BESTPREP
BROOKLYN PARK, MINNESOTA

FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

BESTPREP

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
BestPrep
Brooklyn Park, Minnesota

Opinion

We have audited the financial statements of BestPrep, which comprise the statement of financial position as of August 31, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of BestPrep as of August 31, 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 (GAAS). 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 BestPrep 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 BestPrep's ability to continue as a going concern for one year after the date that the financial statements are 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 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 GAAS, 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 BestPrep'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 BestPrep'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 BestPrep's financial statements for the year ended August 31, 2023 and we expressed an unmodified opinion on those audited financial statements in our report dated November 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Smith, Schafer and Associates, Ltd.

Minneapolis, Minnesota
November 1, 2024

BESTPREP

STATEMENTS OF FINANCIAL POSITION
August 31, 2024 and 2023

ASSETS	2024	2023
Current Assets		
Cash and cash equivalents	$ 758,582	$ 815,316
Certificates of deposit	1,432,904	1,211,623
Contributions and fees receivable	182,084	50,250
Prepaid expenses	43,694	47,226
Total Current Assets	2,417,264	2,124,415
Property and Equipment		
Furniture, equipment and computer software	145,416	138,486
Less: Accumulated depreciation	127,168	119,503
Property and Equipment, net of depreciation	18,248	18,983
Operating lease right-of-use asset	101,044	58,344
Property and Equipment, net	119,292	77,327
Other Assets		
Long-term contributions receivable	33,333	-
TOTAL ASSETS	$ 2,569,889	$ 2,201,742

See Notes to Financial Statements

LIABILITIES AND NET ASSETS	2024	2023
Current Liabilities		
Current portion of operating lease liability	$ 31,048	$ 49,074
Current portion of finance lease liability	3,637	3,500
Accounts payable	120,112	112,505
Accrued expenses	69,767	53,053
Deferred revenues	69,750	48,000
Total Current Liabilities	294,314	266,132
Long-Term Liabilities		
Operating lease liability, net of current portion	67,146	7,118
Finance lease liability, net of current portion	8,708	12,345
Total Long-Term Liabilities	75,854	19,463
Total Liabilities	370,168	285,595
Net Assets		
Without donor restrictions	1,319,304	1,299,037
With donor restrictions	880,417	617,110
Total Net Assets	2,199,721	1,916,147
TOTAL LIABILITIES AND NET ASSETS	$ 2,569,889	$ 2,201,742

PAGE LEFT BLANK INTENTIONALLY

BESTPREP

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended August 31, 2024
With Comparative Totals for the Year Ended August 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Totals 2024	Totals 2023
Support and Revenues				
Contributions	$ 1,610,803	$ 577,917	$ 2,188,720	$ 2,070,632
Sponsorships, workshops and other revenue	62,853	-	62,853	64,505
Teacher / student fees	34,547	-	34,547	29,066
Special events, net of direct costs of $257,031 and $227,598 for 2024 and 2023, respectively	262,829	-	262,829	239,772
Interest income	104,529	-	104,529	30,380
Net Assets Released From Restrictions	314,610	(314,610)	-	-
Total Support and Revenues	2,390,171	263,307	2,653,478	2,434,355
Functional Expenses				
Program services	1,954,246	-	1,954,246	1,836,409
Management and general	232,930	-	232,930	152,769
Fundraising	182,728	-	182,728	166,147
Total Functional Expenses	2,369,904	-	2,369,904	2,155,325
Increase in Net Assets	20,267	263,307	283,574	279,030
NET ASSETS, BEGINNING OF YEAR	1,299,037	617,110	1,916,147	1,637,117
NET ASSETS, END OF YEAR	$ 1,319,304	$ 880,417	$ 2,199,721	$ 1,916,147

See Notes to Financial Statements

BESTPREP

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2024

	Program Services				
	Classroom Plus	Cloud Coach	eMentors	Financial Matters	Minnesota Business Venture
Salaries and wages	$ 101,462	$ 238,812	$ 441,525	$ 80,962	$ 287,807
Payroll taxes	7,319	16,877	31,395	5,836	20,103
Employee fringe benefits	6,185	17,531	26,717	6,243	20,808
Auto, travel and entertainment	1,239	10,983	9,184	1,621	6,220
Campus expenses	-	-	-	-	228,823
Depreciation and amortization	289	674	1,024	292	737
Equipment maintenance	315	679	1,044	318	720
Event expenses	-	-	-	-	-
Insurance	411	946	1,450	415	1,058
Promotional materials and videos	1,578	1,992	3,574	804	4,157
Meetings	-	-	105	4	-
Miscellaneous	693	2,756	2,429	710	6,752
Office occupancy	502	11,283	17,362	5,290	11,983
Postage	130	296	457	132	2,303
Professional services	324	2,198	1,076	828	744
Program deliverables	84	24,965	3,214	-	-
Relocation expenses	-	-	-	-	-
Staff development and promotions	45	519	180	45	175
Stationary and supplies	799	2,151	3,427	807	7,731
Technology	4,530	10,429	18,256	4,577	11,668
Telephone	1,736	3,995	7,448	1,754	4,522
Interest expense	-	-	-	-	-
Total Functional Expenses	127,641	347,086	569,867	110,638	616,311
Less Direct Expenses	-	-	-	-	-
TOTAL FUNCTIONAL EXPENSES	$ 127,641	$ 347,086	$ 569,867	$ 110,638	$ 616,311

See Notes to Financial Statements

Program Services: Stock Market Game™	Program Services: Technology Integration Workshop	Total Program Services	Management and General	Fundraising	Totals
$ 99,192	$ -	**$ 1,249,760**	$ 122,643	$ 144,282	**$ 1,516,685**
7,161	-	**88,691**	8,731	9,915	**107,337**
8,006	-	**85,490**	8,940	10,567	**104,997**
3,512	-	**32,759**	8,138	1,125	**42,022**
-	-	**228,823**	-	-	**228,823**
378	-	**3,394**	3,967	305	**7,666**
405	-	**3,481**	262	297	**4,040**
-	-	**-**	-	257,031	**257,031**
530	-	**4,810**	3,350	462	**8,622**
1,572	-	**13,677**	1,258	1,121	**16,056**
-	-	**109**	12,796	-	**12,905**
888	-	**14,228**	3,457	798	**18,483**
6,723	-	**53,143**	4,383	4,967	**62,493**
584	-	**3,902**	148	154	**4,204**
416	-	**5,586**	42,366	311	**48,263**
44,072	-	**72,335**	-	-	**72,335**
-	-	**-**	-	-	**-**
58	-	**1,022**	1,370	186	**2,578**
1,121	-	**16,036**	3,402	931	**20,369**
5,846	-	**55,306**	5,351	5,347	**66,004**
2,239	-	**21,694**	1,836	1,960	**25,490**
-	-	**-**	532	-	**532**
182,703	-	**1,954,246**	232,930	439,759	**2,626,935**
-	-	**-**	-	(257,031)	**(257,031)**
$ 182,703	$ -	**$ 1,954,246**	$ 232,930	$ 182,728	**$ 2,369,904**

BESTPREP

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2023

	Program Services				
	Classroom Plus	Cloud Coach	eMentors	Financial Matters	Minnesota Business Venture
Salaries and wages	$ 89,680	$ 210,663	$ 371,219	$ 74,311	$ 255,310
Payroll taxes	6,626	14,924	26,559	5,463	17,959
Employee fringe benefits	7,773	15,649	17,272	7,773	17,633
Auto, travel and entertainment	1,528	5,386	6,787	1,514	5,004
Campus expenses	-	-	-	-	175,171
Depreciation and amortization	742	1,357	1,429	742	1,456
Equipment maintenance	289	528	555	289	568
Event expenses	-	-	-	-	-
Insurance	469	868	924	469	920
Promotional materials and videos	1,227	4,048	2,720	2,747	4,411
Meetings	4,477	165	184	86	165
Miscellaneous	330	625	888	330	638
Office occupancy	2,227	10,812	11,057	6,304	10,825
Postage	158	238	491	124	1,675
Professional services	1,050	1,839	1,851	1,050	1,782
Program deliverables	-	20,760	1,737	-	-
Relocation expenses	-	-	-	-	-
Staff development and promotions	23	171	96	23	46
Stationary and supplies	739	1,633	2,442	748	2,819
Technology	4,519	8,406	12,539	4,519	8,868
Telephone	2,297	4,530	5,936	2,297	4,471
Interest expense	-	-	-	-	-
Total Functional Expenses	124,154	302,602	464,686	108,789	509,721
Less Direct Expenses	-	-	-	-	-
TOTAL FUNCTIONAL EXPENSES	$ 124,154	$ 302,602	$ 464,686	$ 108,789	$ 509,721

See Notes to Financial Statements

Program Services					
Stock Market Game™	Technology Integration Workshop	Total Program Services	Management and General	Fundraising	Totals
$ 94,710	$ 80,647	**$ 1,176,540**	$ 84,385	$ 131,331	**$ 1,392,256**
6,953	5,883	**84,367**	5,992	9,011	**99,370**
7,823	5,722	**79,645**	6,157	8,460	**94,262**
1,725	1,404	**23,348**	3,504	1,866	**28,718**
-	41,852	**217,023**	-	-	**217,023**
728	552	**7,006**	3,156	665	**10,827**
284	216	**2,729**	156	259	**3,144**
-	-	**-**	-	227,598	**227,598**
460	348	**4,458**	2,927	423	**7,808**
4,150	960	**20,263**	665	1,113	**22,041**
82	60	**5,219**	12,363	79	**17,661**
325	246	**3,382**	95	295	**3,772**
6,058	4,722	**52,005**	2,066	4,739	**58,810**
448	92	**3,226**	131	128	**3,485**
1,007	778	**9,357**	26,658	801	**36,816**
45,114	-	**67,611**	-	-	**67,611**
-	-	**-**	-	-	**-**
23	17	**399**	13	151	**563**
735	635	**9,751**	454	664	**10,869**
4,434	3,347	**46,632**	2,438	4,090	**53,160**
2,235	1,682	**23,448**	1,124	2,072	**26,644**
-	-	**-**	485	-	**485**
177,294	149,163	1,836,409	152,769	393,745	**2,382,923**
-	-	-	-	(227,598)	**(227,598)**
$ 177,294	$ 149,163	**$ 1,836,409**	$ 152,769	$ 166,147	**$ 2,155,325**

PAGE LEFT BLANK INTENTIONALLY

BESTPREP

STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Increase in net assets	$ 283,574	$ 279,030
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	7,666	10,827
Interest income retained in certificate of deposit	(83,883)	(13,636)
Noncash rent expense	(698)	(1,053)
(Increase) Decrease in:		
Contributions and fees receivable	(165,167)	140,700
Prepaid expenses	3,532	(961)
Increase (Decrease) in:		
Accounts payable	7,607	26,501
Accrued expenses	16,714	(1,315)
Deferred revenues	21,750	5,500
Net Cash Provided By Operating Activities	91,095	445,593
Cash Flows From Investing Activities		
Redemption of certificates of deposit	1,052,602	579,127
Expenditures for furniture, equipment and computer software	(6,931)	(5,036)
Purchase of certificates of deposit	(1,190,000)	(1,150,000)
Net Cash (Used In) Investing Activities	(144,329)	(575,909)
Cash Flows From Financing Activities		
Principal payments on finance lease liability	(3,500)	(2,539)
Net (Decrease) in Cash and Cash Equivalents	(56,734)	(132,855)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	815,316	948,171
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 758,582	$ 815,316
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 49,776	$ 51,865
Financing cash flows from financing leases	3,677	2,758
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 91,076	$ 19,987
Finance lease	-	18,384

See Notes to Financial Statements

PAGE LEFT BLANK INTENTIONALLY

1. Description of Organization and Summary of Significant Accounting Policies

Description of Organization and Program Services

BestPrep is a nonprofit organization that has been providing educational opportunities to Minnesota students since 1976. Annually, BestPrep serves more than 31,000 students in grades 4-12. Each year, BestPrep creates connections between the education and business communities by mobilizing more than 5,000 adult professionals as volunteers. These individuals conduct classroom presentations, mentor students online, serve as Resident Business Leaders who lead a group of students in developing a business plan, and are leaders on BestPrep's Board of Directors and program committees. The organization offers six educational programs at low or no cost to students, teachers, and schools.

Classroom Plus inspires students to create a vision for the future through career exploration via classroom speakers, corporate career days, and mock interviews. Presentation topics include leadership, teamwork, and interview skills.11,400 students were served in 2023-2024.

Cloud Coach strengthens student motivation to succeed in school and beyond through email mentoring. Cloud Coach pairs a school's entire ninth grade class with mentors from the business community. With the mantra "Think forward/Act now", Cloud Coach encourages students to consider future aspirations and identify steps to take now to achieve goals. In 2023-2024, 2,035 students from eight schools participated.

eMentors empowers students with the knowledge and skills needed for success in school, career, and life through weekly one-on-one email exchanges with volunteer business mentors. The program emphasizes motivation, workplace skills and career exploration. The program also offers versions focused on STEM, financial literacy, and a customized version for AVID classes. 3,540 students were mentored in 2023-2024.

Financial Matters motivates students to make sound money management decisions and become financially savvy. Industry professionals deliver classroom presentations on financial topics enhanced with personal stories from their own journey. Topics include money, budgeting, credit, investing, and tax. During 2023-2024, 5,717 students participated.

Minnesota Business Venture ignites students' passion to achieve success and develop career aspirations in a week-long business and career development camp on a college campus. The program brings together high school students from across the state to work with business leaders and learn about career paths and financial literacy. In 2024, 360 students attended, including 51% from low-income households and 67% students of color.

The Stock Market Game™ teaches students about economics, investing, and the importance of a long-term savings strategy. Student teams invest hypothetical funds in common stocks and mutual funds. It is a national program administered by the Securities Industry and Financial Markets Association. 11,800 students participated in 2023-2024.

1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Description of Organization and Program Services (Continued)

The *Technology Integration Workshop* (TIW) empowered educators with technology tools and business experience during a summer professional development opportunity to update their curriculum. The TIW program ended in the summer of 2023. The sunsetting of the program allowed the Organization to increase staff and resources to growing its student focused programs.

Change in Accounting Principle

During 2024, the Organization adopted FASB Accounting Standards Update (ASU) No 2016-13, ASC 326 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.* This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including fees receivable. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses.

The Organization adopted ASC 326 and all related subsequent amendments thereto effective September 1, 2023 using the modified retrospective approach for all financial assets measured at amortized cost, such as accounts receivable. Results for reporting periods beginning after September 1, 2023 are presented under CECL while prior period amounts continue to be reported in accordance with previously applicable accounting standards ("incurred loss"). The standard did not have a significant impact on the Organization's statements of financial position or activities and changes in net assets.

Basis of Accounting and Support and Revenue Recognition

The Organization maintains its books and records on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

For contracts that are within the scope of FASB ASC 606, *Revenues From Contracts with Customers* the Organization performs the following five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the Organization satisfies a performance obligation.

1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Support and Revenue Recognition (Continued)

Revenue is measured based on consideration specified with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Organization recognized revenue when it satisfied a performance obligation by transferring control over a service to a customer.

For performance obligations related to the Organization's teacher and student fees and sponsorships, workshops and other revenue, control transfers to the customer and revenue is recognized at a point in time when the events occur and no additional performance obligations are required. For performance obligations related to special events, control transfers to the attendee of the special event at a point in time when the event occurs. The payment terms and conditions in customer contracts require payments as performance obligations are completed, therefore the Organization's contracts do not have any significant financing components.

Basis of Presentation

Financial statement presentation follows FASB ASC 958. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities, based on the existence or absence of imposed restrictions as either:

> *Net Assets Without Restrictions* – Net assets available for use in general operations and not subject to restrictions.
>
> *Net Assets With Donor Restrictions* – Net assets subject to imposed restrictions. Some imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified. Other imposed restrictions are perpetual in nature, where the restriction stipulates that resources be maintained in perpetuity.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contributions Receivable

The Organization records contributions receivable when an unconditional commitment to contribute has been made by a donor. Such contributions increase net assets with restriction or net assets without restriction contributions. Contributions deemed not to be collectible are not recorded. Balances that are still outstanding after management has used reasonable collection efforts are written off. Current contributions receivable are expected to be collected within one year of the statement of financial position date.

1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Fees Receivable and Allowance for Credit Losses

Fees receivable are carried at their outstanding principal amounts, less an allowance for credit losses. All fees receivable are expected to be collected within one year of the statement of financial position date.

The Organization maintains an allowance for credit losses on its fees receivable, which represents an estimate of expected losses over the remaining contractual life of its receivables. The allowance for credit losses under the CECL methodology is determined using the loss rate approach and is measured on a collective (pool) basis when similar risk characteristics exist. The loss rate percentages used are based on the history of credit loss expense, the aging of fees receivable, and the expectation of payments, with adjustments for current economic conditions and forecasts of future economic conditions. Where fees receivable do not share risk characteristics, they are evaluated on an individual basis. Amounts are deemed past due when they exceed the payment terms agreed to by the customer. Past due amounts are charged off to the allowance for credit losses when reasonable collection efforts have been exhausted and the amounts are deemed uncollectible. Adjustments to the allowance are recorded as "credit loss expense" in operating expenses, on the consolidated statement of activities and changes in net assets.

Furniture, Equipment and Computer Software

Furniture, equipment and computer software is carried at the lower of cost or fair value at the time of donation (for in-kind contributions of equipment) and is being depreciated using the straight-line method over the estimated useful lives, generally three years. The Organization's policy is to capitalize and depreciate furniture, equipment and computer software which has a cost in excess of $2,500 and an estimated useful life of at least one year.

Leases

When, at inception of an agreement, it is concluded an agreement includes a lease component, the Organization records an operating lease or finance lease based on the agreement. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if they have obtained substantially all of the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Operating leases are included in property and equipment as operating lease right-of-use (ROU) assets and current and long-term operating lease liabilities on the statements of financial position. Finance leases are included in property and equipment and current and long-term finance liabilities on the statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The operating lease ROU asset also includes any lease payments made prior to the commencement date and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Leases (Continued)

In determining the discount rate used to measure the ROU asset and lease liability, the Organization has elected to use the rate implicit in the lease or the risk-free rate based on information available at the commencement date for the lease term when determining the present value of lease payments.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The lease agreements have lease and non-lease components, which are generally accounted for separately. The amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of common area maintenance, utilities, and real estate taxes that are passed on from the lessor in proportion to the space leased, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

The Organization elected to apply the short-term lease exemption to one class of underlying assets: furniture and equipment. In 2023, there were a small number of leases within this class of underlying assets that quality for the exemption. See Note 5 for information about the short-term lease cost recognized in 2023.

Services Donated In-Kind

The Organization recognized the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs and fundraising campaigns, but which do not meet the criteria for financial statement recognition.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is nonreciprocal, does not contain a barrier that must be overcome, and there is no right of return of assets transferred or release of a promisor's obligation to transfer assets present.

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 contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any 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 statement of activities as net assets released from restrictions.

1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. As a result, the Organization does not pay federal income tax. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures.

The Organization's federal informational returns are subject to examination by the IRS, generally for three years after they were filed.

Fair Value of Financial Instruments

The carrying amount for substantially all assets and liabilities approximates fair value due to the immediate or short-term maturity of these financial instruments. See Note 3 for discussion of fair value regarding the Organization's certificates of deposit.

Advertising

The Organization expenses advertising costs as they are incurred. Advertising expense for the years ended August 31, 2024 and 2023 was $16,056 and $22,041, respectively, and consisted of promotional materials and videos.

Concentration of Credit Risks

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and receivables. The Organization keeps its cash and cash equivalents with high quality financial institutions. At times, balances maintained at these financial institutions may exceed the federally insured limit. As of August 31, 2024 and 2023, there were cash balances of approximately $17,000 and $21,000 in excess of the federally insured limit, respectively.

Management routinely assesses the financial strength of its customers and donors and as a consequence, believes that receivables credit risk exposure is limited.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of the expense by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Prior Year Comparative Totals

The financial statements include certain prior year summarized comparative financial information in total, but not net asset class. Such information does not include sufficient detail to constitute a 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 August 31, 2023, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2023 financial statements to conform to those used in the 2024 financial statements. There were no changes to net assets or income as a result of the reclassifications for the years ended August 31, 2024 and 2023.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 1, 2024, the date the financial statements were available to be issued.

2. Liquidity and Availability

The following reflects the Organization's financial assets as of August 31, 2024 and 2023, reduced by amounts not available for general use within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	2024	2023
Financial assets		
Cash and cash equivalents	**$ 758,582**	$ 815,316
Certificates of deposit	**1,432,904**	1,211,623
Contributions and fees receivable	**215,417**	50,250
Financial assets at end of year	**2,406,903**	2,077,189
Less those unavailable for general expenditure within one year		
Restrictions due to purpose or time	**(350,000)**	(302,500)
Long-term contribution receivables	**(33,333)**	-
Financial assets available to meet cash needs for general expenditures within one year	**$ 2,023,570**	$ 1,774,689

The Organization's practice is to structure its financial assets to be available as its general expenses, liabilities and obligations come due and targets a minimum of 90 days of operating expense coverage at any point in time. Cash in excess of daily requirements is typically invested in certificates of deposit.

3. Fair Value Measurements

Accounting standards establish a framework 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). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data. 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 specific (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's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at August 31, 2024 and 2023.

Certificates of deposit: Certificates of deposit are reported at fair value based on the quoted market price of the certificates or similar assets, by the Organization's financial institutions.

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

3. Fair Value Measurements (Continued)

The following tables reflect the Organization's investments within the fair value hierarchy at August 31, 2024 and 2023:

	As of August 31, 2024			
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Certificates of deposit	$ 1,432,904	$ -	$ 1,432,904	$ -

	As of August 31, 2023			
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Certificates of deposit	$ 1,211,623	$ -	$ 1,211,623	$ -

4. Net Assets

Net Assets with donor restrictions as of August 31, 2024 and 2023 consisted of the following:

	2024	2023
Time restricted	**$ 880,417**	$ 603,250
Student scholarships	**-**	5,000
Program development and expansion	**-**	8,860
Total Net Assets With Donor Restrictions	**$ 880,417**	$ 617,110

4. Net Assets (Continued)

Net assets released from restrictions for the years ended August 31, 2024 and 2023 consisted of the following:

	2024	2023
Satisfaction of time restrictions	$ 300,750	$ 282,250
Satisfaction of purpose restrictions	13,860	61,300
Net Assets Released From Restrictions	$ 314,610	$ 343,550

5. Commitments

Operating Lease

The Organization leases office space, an automobile and certain equipment under lease agreements accounted for as operating leases. The terms of the leases call for total monthly payments of approximately $2,900 with expirations ranging from March 2026 to August 2027. The office space lease also requires the Organization to pay its share of real estate taxes and operating costs.

Rent expense for the years ended August 31, 2024 and 2023 were as follows:

	2024	2023
Operating lease cost	$ 49,078	$ 50,812
Variable lease cost	35,990	29,453
Short-term lease cost	-	1,449
Total Rent Expense	$ 85,068	$ 81,714

5. Commitments (Continued)

Operating Lease (Continued)

The Organization's minimum rental commitments under these operating leases as of August 31, 2024 were as follows:

For the Years Ending August 31,	Totals
2025	$ 34,488
2026	35,942
2027	33,900
Total Commitments	104,330
Less: imputed interest	6,136
Net Commitments	$ 98,194

The weighted average remaining lease term for operating leases as of August 31, 2024 and 2023 was 2.9 years and 1.3 year, respectively. The weighted average discount rate for operating leases as of August 31, 2024 and 2023 was 4.23% and 2.27%, respectively.

Finance Leases

The Organization agreed to a non-cancellable lease agreement classified as a finance lease for a copier. The agreement requires monthly rents of $336 through November 2027.

Future minimum lease payments under the finance lease as of August 31, 2024 were as follows:

For the Years Ending August 31,	Totals
2025	$ 4,032
2026	4,032
2027	4,032
2028	1,008
Total Commitments	13,104
Less: Amounts representing interest	759
Present value of net minimum lease payments	12,345
Less: current potion	3,637
Long-Term finance lease liability	$ 8,708

5. Commitments (Continued)

Finance Leases (Continued)

Assets held under the finance lease as of August 31, 2024 and 2023, included with property and equipment in the accompanying statements of financial position, was as follows:

	2024	2023
Furniture, equipment and computer software	$ **18,384**	$ 18,384
Less: Accumulated amortization	**6,435**	2,758
Property and Equipment under finance lease, net	$ **11,949**	$ 15,626

Expenses related to finance lease right-of-use assets, for the year ended August 31, 2024 was $4,208, including $3,677 in amortization and $531 in interest. Expenses related to finance lease right-of-use assets, for the year ended August 31, 2023 was $3,243, including $2,758 in amortization and $485 in interest.

The weighted average remaining lease term for financing leases as of August 31, 2024 and 2023 was 3.3 years and 4.3 years, respectively. The weighted average discount rate for financing leases as August 31, 2024 and 2023 of was 3.82%.

6. Revenue and Contract Balances

Performance obligations satisfied at a point in time totaled $180,335 and $178,816 for the years ended August 31, 2024 and 2023, respectively.

Revenue from performance obligations satisfied at a point in time consists of the exchange element based on the benefit received by the attendees of special events, teacher and student fees and sponsorships, workshops and other revenue.

7. Contingent Liabilities

The Organization received contributions of $69,750 and $48,000 as of August 31, 2024 and 2023, respectively, that contain a barrier which requires the Organization to hold an event in a future period. These amounts are shown as deferred revenue on the statement of financial position and are expected to be recognized in the following fiscal year.