

AMERICAN PROMISE, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED DECEMBER 31, 2023 AND 2022

Smith  Sullivan
& Brown PC

CERTIFIED PUBLIC ACCOUNTANTS

80 Flanders Road, Suite 302  Westborough, Massachusetts 01581

Tel: 508.871.7178 Fax: 508.871.7179 www.ssbcpa.com

AMERICAN PROMISE, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022



Mission Statement

*To empower, inspire, and organize Americans to win the cause of our time: the 28th Amendment.
This historic reform will rebalance our politics and government by putting the
rights of individual citizens and the interests of the nation before the
privileges of concentrated money, corporations, unions,
political parties, and superPACs.*

AMERICAN PROMISE, INC.
REPORT FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
American Promise, Inc.
Concord, Massachusetts

Opinion

We have audited the accompanying financial statements of American Promise, Inc. (a Massachusetts nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years 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 American Promise, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Promise, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 American Promise, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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.

To the Board of Directors
American Promise, Inc.

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

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

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
September 9, 2024

AMERICAN PROMISE, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
<u>CURRENT ASSETS:</u>		
Cash	\$ 1,738,471	\$ 566,242
Contributions, Pledges and Grants Receivable	1,096,132	26,500
Due from Affiliate	425,306	177,699
Prepaid Expenses	<u>15,333</u>	<u>116</u>
Total Current Assets	<u>3,275,242</u>	<u>770,557</u>
 <u>NON-CURRENT ASSETS:</u>		
Grants Receivable, Net of Discount	<u>222,272</u>	<u>99,026</u>
 <u>TOTAL ASSETS</u>	<u>\$ 3,497,514</u>	<u>\$ 869,583</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>		
Accounts Payable and Accrued Expenses	\$ 99,876	\$ 19,607
Accrued Payroll and Related Costs	<u>32,936</u>	<u>13,635</u>
Total Current Liabilities	<u>132,812</u>	<u>33,242</u>
 <u>TOTAL LIABILITIES</u>	<u>132,812</u>	<u>33,242</u>
 <u>NET ASSETS:</u>		
Net Assets Without Donor Restrictions	2,003,222	723,814
Net Assets With Donor Restrictions	<u>1,361,480</u>	<u>112,527</u>
Total Net Assets	<u>3,364,702</u>	<u>836,341</u>
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 3,497,514</u>	<u>\$ 869,583</u>

AMERICAN PROMISE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	<u>WITHOUT</u>	<u>WITH</u>		<u>WITHOUT</u>	<u>WITH</u>	
	<u>DONOR</u>	<u>DONOR</u>		<u>DONOR</u>	<u>DONOR</u>	
	<u>RESTRICTIONS</u>	<u>RESTRICTIONS</u>	<u>TOTAL</u>	<u>RESTRICTIONS</u>	<u>RESTRICTIONS</u>	<u>TOTAL</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>						
<i>Support and Revenues:</i>						
Gifts, Grants and Contributions	\$ 1,663,947	\$ 2,439,246	\$ 4,103,193	\$ 1,089,406	\$ 100,527	\$ 1,189,933
Donated Services	28,844	-	28,844	60,228	-	60,228
Interest Income	24,667	-	24,667	-	-	-
Merchandise Sales	277	-	277	1,446	-	1,446
<i>Reclassifications of Net Assets - Released from Restrictions:</i>						
Satisfaction of Time Restrictions	<u>1,190,293</u>	<u>(1,190,293)</u>	<u>-</u>	<u>303,000</u>	<u>(303,000)</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>2,908,028</u>	<u>1,248,953</u>	<u>4,156,981</u>	<u>1,454,080</u>	<u>(202,473)</u>	<u>1,251,607</u>
<u>FUNCTIONAL EXPENSES:</u>						
Program Services	1,001,965	-	1,001,965	642,465	-	642,465
Administrative	392,881	-	392,881	313,540	-	313,540
Fund Raising	<u>233,774</u>	<u>-</u>	<u>233,774</u>	<u>243,139</u>	<u>-</u>	<u>243,139</u>
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>1,628,620</u>	<u>-</u>	<u>1,628,620</u>	<u>1,199,144</u>	<u>-</u>	<u>1,199,144</u>
<u>CHANGE IN NET ASSETS</u>	<u>1,279,408</u>	<u>1,248,953</u>	<u>2,528,361</u>	<u>254,936</u>	<u>(202,473)</u>	<u>52,463</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>723,814</u>	<u>112,527</u>	<u>836,341</u>	<u>468,878</u>	<u>315,000</u>	<u>783,878</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 2,003,222</u>	<u>\$ 1,361,480</u>	<u>\$ 3,364,702</u>	<u>\$ 723,814</u>	<u>\$ 112,527</u>	<u>\$ 836,341</u>

AMERICAN PROMISE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(With Summarized Comparative Totals for 2022)

	<u>PROGRAM</u>	<u>ADMINI-</u>	<u>FUND</u>	<u>TOTAL</u>	
	<u>SERVICES</u>	<u>STRATIVE</u>	<u>RAISING</u>	<u>FUNCTIONAL EXPENSES</u>	
				<u>2023</u>	<u>2022</u>
Salaries and Wages	\$ 370,200	\$ 169,349	\$ 93,127	\$ 632,676	\$ 507,476
Payroll Taxes	31,067	14,183	8,111	53,361	42,763
Employee Benefits	13,821	5,494	4,543	23,858	12,109
Professional Services	82,841	117,852	40,316	241,009	172,861
Donated Services	12,191	11,504	5,149	28,844	60,228
Communications and Marketing	169,808	5,978	16,393	192,179	222,947
Lobbying	248,565	-	-	248,565	-
National Citizen Leadership Conference	-	-	-	-	39,939
Occupancy	7,055	3,199	2,406	12,660	10,840
Events, Activities, and Expenses	-	-	36,126	36,126	30,719
General Supplies and Expenses	21,889	45,931	14,269	82,089	45,791
Travel Expenses	11,070	6,155	800	18,025	23,098
Staff Development	30,488	11,465	339	42,292	12,189
Licenses, Registrations and Memberships	802	31	10,981	11,814	13,325
Insurance	2,168	1,740	1,214	5,122	4,859
Total Functional Expenses	<u>\$ 1,001,965</u>	<u>\$ 392,881</u>	<u>\$ 233,774</u>	<u>\$ 1,628,620</u>	<u>\$ 1,199,144</u>

AMERICAN PROMISE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u> <u>FUNCTIONAL</u> <u>EXPENSES</u>
Salaries and Wages	\$ 253,278	\$ 114,627	\$ 139,571	\$ 507,476
Payroll Taxes	20,912	9,975	11,876	42,763
Employee Benefits	7,543	3,794	772	12,109
Professional Services	56,460	96,434	19,967	172,861
Donated Services	24,921	29,110	6,197	60,228
Communications and Marketing	195,193	14,120	13,634	222,947
National Citizen Leadership Conference	39,939	-	-	39,939
Occupancy	5,133	2,221	3,486	10,840
Events, Activities, and Expenses	1,069	-	29,650	30,719
General Supplies and Expenses	13,842	17,403	14,546	45,791
Travel Expenses	21,742	43	1,313	23,098
Staff Development	-	12,189	-	12,189
Licenses, Registrations and Memberships	1,333	11,170	822	13,325
Insurance	<u>1,100</u>	<u>2,454</u>	<u>1,305</u>	<u>4,859</u>
Total Functional Expenses	<u>\$ 642,465</u>	<u>\$ 313,540</u>	<u>\$ 243,139</u>	<u>\$ 1,199,144</u>

AMERICAN PROMISE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ 2,528,361	\$ 52,463
<i>Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:</i>		
<i>(Increase) Decrease in Current Assets:</i>		
Contributions, Pledges and Grants Receivable	(1,069,632)	271,929
Due from Affiliate	(247,607)	(147,153)
Prepaid Expenses	(15,217)	109
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	80,269	(69,050)
Accrued Payroll and Related Costs	19,301	(31,468)
<i>(Increase) Decrease in Non-Current Assets:</i>		
Grants Receivable, Net of Discount	<u>(123,246)</u>	<u>(82,026)</u>
Net Adjustment	<u>(1,356,132)</u>	<u>(57,659)</u>
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>1,172,229</u>	<u>(5,196)</u>
<u>NET INCREASE (DECREASE) IN CASH BALANCES</u>	<u>1,172,229</u>	<u>(5,196)</u>
<u>CASH BALANCES - BEGINNING OF YEAR</u>	<u>566,242</u>	<u>571,438</u>
<u>CASH BALANCES - END OF YEAR</u>	<u>\$ 1,738,471</u>	<u>\$ 566,242</u>

AMERICAN PROMISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 1 ORGANIZATION AND AFFILIATIONS

American Promise, Inc. (“API” or the “Organization”) was incorporated in July 2015 as a Massachusetts nonprofit corporation organized to promote social welfare within the meaning of Section 501(c)(4) of the Internal Revenue Code (“IRC”), including but not limited to, promoting ideas and solutions, including one or more Constitutional amendments, to secure and advance Constitutional rights of human beings and equal representation and responsibility of citizens in effective self-government and democracy. Contributions to API are not eligible as tax-deductible charitable donations.

Affiliated Organizations:

American Promise Education Fund, Inc.

American Promise Education Fund, Inc. (“APEF”) also was incorporated in July 2015 under Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt, nonprofit corporation under IRC Section 501(c)(3). APEF has been classified as an organization which is not a private foundation under IRC Section 509(a); accordingly, contributions made to APEF qualify for the maximum charitable deduction for federal income tax purposes.

While closely connected, the Organizations operate independently, and since neither Organization controls the other, consolidated financial statements are not presented. As disclosed in Note 4, the Organizations have entered into a cost-sharing agreement.

NOTE 2 PROGRAM SERVICES

American Promise, Inc. empowers, inspires, and mobilizes Americans to win the cause of our time: the For Our Freedom Amendment. Once the For Our Freedom Amendment is in place, Congress and the States will have the ability to create reasonable safeguards on money in our political system. This historic reform will rebalance our politics and government by putting the rights of individual citizens and the interests of the nation before the privileges of concentrated money, corporations, unions, political parties, and superPACs. American Promise leads the non-partisan, fifty-state campaign for the For Our Freedom Amendment so that people, not money, govern America.

American Promise, Inc. focuses its advocacy and organizing programs in the following five areas:

Citizen Empowerment:

American Promise’s citizen empowerment programming focuses on building distributed, decentralized networks to support, connect and amplify cross-partisan local and state action by advocates to move forward the For Our Freedom Amendment in state and federal legislatures.

Pledge Campaign:

By securing pledges from candidates for office and incumbents to use their office to work for the For Our Freedom Amendment, American Promise is able to hold elected representatives to their word, to ensure that they represent the good of the country and the will of the people for big, real reform through the amendment, rather than do the bidding of big donors and special interests.

AMERICAN PROMISE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 2 *(Continued)*

State Initiatives:

American Promise provides legal expertise, organizing strategy and execution, and direct lobbying support for statewide ballot campaigns and local and state resolutions calling on Congress to propose the For Our Freedom Amendment.

Congressional Initiatives:

American Promise works with Democrats, Republicans, and Independent members of Congress to grow cross-partisan support for the For Our Freedom Amendment.

Website & Action Center:

American Promise's website and Action Center are interactive resources for citizens, media, organizations, legislators and staff for education, information, events, legislative developments, citizen story-telling, news, opinion pieces and more about the background and progress of the For Our Freedom Amendment.

Keep the Promise Campaign:

At the end of 2020, the Organization completed Phase 1 of its 3 Phase strategic plan. The Organization built the foundation, including the strategy, organizational structure, leadership team, programming, and citizen participation that set the stage for rapidly building and expanding the skills and engagement of Americans as the Organization moved into Phase 2.

In 2023, the third year of Phase 2, American Promise, Inc. continued to build capacity in its Programs and Communications departments to mobilize and organize its state- and nation-wide membership to build the political will, advocacy, and campaigns necessary for the For Our Freedom Amendment to pass through Congress.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The financial statements of the American Promise, Inc. have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles ("GAAP") and accordingly, reflect all significant receivables, payables and other liabilities.

Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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; however, adherence to generally accepted accounting principles, has in management's opinion, resulted in reliable and consistent financial reporting by the Organization.

AMERICAN PROMISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 3 (Continued)

Financial Statement Presentation:

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. These classifications are related to the existence or absence of donor-imposed restrictions as defined below.

Net Assets Without Donor Restrictions - Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. In addition, net assets within this classification may include funds which represent resources designated by the Board of Directors for specific purposes.

Net Assets With Donor Restrictions - Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity. As of December 31, 2023 and 2022, the Organization has no net assets that are required to be maintained in perpetuity. The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

Contributions, Pledges and Grants Receivable:

Contributions, Pledges and Grants Receivable reflects the balances due on unconditional and multi-year promises to give. Receivables are classified as current and reported at their net realizable value if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year. Promises to give with expected payment dates that extend beyond one year are discounted to their present value.

Amounts receivable from donors are evaluated yearly for collectability and an allowance for uncollectible pledges is recorded as necessary. Management believes that all receivables are collectible; therefore, no allowance for doubtful amounts has been established.

Gifts, Grants and Contributions:

The Organization is the beneficiary of donations of cash and financial assets from individuals and contributions of nonfinancial assets. Contributions, including promises to give, without donor conditions are recognized as revenue at their estimated fair value at the date of donation and classified as either with or without donor restrictions depending on the donor's stipulations or lack thereof. Unconditional, multi-year commitments are recognized in the year during which the initial commitment is made at the amount that the Organization reasonably expects to collect.

AMERICAN PROMISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 3 (Continued)

Conditional donations are those that have a measurable performance or other barrier and include a right of return of the assets or right of release of the donor from further obligation if the conditions are not met. Conditional donations are not recognized until the associated barriers are met. Any cash received before the conditions or barriers are met is reported as a refundable grant advance. When the conditions are met the revenue is reported as contributions without donor restrictions unless there are further restrictions over and above those associated with the donor conditions.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions until the restrictions are met, at which time the net assets are reclassified to net assets without donor restrictions.

Donations of Nonfinancial Assets:

Contributed nonfinancial assets may include professional services, staff roles performed by volunteers and other non-cash donations, which are recorded at the respective fair value of the services received. 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 the Organization. All such in-kind donations are without donor restrictions and API does not monetize its donations of nonfinancial assets.

Functional Expenses:

The Organization allocates its expenses on a functional basis among various programs and support services. Expenses that are common to several functions are allocated using space and time usage formulas. In the accompanying Statement of Functional Expenses, *Salaries and Wages, Payroll Taxes, Employee Benefits, Donated Services, Occupancy* and certain professional services and consulting fees have been allocated based upon management's estimates of time usage by functional category.

Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis. Supporting services have been sub-classified as follows:

Administrative - includes all activities related to the Organization's internal management and accounting for program services.

Fund Raising - includes all activities related to maintaining contributor information, writing grant proposals, direct mail solicitation, indirect costs of fund raising events, distribution of materials and other similar projects related to the procurement of funds.

API increased resources allocated to fundraising for the launch of the Keep the Promise Campaign while its direct programming capacity was decreased as a result of the pandemic. Accordingly, the functional allocation of expenses for the years ended December 31, 2023 and 2022 are not indicative of the past or expected future trends.

AMERICAN PROMISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 3 (Continued)

Tax Position:

The Organization currently evaluates all tax positions and makes a determination regarding the likelihood of those positions being upheld under review. The primary tax position made by the Organization is the existence of Unrelated Business Income Tax and the Organization's status as a tax-exempt organization under IRC Section 501(c)(4). For the years presented, the Organization has not recognized any tax benefits or loss contingencies for uncertain tax positions based on this evaluation.

NOTE 4 COST-SHARING ARRANGEMENT

Office space, staff, consultants, information technology and certain other expenditures of API are shared with APEF. In addition, the two Organizations co-host events and conferences. Accordingly, the two Organizations have a cost-sharing agreement. Pursuant to the agreement, API pays its proportionate share of the office lease, personnel costs and certain other shared expenses as these expenses are incurred. Payment for compensation of services which benefit both entities has been consolidated under API.

A portion of these costs are charged to APEF on a monthly basis based upon management's analysis of specific tasks, scope of services and other allocation methods. For the years ended December 31, 2023 and 2022, APEF was obligated to reimburse API \$2,266,119 and \$1,677,590, respectively, for its proportionate share of the events and conferences, personnel costs, consultants, occupancy and operating expenses. Of the total amount, the unpaid balance of \$425,306 and \$177,699 is reported as *Due from Affiliate* in the accompanying Statements of Financial Position and such amounts were paid in full shortly following each respective year end.

NOTE 5 CONTRIBUTIONS, PLEDGES AND GRANTS RECEIVABLE

As of December 31, 2023 and 2022, the aggregate balance due on unconditional promises to give and grant commitments amounted to \$1,346,132 and \$130,000, respectively, of which amount \$1,096,132 and \$26,500 is classified as current with payment expected within the upcoming year. As of December 31, 2023 and 2022, the non-current portions of these commitments are discounted to present value using an effective rate of 4.55% and 1%, respectively, presented net of the unamortized discount and due in subsequent years as presented below.

<u>Year Contributions</u> <u>to be Paid</u>	<u>2023</u>	<u>2022</u>
December 31, 2024	\$ -	\$ 23,500
December 31, 2025	80,000	10,000
December 31, 2026	60,000	10,000
December 31, 2027	60,000	10,000
December 31, 2028	10,000	10,000
December 31, 2029	10,000	10,000
December 31, 2030	10,000	10,000
December 31, 2031	10,000	10,000
December 31, 2032	<u>10,000</u>	<u>10,000</u>
Total Grants, Pledges and Contributions Receivable	250,000	103,500
Less: Discount to Present Value	<u>(27,728)</u>	<u>(4,474)</u>
Net Grants, Pledges and Contributions Receivable	<u>\$222,272</u>	<u>\$ 99,026</u>

AMERICAN PROMISE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

The following table summarizes the net assets with donor restrictions as of December 31, 2023 and 2022:

<u>Nature of Restriction</u>	<u>2023</u>	<u>2022</u>
Time Restricted, Net of Discount	\$1,305,405	\$112,527
Marketing	<u>56,075</u>	<u>-</u>
Total	<u>\$1,361,480</u>	<u>\$112,527</u>

For the years presented, net assets were released from restriction for the following programs and purposes:

<u>Nature of Restriction</u>	<u>2023</u>	<u>2022</u>
Lapse of Time Restrictions	\$1,133,868	\$303,000
Marketing	43,925	-
Executive Compensation	<u>12,500</u>	<u>-</u>
Total	<u>\$1,190,293</u>	<u>\$303,000</u>

NOTE 7 DONATED SERVICES

For the years presented, the Organization recognized the following in-kind contributions in the accompanying financial statements:

<u>Description</u>	<u>2023</u>	<u>2022</u>
CEO Salary (<i>See Note 8</i>)	\$23,125	\$24,804
Professional Services	<u>5,719</u>	<u>35,424</u>
Total	<u>\$28,844</u>	<u>\$60,228</u>

For the years ended December 31, 2023 and 2022, contributed CEO salary is recognized at fair value based on the going market rate for a nonprofit Executive Director or CEO performing similar services.

Contributed professional services includes donated legal services, primarily legal writing and research, provided by a licensed attorney, and donated CFO services provided by an outsourced executive. These services are recognized at fair value based on current rates for similar services.

NOTE 8 RELATED PARTY TRANSACTIONS AND CONCENTRATIONS

Donated Services:

The Organization's Co-Founder and President provides CEO services on a pro bono basis, which was recognized at \$23,125 and \$24,804, based on 15% and 19% of a salaried position for the years ended December 31, 2023 and 2022, respectively.

Gifts, Grants and Contributions:

For the year ended December 31, 2023, gifts from two board members (one of whom is a former board member) accounted for approximately 80% of *Gifts, Grants and Contributions*.

AMERICAN PROMISE, INC.
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(Continued)

NOTE 8 *(Continued)*

For the year ended December 31, 2022, gifts from the Co-Founder and a number of his family members accounted for approximately 66%, respectively, of *Gifts, Grants and Contributions*.

Future revenue of the Organization is expected to come from many additional sources.

NOTE 9 CONCENTRATIONS OF CREDIT RISK

Cash deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The Organization diversifies its credit risk in cash balances with a brokered cash deposit program at RBC Wealth Management. As of December 31, 2023 and 2022, the Organization's balance in excess of the FDIC insured limits was \$184,211 and \$252,263, respectively; however, the Organization has not experienced any losses on uninsured cash balances.

NOTE 10 FACILITY USAGE AGREEMENTS

API and APEF occupy office space in the Town of Concord, Massachusetts under at-will Use Agreements which provide office space, shared electronic equipment and other office services. The Organization signed a six-month lease for the period of January 1, 2022 to June 30, 2022, under which the monthly fee for one office and storage space was \$1,500. This had an automatic six-month extension if neither party communicated a request for termination which extended the lease through December 31, 2022. The Organization signed another six-month lease for the period of January 1, 2023 to June 30, 2023, under which the monthly fee for two offices and storage space was \$2,910. This lease also had an automatic six-month extension if neither party communicated a request for termination. Total occupancy expense for the years ended December 31, 2023 and 2022 are presented net of amounts reimbursed by APEF and amounted to \$12,660 and \$10,840, respectively.

NOTE 11 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities as described in Note 2, as well as the conduct of services undertaken to support those activities to be general expenditures.

The following table reflects the Organization's financial assets as of December 31, 2023 and 2022, reduced by amounts which are not available for general expenditure within one year. Financial assets are considered unavailable when illiquid, or because the governing board or management policy has set aside the funds for a specific use, when restricted by donors for purposes more limited than general expenditures, or when not convertible to cash within one year of the Statement of Financial Position date.

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

NOTE 11 (Continued)

	<u>2023</u>	<u>2022</u>
Financial Assets:		
Cash	\$1,738,471	\$566,242
Due from Affiliate	425,306	177,699
Contributions, Pledges and Grants Receivable	<u>1,318,404</u>	<u>125,526</u>
Total Financial Assets	3,482,181	869,467
Less Amounts Not Available to be Used Within One Year:		
Non-Current Grants Receivable	<u>(222,272)</u>	<u>(99,026)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$3,259,909</u>	<u>\$770,441</u>

As part of the Organization's liquidity management, the Board of Directors has a policy to structure the financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization also has a policy to maintain at minimum a three-month cash supply on hand at all times.

NOTE 12 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through September 9, 2024, the date which the financial statements were available for issue, and noted no events which met the criteria for recognition or disclosure.