

Horizons Greater Washington, Inc.

Financial Statements
and
Independent Auditor's Report

Years Ended September 30, 2024 and 2023

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Independent Auditor's Report

To the Board of Directors
Horizons Greater Washington, Inc.
Washington, District of Columbia

Opinion

We have audited the accompanying financial statements of Horizons Greater Washington Inc. ("Horizons") (a nonprofit organization) which comprise the statement of financial position as of September 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 Horizons Greater Washington Inc. as of September 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 Horizons Greater Washington 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.

Prior Period Financial Statements

The financial statements of Horizons as of and for the year ended September 30, 2023, were audited by other auditors whose report dated February 15, 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 these 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 Horizon'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 not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards (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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 Horizon'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 Horizon'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.

A handwritten signature in black ink that reads "Snyder Cohn, PC". The signature is written in a cursive, flowing style.

SNYDER COHN, PC
North Bethesda, Maryland
January 22, 2025

Horizons Greater Washington Inc.

Statements of Financial Position

September 30	2024	2023
Assets		
Cash and cash equivalents	\$ 336,108	\$ 456,725
Contributions receivable, net	119,912	425,078
Prepaid expenses	105,552	13,322
Inventory	3,604	3,604
Investments	466,035	363,217
Total assets	\$ 1,031,211	\$ 1,261,946
Liabilities and net assets		
Liabilities:		
Accounts payable and other accrued expenses	\$ 29,831	\$ 60,797
Accrued payroll costs	26,684	13,384
SBA paycheck protection program loan	75,800	75,800
Deferred revenue and refundable advances	265,817	-
Total liabilities	398,132	149,981
Net assets:		
Without donor restrictions	432,643	678,663
With donor restrictions	200,436	433,302
Total net assets	633,079	1,111,965
Total liabilities and net assets	\$ 1,031,211	\$ 1,261,946

See Accompanying Notes

Horizons Greater Washington Inc.

Statement of Activities

For the year ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributions and grants	\$ 821,697	\$ 79,564	\$ 901,261
Government grants	483,386	-	483,386
Special events, net of direct benefits of \$-0-	16,677	-	16,677
Donated materials, rent and services	264,854	-	264,854
Investment income, net	48,627	20,070	68,697
Transfer to endowment	-	-	-
Other income	10	-	10
Net assets released from restrictions	332,500	(332,500)	-
Total revenues	<u>1,967,751</u>	<u>(232,866)</u>	<u>1,734,885</u>
Expenses:			
Program services	1,555,683	-	1,555,683
Management and general	226,903	-	226,903
Fundraising	431,185	-	431,185
Total expenses	<u>2,213,771</u>	<u>-</u>	<u>2,213,771</u>
Change in net assets	(246,020)	(232,866)	(478,886)
Net assets - beginning	<u>678,663</u>	<u>433,302</u>	<u>1,111,965</u>
Net assets - ending	<u>\$ 432,643</u>	<u>\$ 200,436</u>	<u>\$ 633,079</u>

See Accompanying Notes

Horizons Greater Washington Inc.

Statement of Activities

For the year ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributions and grants	\$ 695,830	\$ 140,000	\$ 835,830
Government grants	378,687	-	378,687
Special events, net of direct benefits of \$115,539	281,481	-	281,481
Donated materials, services and rent	217,588	-	217,588
Investment income, net	31,286	802	32,088
Transfer to endowment	(50,000)	50,000	-
Other income	4,640	-	4,640
Net assets released from restrictions	325,440	(325,440)	-
Total revenues	<u>1,884,952</u>	<u>(134,638)</u>	<u>1,750,314</u>
Expenses:			
Program services	1,426,122	-	1,426,122
Management and general	279,798	-	279,798
Fundraising	280,990	-	280,990
Total expenses	<u>1,986,910</u>	<u>-</u>	<u>1,986,910</u>
Change in net assets	(101,958)	(134,638)	(236,596)
Net assets - beginning	<u>780,621</u>	<u>567,940</u>	<u>1,348,561</u>
Net assets - ending	<u>\$ 678,663</u>	<u>\$ 433,302</u>	<u>\$ 1,111,965</u>

See Accompanying Notes

Horizons Greater Washington Inc.

Statement of Functional Expenses

For the year ended September 30, 2024

	Program Services	Management and General	Fundraising	Total
Bank fees	\$ 8,105	\$ 1,033	\$ 1,935	\$ 11,073
Cost of direct benefits to donors	-	-	-	-
Dues and subscriptions	7,579	73	495	8,147
Employee benefits	4,364	8,286	6,307	18,957
Field trips	20	-	-	20
Food and hospitality	146,531	97	4,295	150,923
Insurance	20,935	2,669	4,999	28,603
Miscellaneous	245	27	48	320
Payroll processing fees	8,111	1,034	1,937	11,082
Payroll taxes	70,807	7,622	14,280	92,709
Pool rental	14,535	-	-	14,535
Printing and postage	927	35	6,939	7,901
Professional development	8,763	157	319	9,239
Professional fees	89,917	65,920	191,385	347,222
Recruitment	2,931	-	-	2,931
Rent	11,823	-	-	11,823
Salaries and wages	727,765	92,766	173,788	994,319
Supplies	38,946	34	879	39,859
Technology and telecommunications	19,614	1,801	13,196	34,611
Transportation	160,675	-	-	160,675
Travel	3,566	19	383	3,968
Total operating expenses	<u>1,346,159</u>	<u>181,573</u>	<u>421,185</u>	<u>1,948,917</u>
Donated materials, services and rent				
Field trips	12,145	-	-	12,145
Pool rentals	20,025	-	-	20,025
Professional fees	10,326	45,330	10,000	65,656
Rent	113,825	-	-	113,825
Supplies	12,703	-	-	12,703
Transportation	40,500	-	-	40,500
Total donated materials, services and rent	<u>209,524</u>	<u>45,330</u>	<u>10,000</u>	<u>264,854</u>
Less expenses included with revenues on the statement of activities				
Cost of direct benefits to donors	-	-	-	-
Total direct benefits	-	-	-	-
Total expenses	<u>\$ 1,555,683</u>	<u>\$ 226,903</u>	<u>\$ 431,185</u>	<u>\$ 2,213,771</u>

See Accompanying Notes

Horizons Greater Washington Inc.

Statement of Functional Expenses

For the year ended September 30, 2023

	Program Services	Management and General	Fundraising	Total
Bank fees	\$ -	\$ 6,771	\$ -	\$ 6,771
Cost of direct benefits to donors	-	-	115,539	115,539
Dues and subscriptions	5,200	1,122	-	6,322
Employee benefits	13,998	1,378	4,578	19,954
Field trips	17,484	-	-	17,484
Food and hospitality	94,942	901	-	95,843
Insurance	-	24,284	-	24,284
Miscellaneous	23	492	4,432	4,947
Payroll processing fees	-	17,260	-	17,260
Payroll taxes	62,643	6,165	20,485	89,293
Pool rental	7,439	-	-	7,439
Printing and postage	277	798	-	1,075
Professional development	9,060	3,106	-	12,166
Professional fees	97,585	75,164	29,885	202,634
Recruitment	-	210	-	210
Rent	3,427	-	-	3,427
Salaries and wages	677,690	63,781	221,610	963,081
Supplies	65,015	691	-	65,706
Technology and telecommunications	8,214	38,613	-	46,827
Transportation	184,011	-	-	184,011
Travel	338	250	-	588
Total operating expenses	<u>1,247,346</u>	<u>240,986</u>	<u>396,529</u>	<u>1,884,861</u>
Donated materials, services and rent				
Field trips	19,935	-	-	19,935
Pool rentals	5,619	-	-	5,619
Professional fees	-	38,812	-	38,812
Rent	110,276	-	-	110,276
Supplies	9,796	-	-	9,796
Transportation	33,150	-	-	33,150
Total donated materials, services and rent	<u>178,776</u>	<u>38,812</u>	<u>-</u>	<u>217,588</u>
Less expenses included with revenues on the statement of activities				
Cost of direct benefits to donors	-	-	(115,539)	(115,539)
Total direct benefits	-	-	(115,539)	(115,539)
Total expenses	<u>\$ 1,426,122</u>	<u>\$ 279,798</u>	<u>\$ 280,990</u>	<u>\$ 1,986,910</u>

See Accompanying Notes

Horizons Greater Washington Inc.

Statements of Cash Flows

For the years ended September 30	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ (478,886)	\$ (236,596)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized gain on investments	(39,024)	(9,966)
Receipt of contributed securities	(129,975)	(4,883)
Proceeds from sales of contributed securities	130,622	4,883
(Increase) decrease in:		
Contributions receivable, net	305,166	368,341
Prepaid expenses	(92,230)	4,636
Inventory	-	(3,604)
Increase (decrease) in:		
Accounts payable and other accrued expenses	(30,966)	12,506
Accrued payroll costs	13,300	(5,414)
Deferred revenue and refundable advances	265,817	-
Net cash provided by (used in) operating activities	<u>(56,176)</u>	<u>129,903</u>
Cash flows from investing activities:		
Purchase of investments and reinvestments	(1,286,803)	(870,384)
Proceeds from sale of investments	1,222,362	945,501
Net cash provided by (used in) investing activities	<u>(64,441)</u>	<u>75,117</u>
Net increase (decrease) in cash and cash equivalents	(120,617)	205,020
Cash and cash equivalents - beginning	456,725	251,705
Cash and cash equivalents - ending	<u>\$ 336,108</u>	<u>\$ 456,725</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	\$ -	\$ -

See Accompanying Notes

Horizons Greater Washington, Inc.

Notes to Financial Statements

September 30, 2024 and 2023

Note 1: Summary of significant accounting policies:

Horizons Greater Washington Inc (“Horizons”) is an out-of-school time academic and enrichment program serving K-9 students in families from underserved communities in Washington, DC and Montgomery County, MD. Horizons is committed to supporting the whole child through thoughtful, robust program design that advances our students through the systemic opportunity gaps our community experiences from historic inequities around out-of-school time program access, race, ethnicity, and economic status. Horizons offers an intensive summer program and school year programming that build critical skills in reading, math, swimming, and social and emotional development to prepare its students for successful school years and transitions. Through the project-based STEAM (science, technology, engineering, art, and math) curriculum and swim instruction, students experience gains in math, reading, writing, and swim proficiency in small class sizes while veteran and new professional teachers hone their craft with Horizons. Horizons makes a long-term commitment to each student as young people enter the summer program as rising first graders and return each summer until they begin high school. Over 90% of Horizons’ students are eligible for free or reduced-price meals and are identified through partnerships with local schools. Throughout the nine years a child is in the program, Horizons partners with its families and removes the physical barriers to learning by absorbing the full cost of each student and providing transportation, supplies, and meals.

Horizons is an affiliate of Horizons National, a 501(c)(3) organization that oversees a network of 71 Horizons programs in 20 states and the District of Columbia. Horizons serves the DC area exclusively and operates independently of Horizons National raising its own resources and managing its own programs but benefits from the exchange of information and support across a national network. Horizons began in 2000 with one program location in Washington, DC. A second DC program location opened in 2009, and in 2010, expansion led Horizons to open a third location in Montgomery County, MD. In 2024, the hallmark summer program served 420 K-9 students across the three program sites and the Saturday Academy served 63 K-8 students.

Horizons Greater Washington, Inc.

Notes to Financial Statements

September 30, 2024 and 2023

Note 1: Summary of significant accounting policies: (continued)

High-quality instruction, hands-on experiential learning, and individualized support from skilled professional teachers are the pillars of the Horizons model. To ensure its approach is student-centered, holistic, and inclusive, Horizon's programming adheres to the Weikart Center's pyramid of program quality. The pyramid's steps - creating safe, supportive, interactive, and engaging learning environments - guide all instructional, programmatic, and site-specific decisions and goals. In alignment with the pyramid of program quality, Horizons fosters joyful and engaging environments full of academic, artistic, and athletic activities that inspire young minds. Horizon's youth express creativity through art projects inspired by local DC artists; design, build, and test gadgets and games; and are exposed to community resources and career-oriented opportunities that develop new interests. Horizons incorporates students' voices, and the voices of their caregivers drive program design and improvements. Overall, Horizons works to ensure its students access opportunities that help them thrive and pursue bright, choice-filled futures. Horizons' students enter as kindergarteners and leave for high school empowered to reach toward opportunities that end generational poverty.

Basis of accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported in two categories as described below.

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions. Contributions whose restrictions are met in the period received are classified as net assets without donor restrictions.

Net assets with donor restrictions - Net assets 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 those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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 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.

Horizons Greater Washington, Inc.

Notes to Financial Statements

September 30, 2024 and 2023

Note 1: Summary of significant accounting policies: (continued)

Contributions receivable - Contributions receivable are comprised of pledges and grants receivable which are measured at net realizable value. Grants receivable and unconditional promises to give are recognized as revenue in the period promised. Conditional promises to give include both a measurable performance or other barrier and a right of return, and they are recognized when the conditions on which they depend are substantially met.

Balances are stated at the amount management expects to collect from outstanding balances within one year. Management provides for probably uncertain amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on historical experience, an assessment of economic conditions, and a review of subsequent collections as deemed necessary. All contributions were considered collectible as of September 30, 2024 and 2023, no allowance has been recorded.

Investments held by third-party trustee - Investments of Horizons are held by a third-party trustee, The Greater Washington Community Foundation (the Foundation). Under this agency fund agreement, Horizons has both a non-endowed fund, and an endowed fund managed by the Foundation under the investment policies and investment direction of the Foundation.

During the year ended September 30, 2023, Horizons created a perpetually restricted endowment with the funds to be held and administered by The Greater Washington Community Foundation. A total of \$50,000 was contributed by a donor and \$50,000 was matched by Horizons as a condition of receiving this endowment gift. See note 6 for further details.

Horizons has an interest in the pooled investment funds maintained by the Foundation in the "Combined Investment Fund" (CIF). Distributions from the fund are available quarterly with prior written notice provided via email or letter by one of the assigned fund advisors as outlined in the agency fund agreement. Horizons pays an administrative fee to the Foundation of 1.1 percent for the accounting and reporting services, which are deducted from the investment assets in quarterly payments.

Property and equipment - Horizons capitalizes all property and equipment with a useful life of more than one year and an acquisition value of over \$5,000. Property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the property or equipment. As of September 30, 2024 and 2023, there were no purchases of property and equipment meeting the capitalization threshold and therefore no property and equipment or depreciation reported.

Horizons Greater Washington, Inc.

Notes to Financial Statements

September 30, 2024 and 2023

Note 1: Summary of significant accounting policies: (continued)

Revenue recognition - Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Horizons 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, or if they are designated for future periods. When a donor's 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.

Sources of revenue from contracts with customers include an exchange element of tickets purchased for special events and other income. All remaining sources of support and revenue are contributions. Special events revenue consisting of donations collected during special events are recognized at the point in time the event takes place.

Donated materials, services and rent - Horizons receives in-kind contributions of time and pro bono services from members of the community related to program operations, special events and fund-raising. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Horizons. Horizons recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated or readily available fair value at the time of the donation.

Functional classification of expenses - The costs of providing various programs and other activities of Horizons have been summarized on a functional basis in the statements of activities. Expenses are allocated among the programs and supporting services based on the functions they directly benefit or upon management's estimates of staff time and effort across functions. Management and general expenses include those expenses that are not directly identifiable to any specific function but that provide for the overall support and management of Horizons.

Contract liabilities and refundable advances - Horizons receives ticket revenue and sponsorship of their special event in advance of the period in which it is earned. The contract liabilities related to ticket revenue are recognized as deferred revenue until the revenue is earned. The beginning and ending balances of contract liabilities are as follows:

October 1, 2022	\$	-
September 30, 2023		-
September 30, 2024		59,500

Horizons Greater Washington, Inc.

Notes to Financial Statements

September 30, 2024 and 2023

Note 1: Summary of significant accounting policies: (continued)

Fair value measurements - Horizons determines the fair value of its marketable securities in accordance with the framework of ASC 820, Fair Value Measurements & Disclosures. This 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). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - inputs to the valuation methodology are 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;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset 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 use of observable inputs and minimize the use of unobservable inputs.

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

Horizons investments are comprised of Level 1 and Level 3 inputs.

Cash and cash equivalents - Horizons considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase.

Horizons Greater Washington, Inc.

Notes to Financial Statements

September 30, 2024 and 2023

Note 1: Summary of significant accounting policies: (continued)

Income taxes - Horizons accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax effect is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for uncertain tax positions. Interest and penalties, if any, are accrued as a component of general and administrative expenses when assessed. Horizons is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Similar to other tax-exempt organizations, Horizons is subject to tax on unrelated business income. Tax years prior to 2021 are no longer subject to examination by taxing authorities.

Accounting pronouncements adopted - On October 1, 2023, Horizons adopted ASU 2016-13 Financial Instruments - Credit Losses (topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under CECL methodology is applicable to financial assets measured at amortized costs, including loan receivables and held-to-maturity debt securities. Horizons adopted ASC 326 using the modified method for all financial assets measured at amortized costs. Horizons has analyzed its financial assets and deemed that no adjustment is necessary. Therefore, total net assets and changes in net assets are unchanged due to the adoption of this new standard. Horizons will continue to analyze their financial assets for expected credit loss under this new standard.

Risks and uncertainties - Horizons invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect Horizons account balances and amounts reported in the statements of financial position.

Reclassifications - Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. Net assets and changes in net assets are unchanged due to these reclassifications.

Horizons Greater Washington, Inc.

Notes to Financial Statements

September 30, 2024 and 2023

Note 2: Liquidity and availability of resources:

The following reflects Horizon's financial assets as of September 30, 2024 and 2023, reduced by amounts not available for general expenditures within one year of the statement of financial position date because of contractual or donor-imposed restrictions. Amounts available include donor-restricted amounts that are available for general expenditure in the following year:

	2024	2023
Cash and cash equivalents	\$ 336,108	\$ 456,725
Contributions receivable, net	119,912	425,078
Investments	466,035	363,217
	<u>922,055</u>	<u>1,245,020</u>
Less those unavailable for general expenditure within one year due to:		
Amounts restricted for permanent endowment	<u>(145,872)</u>	<u>(100,802)</u>
Total available for general expenditures	<u>\$ 776,183</u>	<u>\$ 1,144,218</u>

Horizons strives to maintain liquid financial assets sufficient to cover three to six months of general expenditures. Management periodically reviews Horizons' liquid asset needs and adjusts the cash and cash equivalents balances as necessary. Amounts in excess of operating liquidity needs are invested in various short-term and highly liquid bank instruments.

Note 3: Investments and fair value measurements:

Level 1 assets consist of investments held in a bank deposit program with a national broker. The carrying amount is considered to be a reasonable estimate of fair value.

Level 3 assets consist of investments held by a third-party trustee, The Greater Washington Community Foundation (the Foundation). The fair market value is the reported net asset values as obtained from the trustee on a quarterly basis. Underlying securities are comprised of both readily marketable securities and funds as well as hard-to-value securities. This method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Although Horizons believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the value could result in a different fair value at the reporting date.

Horizons Greater Washington, Inc.

Notes to Financial Statements

September 30, 2024 and 2023

Note 3: Investments and fair value measurements: (continued)

The following table presents the investment assets within the hierarchy measured at fair value on a recurring basis as of September 30, 2024:

	Level 1	Level 2	Level 3	Total
Investments held by third-party trustee:				
Money market fund	\$ -	\$ -	\$ 23,953	\$ 23,953
Combined investment funds	-	-	215,580	215,580
Investments directly held:				
Cash and money market accounts	226,502	-	-	226,502
Total assets at fair value	<u>\$ 226,502</u>	<u>\$ -</u>	<u>\$ 239,533</u>	<u>\$ 466,035</u>

The following table presents the investment assets within the hierarchy measured at fair value on a recurring basis as of September 30, 2023:

	Level 1	Level 2	Level 3	Total
Investments held by third-party trustee:				
Money market fund	\$ -	\$ -	\$ 23,878	\$ 23,878
Combined investment funds	-	-	214,907	214,907
Investments directly held:				
Cash and money market accounts	124,432	-	-	124,432
Total assets at fair value	<u>\$ 124,432</u>	<u>\$ -</u>	<u>\$ 238,785</u>	<u>\$ 363,217</u>

Investment return was composed of the following for the years ending September 30:

	2024	2023
Endowment dividend and interest income	\$ 13,654	\$ 14,234
Interest income	17,301	9,364
Realized and unrealized gains	39,025	9,966
Investment management fees	(1,283)	(1,476)
Total	<u>\$ 68,697</u>	<u>\$ 32,088</u>

Horizons Greater Washington, Inc.

Notes to Financial Statements

September 30, 2024 and 2023

Note 3: Investments and fair value measurements: (continued)

The table below represents a reconciliation for all Level 3 investment assets measured at fair value on a recurring basis for the years ending:

Balance, October 1, 2022	\$	165,677
Transfer in		50,384
Dividend and interest income		14,234
Realized and unrealized gains		9,966
Investment management fees		(1,476)
Balance, September 30, 2023	\$	<u>238,785</u>
Transfer out		(50,000)
Dividend and interest income		13,654
Realized and unrealized gains		38,378
Investment management fees		(1,284)
Balance, September 30, 2024	\$	<u>239,533</u>

The investments held by the third-party trustee are valued based on the net asset value of the fund and are available for quarterly redemption or distributions with the prior written request of Horizons.

Note 4: Concentrations and credit risk:

Financial instruments that potentially subject Horizons to a concentration of credit risk consist primarily of cash and cash equivalents in excess of insured amounts. At times, Horizons' cash and cash equivalents may exceed the insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC). Horizons has not experienced any losses in such accounts.

As of September 30, 2024 and 2023, three donors accounted for 75% and 67% of Horizons' contributions receivable, respectively.

For the years ended September 30, 2024 and 2023, one donor accounted for 16% and 18% of Horizons' revenue, respectively.

Horizons Greater Washington, Inc.

Notes to Financial Statements

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Note 5: Donor-restricted net assets:

Net assets with donor restrictions consisted of the following at:

	September 30, 2023	Additions	Releases from restrictions	September 30, 2024
Time restricted contributions receivable	\$ 332,500	\$ 54,564	\$ (332,500)	\$ 54,564
Perpetually restricted endowment	100,802	45,070	-	145,872
	<u>\$ 433,302</u>	<u>\$ 99,634</u>	<u>\$ (332,500)</u>	<u>\$ 200,436</u>
	September 30, 2022	Additions	Releases from restrictions	September 30, 2023
Time restricted contributions receivable	\$ 567,940	\$ 90,000	\$ (325,440)	\$ 332,500
Perpetually restricted endowment	-	100,802	-	100,802
	<u>\$ 567,940</u>	<u>\$ 190,802</u>	<u>\$ (325,440)</u>	<u>\$ 433,302</u>

Time restricted net assets have been classified as donor-restricted based on the inherent time restrictions on the receipt of the contributions.

Note 6: Donor-restricted net assets subject to perpetual restriction:

The endowment assets are comprised of the following as of September 30, 2024:

	Without restrictions	Purpose restricted	Perpetually restricted	Total
Endowment funds	\$ -	\$ 20,872	\$ 100,000	\$ 120,872

As of September 30, 2024, there was \$25,000 contributed to the endowment but not yet transferred to the endowment account. These funds were transferred to the endowment account subsequent to year end.

The endowment fund represents net assets restricted by a donor in perpetuity, the income from which is used 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.

Horizons Greater Washington, Inc.

Notes to Financial Statements

September 30, 2024 and 2023

Note 6: Donor-restricted net assets subject to perpetual restriction: (continued)

The endowment is governed by applicable federal laws for tax exempt organizations and the laws of the District of Columbia, which include but are not limited to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). In accordance with UPMIFA, the endowment is required to preserve the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Horizons classifies as perpetually restricted net assets the original value of gifts donated to the endowment and the original value of subsequent gifts to the endowment.

The remaining portion of the donor-restricted endowment fund that is not classified with perpetual restriction is classified as donor-restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Horizons has adopted The Foundation's endowment and investment policies. Endowment assets are invested in a diversified asset mix. The expected return varies dependent on the primary endowed fund objective of growth or capital preservation. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

The Foundation annually determines the amount available for distribution by applying its spending policy for the endowment funds. The spending rate is calculated annually by applying the spending rate, currently 5%, to the average of the fund's principal value for the previous twelve quarters ending each March 31. The spending rate may be changed for any given year at the discretion of the Board of Directors based on prevailing market and economic conditions. Annual fees for the endowment funds charged by the Foundation are 1.1%.

The endowment net activity consisted of the following activities:

	Without restrictions	Purpose restricted	Perpetually restricted	Total
Endowment funds as of				
September 30, 2023	\$ -	\$ 802	\$ 100,000	\$ 100,802
Contributions	-	-	-	-
Investment income, net	-	20,070	-	20,070
Appropriated for expenditure	-	-	-	-
Endowment funds as of				
September 30, 2024	<u>\$ -</u>	<u>\$ 20,872</u>	<u>\$ 100,000</u>	<u>\$ 120,872</u>

Horizons Greater Washington, Inc.

Notes to Financial Statements

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Note 6: Donor-restricted net assets subject to perpetual restriction: (continued)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires Horizons to retain as a fund in perpetual duration. There were no such deficiencies as of September 30, 2024.

Note 7: Revenue from contracts with customers:

Revenue with performance obligations satisfied at a point in time includes exchange element of tickets purchased for special events, application fees and other income. These revenues are disaggregated as follows for the years ending September 30:

	2024	2023
Revenue recognized as a point in time		
Exchange portion of special events	\$ -	\$ 115,539
Revenue recognized over-time		
Other income	-	4,940
	<u>\$ -</u>	<u>\$ 120,479</u>

Note 8: Donated materials, services, and rent:

Horizons received various in-kind donations of materials, services, and rents. These donations included: free legal consultation, free contracted services, free nursing services, advertising, use of facilities (rent), transportation for program participants, and donated goods to support the program.

Horizons has executed memorandums of understanding (MOUs) with three host schools: Maret School, Norwood School, and St. Patrick's Episcopal Day School. These MOUs provide access to the facilities that allow Horizons to administer its programs and outline the in-kind nature of use of the facilities. For the years ended September 30, 2024 and 2023, all three host schools were able to provide a reasonable estimate of the value of in-kind materials and services based on the rental fees charged to other third party organizations utilizing their facilities.

In addition, these MOUs outline certain requirements for Horizons, which include background checks and minimum general liability insurance requirements among other minimum standards. The MOUs also specify that the head of each school serve as an ex-officio member of the Governing Board of Horizons.

Termination of the MOUs is required in writing within 60 days of the close of the summer program or with written notice no later than December 31 for the following year's summer program.

Horizons Greater Washington, Inc.

Notes to Financial Statements

September 30, 2024 and 2023

Note 8: Donated materials, services, and rent: (continued)

Donated legal services included in management and general are valued at the standard hourly rates charged for those services. Donated goods are valued at the wholesale prices that would be received for selling similar products or for the pricing available to those members of the community that purchased those items.

These in-kind donations are summarized as follows for the years ending September 30:

	2024	2023
Field trips	\$ 12,145	\$ 19,934
Pool rentals	20,025	5,619
Professional fees	65,656	38,813
Rent, combined	113,825	110,276
Supplies	12,703	9,796
Transportation	40,500	33,150
	<u>\$ 264,854</u>	<u>\$ 217,588</u>

Note 9: Retirement plan:

Effective January 1, 2014, Horizons sponsors a defined contribution 401(k) plan covering all full-time employees. Horizons' discretionary match was \$2,905 and \$-0- for the years ended September 30, 2024 and 2023, respectively.

Note 10: Related-party transactions:

Horizons is an affiliate of Horizons National. As an affiliate, Horizons is required to make certain payments to the National office for expenses such as testing materials and conference fees. Payments to Horizons National totaled \$6,344 and \$5,200 for the years ending September 30, 2024 and 2023, respectively. In turn, Horizons collaborates with and receives grants from the National office occasionally. However, no such grants were received for the years ended September 30, 2024 and 2023.

Horizons Greater Washington, Inc.

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Note 11: SBA Paycheck Protection Program loan:

Under the “Coronavirus Aid, Relief, and Economic Security (CARES) Act” funds were appropriated for the SBA Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment. Horizons obtained a PPP loan in April 2020 in the amount of \$87,423. The loan was fully forgiven by the SBA on June 14, 2021, and was previously recorded in government grants income for the year ended September 30, 2021. Horizons received an additional \$75,800 as part of the first PPP loan. Horizons is uncertain if they qualify for this additional amount but were informed by the SBA in August 2021 that the additional amount was forgiven. SBA notified Horizons during 2022 that they were selected for review. Due to the uncertain outcome, Horizons has not treated the additional \$75,800 as forgiven, but instead retained this amount as a liability as of September 30, 2024 and 2023 as there has been no decision made by the SBA.

Note 12: Subsequent events:

Subsequent events have been evaluated through January 22, 2025, which is the date the financial statements were available to be issued.

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