

(6) Right-of-Use Asset - Lease Liabilities, Continued

Weighted Averages:		
Remaining lease term - operating leases	5.5 years	6.5 years
Discount rate - operating leases	4.15%	4.15%

The aggregate maturity of the lease payments under ASC 842 for the years following June 30, 2024 and thereafter is as follows:

	Operating
2025	$ 223,001
2026	239,678
2027	246,680
2028	252,847
2029	259,168
Thereafter	132,553
	1,353,927
Less unamortized discount	(149,467)
Total lease liabilities	$ 1,204,460

	2024	2023
Leases liabilities - operating leases:		
Current installments	$ 176,336	57,194
Noncurrent installments	1,028,124	1,311,128
Total lease liabilities	$ 1,204,460	1,368,322

(7) Line of Credit

The Organization had an available line of credit with a bank in the amount of $500,000 that expired on July 1, 2023. The Organization is currently in negotiations with a bank for a new line of credit.

(8) Contributed Nonfinancial Assets

For the years ended June 30, 2024 and 2023, contributed nonfinancial assets recognized within the statements of activities and statements of functional expenses included contributed goods, space, and services in the amount of $49,451 and $18,526, respectively.

Contributed assets are reflected upon receipt and are recorded at cost or estimated cost, where practicable, as expenses and are allocated between program and management and general. Contributions of professional services are recognized if the goods received create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed space represents the Organization’s share of buildings in which the Organization operates.

(9) Retirement Plan

The Organization maintains a defined contribution retirement plan for eligible employees. The plan is funded through voluntary contributions by participants and an employer matching portion. The retirement expense under this plan for the years ended June 30, 2024 and 2023 was $19,582 and $6,121, respectively.

(10) Related Party Transactions

During the years ended June 30, 2024 and 2023, $702,060 and $569,301, respectively, of contributions were received from the Organizations Board members.

(11) Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2024 and 2023 are available for the following purposes or periods:

	2024	2023
Donor's discretionary fund	$ -	133,911
Sherman Scholarship	820	-
Time restrictions:		
Year ended June 30, 2024	-	132,571
Year ended June 30, 2025	220,000	120,000
Total	$ 220,820	386,482

Net assets released through satisfaction of program restrictions for the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
Lapse of time restriction	$ 232,571	135,851
Donor's discretionary fund	133,911	-
Sherman Scholarship	19,180	22,663
Total	$ 385,662	158,514