

**BESTPREP
BROOKLYN PARK, MINNESOTA**

**FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024**

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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, 2024 and we expressed an unmodified opinion on those audited financial statements in our report dated November 1, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Smith, Schafu and Associates, Ltd.

Minneapolis, Minnesota
November 14, 2025

LIABILITIES AND NET ASSETS	2025	2024
Current Liabilities		
Current portion of operating lease liability	\$ 33,896	\$ 31,048
Current portion of finance lease liability	3,778	3,637
Accounts payable	134,089	120,112
Accrued expenses	66,416	69,767
Deferred revenues	47,000	69,750
Total Current Liabilities	285,179	294,314
Long-Term Liabilities		
Operating lease liability, net of current portion	33,250	67,146
Finance lease liability, net of current portion	4,930	8,708
Total Long-Term Liabilities	38,180	75,854
Total Liabilities	323,359	370,168
Net Assets		
Without donor restrictions	1,196,360	1,319,304
With donor restrictions	595,734	880,417
Total Net Assets	1,792,094	2,199,721
TOTAL LIABILITIES AND NET ASSETS	\$ 2,115,453	\$ 2,569,889

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STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended August 31, 2025

With Comparative Totals for the Year Ended August 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2025	2024
Support and Revenues				
Contributions	\$ 1,624,331	\$ 212,400	\$ 1,836,731	\$ 2,188,720
Sponsorships, workshops and other revenue	20,064	-	20,064	62,853
Teacher / student fees	31,329	-	31,329	34,547
Special events, net of direct costs of \$260,998 and \$257,031 for 2025 and 2024, respectively	238,240	-	238,240	262,829
Interest income	75,469	-	75,469	104,529
Net Assets Released From Restrictions	497,083	(497,083)	-	-
Total Support and Revenues	2,486,516	(284,683)	2,201,833	2,653,478
Functional Expenses				
Program services	2,130,906	-	2,130,906	1,954,246
Management and general	280,973	-	280,973	232,930
Fundraising	197,581	-	197,581	182,728
Total Functional Expenses	2,609,460	-	2,609,460	2,369,904
Increase (Decrease) in Net Assets	(122,944)	(284,683)	(407,627)	283,574
NET ASSETS, BEGINNING OF YEAR	1,319,304	880,417	2,199,721	1,916,147
NET ASSETS, END OF YEAR	\$ 1,196,360	\$ 595,734	\$ 1,792,094	\$ 2,199,721

See Notes to Financial Statements

Program Services					
	Stock Market Game™	Total Program Services	Management and General	Fundraising	Totals
\$	100,396	\$ 1,300,749	\$ 120,378	\$ 155,237	\$ 1,576,364
	-	-	-	260,998	260,998
	-	258,877	-	-	258,877
	12,791	150,891	12,228	13,411	176,530
	2,421	51,310	91,779	2,189	145,278
	7,995	101,717	9,468	11,659	122,844
	5,229	60,630	7,960	5,085	73,675
	41,699	63,320	-	-	63,320
	4,823	51,514	3,541	3,755	58,810
	1,814	26,210	7,180	1,272	34,662
	1,788	21,704	1,654	1,799	25,157
	760	11,648	1,351	740	13,739
	418	3,431	7,772	407	11,610
	452	10,369	672	440	11,481
	4	41	10,816	3	10,860
	594	6,843	1,415	588	8,846
	343	4,420	3,364	364	8,148
	314	3,484	272	296	4,052
	78	2,888	29	112	3,029
	65	860	699	224	1,783
	-	-	395	-	395
	181,984	2,130,906	280,973	458,579	2,870,458
	-	-	-	(260,998)	(260,998)
\$	181,984	\$ 2,130,906	\$ 280,973	\$ 197,581	\$ 2,609,460

Program Services

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

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STATEMENTS OF CASH FLOWS

For the Years Ended August 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (407,627)	\$ 283,574
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	11,610	7,666
Interest income retained in certificates of deposit	(48,319)	(83,883)
Noncash rent expense	4,276	(698)
(Increase) Decrease in:		
Contributions and fees receivable	46,755	(165,167)
Prepaid expenses	(18,872)	3,532
Increase (Decrease) in:		
Accounts payable	13,977	7,607
Accrued expenses	(3,351)	16,714
Deferred revenues	(22,750)	21,750
Net Cash Provided By (Used In) Operating Activities	(424,301)	91,095
Cash Flows From Investing Activities		
Redemption of certificates of deposit	1,952,476	1,052,602
Expenditures for property and equipment	(11,833)	(6,931)
Purchase of certificates of deposit	(1,447,000)	(1,190,000)
Net Cash Provided By (Used In) Investing Activities	493,643	(144,329)
Cash Flows From Financing Activities		
Principal payments on finance lease liability	(3,637)	(3,500)
Net Increase (Decrease) in Cash and Cash Equivalents	65,705	(56,734)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	758,582	815,316
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 824,287	\$ 758,582
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 34,488	\$ 49,776
Financing cash flows from financing leases	3,677	3,677
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ -	\$ 91,076

See Notes to Financial Statements

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NOTES TO FINANCIAL STATEMENTS

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 33,000 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. 10,072 students were served in 2024-2025.

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 2024-2025, 1,886 students from seven 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. 3,834 students were mentored in 2024-2025.

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 2024-2025, 3,601 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 2025, 386 students attended, including 47% from low-income households and 75% 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. 13,400 students participated in 2024-2025.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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.

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 allowance for credit losses under the current expected credit loss (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. The Organization has determined its estimate of expected losses over the remaining contractual life of its receivables is not significant to the financial statements. Based on this an allowance for credit losses is not considered necessary as of August 31, 2025 and 2024.

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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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.

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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 14, 2025, 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, 2025 and 2024, 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.

	2025	2024
Financial assets		
Cash and cash equivalents	\$ 824,287	\$ 758,582
Certificates of deposit	975,747	1,432,904
Contributions and fees receivable	168,662	215,417
Financial assets at end of year	1,968,696	2,406,903
Less those unavailable for general expenditure within one year		
Restrictions due to purpose or time	-	(350,000)
Long-term contribution receivables	-	(33,333)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,968,696</u>	<u>\$ 2,023,570</u>

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.

BESTPREP**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****3. Fair Value Measurements (Continued)**

The following tables reflect the Organization's investments within the fair value hierarchy at August 31, 2025 and 2024:

As of August 31, 2025				
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Certificates of deposit	\$ 975,747	\$ -	\$ 975,747	\$ -

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	\$ -

4. Net Assets

Net Assets with donor restrictions consisted of \$595,734 and \$880,417 restricted for time as of August 31, 2025 and 2024.

Net assets released from restrictions for the years ended August 31, 2025 and 2024 consisted of the following:

	2025	2024
Satisfaction of time restrictions	\$ 497,083	\$ 300,750
Satisfaction of purpose restrictions	-	13,860
Net Assets Released From Restrictions	\$ 497,083	\$ 314,610

BESTPREP**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****5. Commitments (Continued)**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, 2025 were as follows:

<u>For the Years Ending August 31,</u>	<u>Totals</u>
2026	\$ 4,032
2027	4,032
2028	<u>1,008</u>
Total Commitments	9,072
Less: Amounts representing interest	<u>364</u>
Present value of net minimum lease payments	8,708
Less: current portion	<u>3,778</u>
Long-Term finance lease liability	<u><u>\$ 4,930</u></u>

Assets held under the finance lease as of August 31, 2025 and 2024, included with property and equipment in the accompanying statements of financial position, was as follows:

	<u>2025</u>	<u>2024</u>
Furniture, equipment and computer software	\$ 18,384	\$ 18,384
Less: Accumulated amortization	<u>10,112</u>	<u>6,435</u>
Property and Equipment under finance lease, net	<u><u>\$ 8,272</u></u>	<u><u>\$ 11,949</u></u>

Expenses related to finance lease right-of-use assets, for the year ended August 31, 2025 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, 2024 was \$4,072, including \$3,677 in amortization and \$395 in interest.

The weighted average remaining lease term for financing leases as of August 31, 2025 and 2024 was 2.3 years and 3.3 years, respectively. The weighted average discount rate for financing leases as August 31, 2025 and 2024 was 3.82%.

