

AMERICAN PROMISE EDUCATION FUND, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2024

(With Summarized Comparative Information for 2023)

Smith  Sullivan
& Brown PC

CERTIFIED PUBLIC ACCOUNTANTS

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AMERICAN PROMISE EDUCATION FUND, INC.

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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Mission Statement

To educate, empower, and inspire Americans about the essential role of citizen-led Constitutional amendments in shaping our republican democracy and how a 28th Amendment to address the undue influence of money, corporations, unions and superPACs in our political process can secure the rights of individual citizens and the interests of the nation for generations to come.

AMERICAN PROMISE EDUCATION FUND, INC.

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024
(With Summarized Comparative Information for 2023)

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of American Promise Education Fund, Inc. (a Massachusetts nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of American Promise Education Fund, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in conformity 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Promise Education Fund, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Education Fund, 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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 Education Fund, Inc.

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 American Promise Education Fund, 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 Education Fund, 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 audit.

Report on Summarized Comparative Information

We have previously audited American Promise Education Fund, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 9, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
June 30, 2025

AMERICAN PROMISE EDUCATION FUND, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024 AND 2023

ASSETS

	<u>2024</u>	<u>2023</u>
<u>CURRENT ASSETS:</u>		
Cash and Cash Equivalents	\$ 1,145,270	\$ 1,503,728
Contributions, Pledges and Grants Receivable, Net	789,658	170,788
Prepaid Expenses and Deposits	3,098	4,561
Total Current Assets	<u>1,938,026</u>	<u>1,679,077</u>
<u>NON-CURRENT ASSETS:</u>		
Grants Receivable, Net of Discount	<u>292,217</u>	<u>104,213</u>
<u>TOTAL ASSETS</u>	<u>\$ 2,230,243</u>	<u>\$ 1,783,290</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>		
Accounts Payable and Accrued Expenses	\$ -	\$ 3,643
Accrued Payroll and Related Costs	68,133	52,183
Due to Affiliate	941,708	425,306
Total Current Liabilities	<u>1,009,841</u>	<u>481,132</u>
<u>TOTAL LIABILITIES</u>	<u>1,009,841</u>	<u>481,132</u>
<u>NET ASSETS:</u>		
Net Assets Without Donor Restrictions	103,324	896,914
Net Assets With Donor Restrictions	1,117,078	405,244
Total Net Assets	<u>1,220,402</u>	<u>1,302,158</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 2,230,243</u>	<u>\$ 1,783,290</u>

AMERICAN PROMISE EDUCATION FUND, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024			2023		
	<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	\$ 2,747,013	\$ 1,169,504	\$ 3,916,517	\$ 1,706,107	\$ 365,213	\$ 2,071,320
Donated Services	140,560	-	140,560	161,562	-	161,562
Other Income	9,841	-	9,841	353	-	353
<i>Reclassifications of Net Assets - Released from Restrictions:</i>						
Satisfaction of Time and Purpose Restrictions	457,670	(457,670)	-	730,972	(730,972)	-
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>3,355,084</u>	<u>711,834</u>	<u>4,066,918</u>	<u>2,598,994</u>	<u>(365,759)</u>	<u>2,233,235</u>
<u>FUNCTIONAL EXPENSES:</u>						
Program Services	2,532,026	-	2,532,026	1,752,101	-	1,752,101
Administrative	1,074,589	-	1,074,589	580,280	-	580,280
Fund Raising	542,059	-	542,059	291,817	-	291,817
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>4,148,674</u>	<u>-</u>	<u>4,148,674</u>	<u>2,624,198</u>	<u>-</u>	<u>2,624,198</u>
<u>CHANGE IN NET ASSETS</u>	<u>(793,590)</u>	<u>711,834</u>	<u>(81,756)</u>	<u>(25,204)</u>	<u>(365,759)</u>	<u>(390,963)</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>896,914</u>	<u>405,244</u>	<u>1,302,158</u>	<u>922,118</u>	<u>771,003</u>	<u>1,693,121</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 103,324</u>	<u>\$ 1,117,078</u>	<u>\$ 1,220,402</u>	<u>\$ 896,914</u>	<u>\$ 405,244</u>	<u>\$ 1,302,158</u>

AMERICAN PROMISE EDUCATION FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Summarized Comparative Totals for 2023)

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u> <u>FUNCTIONAL EXPENSES</u>	
				<u>2024</u>	<u>2023</u>
Personnel Expenses	\$ 1,514,128	\$ 802,952	\$ 339,062	\$ 2,656,142	\$ 1,329,859
Operational Expenses	166,368	84,765	50,222	301,355	229,466
Professional Services	51,960	137,100	55,329	244,389	280,944
Communications and Marketing	316,123	14,769	10,290	341,182	165,456
Lobbying	-	-	-	-	91,012
Annual Conference, Events and Activities	288,379	1,721	51,751	341,851	309,210
Travel Expenses	81,881	8,677	22,638	113,196	49,984
Donated Services	113,187	14,605	12,767	140,559	161,561
Miscellaneous Expense	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>6,706</u>
Total Functional Expenses	<u>\$ 2,532,026</u>	<u>\$ 1,074,589</u>	<u>\$ 542,059</u>	<u>\$ 4,148,674</u>	<u>\$ 2,624,198</u>

AMERICAN PROMISE EDUCATION FUND, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ (81,756)	\$ (390,963)
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>		
<i>(Increase) Decrease in Current Assets:</i>		
Contributions, Pledges and Grants Receivable	(618,870)	282,110
Prepaid Expenses and Deposits	1,463	(4,495)
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	(3,643)	3,538
Accrued Payroll and Related Costs	15,950	27,623
Due to Affiliate	516,402	247,607
<i>(Increase) Decrease in Non-Current Assets:</i>		
Grants Receivable, Net of Discount	(188,004)	176,965
Net Adjustment	(276,702)	733,348
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>(358,458)</u>	<u>342,385</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>(358,458)</u>	<u>342,385</u>
<u>CASH AND CASH EQUIVALENTS BALANCES - BEGINNING OF YEAR</u>	<u>1,503,728</u>	<u>1,161,343</u>
<u>CASH AND CASH EQUIVALENTS BALANCES - END OF YEAR</u>	<u>\$ 1,145,270</u>	<u>\$ 1,503,728</u>

AMERICAN PROMISE EDUCATION FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

(With Summarized Comparative Information for 2023)

NOTE 1 ORGANIZATION AND AFFILIATIONS

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

Affiliations:

American Promise, Inc. (“API”) was also incorporated in July 2015 as a Massachusetts nonprofit corporation organized to promote social welfare within the meaning of IRC Section 501(c)(4), 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.

While closely connected, the Organizations operate independently, and since neither Organization controls the other, consolidated financial statements are not presented. As disclosed in Note 6, the Organizations have entered into a cost-sharing agreement.

NOTE 2 PROGRAM SERVICES

American Promise Education Fund, Inc. empowers Americans to play an active role in our system of self-government, educating citizens on the undue influence of big money, super PACs, corporations and unions on our elections; the historic role that citizen-advocates have played in amending the Constitution; and the ways in which the For Our Freedom Amendment can secure the rights of individual citizens and the interests of our nation. We equip grassroots leaders with the skills required to build durable coalitions, communicate effectively, and fully engage in our system of self-government.

In collaboration with American Promise, Inc., the American Promise Education Fund, Inc. provides civic education across four programmatic areas:

National Citizen Leadership Conferences: American Promise’s National Citizen Leadership Conference (“NCLC”), typically held annually in Washington, D.C., convenes citizen-advocates from across the country, as well as business leaders, subject matter experts, youth leaders, democracy reform organizations, and elected officials from both major parties. While Americans are bombarded with messages about all that divides us, NCLC offers hope in an age of polarization, bringing together speakers and attendees from across the political spectrum. Together, we share insights on the crisis of dark money, receive specialized training to become stronger citizen-advocates, and brainstorm new ways to work together in support of the For Our Freedom Amendment.

The Leadership Series: Each year, APEF hosts a series of public leadership lectures featuring luminaries in literature and journalism, academia and constitutional scholarship, and business. These events help us reach new audiences, communicate the broad implications of the issue, and enlist new allies in the fight for constitutional reform.

AMERICAN PROMISE EDUCATION FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

(With Summarized Comparative Information for 2023)

(Continued)

NOTE 2 (Continued)

Citizen Empowerment: APEF’s empowerment programming brings together citizens of all backgrounds to learn about the principles of self-government, the influence of money in politics, and the historic role of citizen-led Constitutional amendments in the United States. Our programming provides training, resources, and convenings for citizen leaders to start local organizations, publish op-eds and letters to the editor, and otherwise maximize the impact of their civic engagement efforts. With ongoing support from American Promise staff, members of volunteer groups and networks connect with and educate their communities and peers about the issues and the proposed amendment.

Research & Communications: With support from the American Promise Education Fund, our leaders and volunteers published opinion pieces in leading local and national news outlets. The organization continues to scale its media footprint, focused on communicating the growing influence of big donors, as well as the efficacy and feasibility of a constitutional amendment. These efforts are underpinned by rigorous research, which includes gold-standard opinion polling, issue briefings, and white papers.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The financial statements of the American Promise Education Fund, Inc. have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (“GAAP”).

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.

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.

AMERICAN PROMISE EDUCATION FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

(With Summarized Comparative Information for 2023)

(Continued)

NOTE 3 *(Continued)*

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, 2024 and 2023, 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, or if they are promised contributions that are not yet due. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as net assets with donor restrictions when received and released from restrictions when the assets are placed in service. Should the donor restrict an asset to use in a program, the asset continues to be reported as net assets with donor restrictions.

The accompanying financial statements include certain 2023 summarized comparative information. With respect to the Statement of Functional Expenses, 2023 expenses by line item are in total rather than by functional category which is not a complete financial statement presentation under GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

Cash and Cash Equivalents:

For the purpose of these financial statements, the Organization considers equivalent to cash, all money market funds and savings deposits, which can be converted to cash within ninety days of issuance.

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 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 when such amounts are considered material. Amounts receivable from donors are evaluated yearly for collectability and an allowance for uncollectible pledges is recorded as necessary. The allowance for uncollectible receivables is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off against the allowance when deemed uncollectible.

Gifts, Grants and Contributions:

The Organization is the beneficiary of contributions in the form of grants from other organizations, 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 EDUCATION FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

(With Summarized Comparative Information for 2023)

(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 APEF 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, *Personnel Expenses*, *Donated Services*, 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, distribution of materials and other similar projects related to the procurement of funds.

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 positions made by the Organization are the nonexistence of Unrelated Business Income and the Organization's status as a tax-exempt organization under IRC Section 501(c)(3). For the years presented, the Organization has not recognized any tax benefits or loss contingencies for uncertain tax positions based on this evaluation.

AMERICAN PROMISE EDUCATION FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

(With Summarized Comparative Information for 2023)

(Continued)

NOTE 3 *(Continued)*

Reclassifications:

Certain amounts in the prior year information have been reclassified to conform to the current year presentation.

NOTE 4 CONTRIBUTIONS, PLEDGES AND GRANTS RECEIVABLE

As of December 31, 2024 and 2023, the aggregate balance due on unconditional promises to give and grant commitments amounted to \$1,104,657 and \$280,788, respectively, of which amount \$789,658 and \$170,788 was classified as current with payment expected within the upcoming year. As of December 31, 2024 and 2023, the non-current portions of these commitments are discounted to present value at rates ranging from 3.98% to 4.55%, presented net of the unamortized discount and due in subsequent years as presented below.

<u>Year Contributions</u> <u>to be Paid</u>	<u>2024</u>	<u>2023</u>
December 31, 2025	\$ -	\$110,000
December 31, 2026	115,000	-
December 31, 2027	105,000	-
December 31, 2028	<u>95,000</u>	<u>-</u>
Total Contributions, Pledges and Grants Receivable	315,000	110,000
Less: Discount to Present Value	(22,783)	(4,787)
Less: Allowance for Doubtful Accounts	<u>-</u>	<u>(1,000)</u>
Net Contributions, Pledges and Grants Receivable	<u>\$292,217</u>	<u>\$104,213</u>

NOTE 5 NET ASSETS

Net Assets With Donor Restrictions:

The following table summarizes the net assets with donor restrictions as of December 31, 2024 and 2023:

<u>Nature of Restriction</u>	<u>2024</u>	<u>2023</u>
Time Restricted, Net of Discount	\$1,081,874	\$316,316
Program Activities - Texas	35,204	39,016
Program Activities - Fellowships	-	26,910
Program Activities - Young Americans	<u>-</u>	<u>23,002</u>
Total	<u>\$1,117,078</u>	<u>\$405,244</u>

AMERICAN PROMISE EDUCATION FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

(With Summarized Comparative Information for 2023)

(Continued)

NOTE 5 *(Continued)*

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

<u>Nature of Restriction</u>	<u>2024</u>	<u>2023</u>
Lapse of Time Restrictions	\$401,445	\$697,884
Program Activities - Fellowships	26,910	23,090
Program Activities - Young Americans	25,502	1,998
Program Activities - Texas	<u>3,813</u>	<u>8,000</u>
Total	<u>\$457,670</u>	<u>\$730,972</u>

NOTE 6 COST-SHARING ARRANGEMENT

Office space, staff, consultants, information technology and certain other expenditures of APEF are shared with API. In addition, the two Organizations co-host events and conferences. Accordingly, the two Organizations have a cost-sharing agreement. Pursuant to the agreement, APEF 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.

For the years ended December 31, 2024 and 2023, APEF was obligated to reimburse API \$3,738,887 and \$2,266,119, respectively, for its proportionate share of events and conferences, personnel costs, consultants, occupancy and operating expenses. Of the total amount, the unpaid balance of \$941,708 and \$425,306 is reported as *Due to Affiliate* in the accompanying Statements of Financial Position and such amounts were paid in full shortly following each respective year end.

NOTE 7 DONATED GOODS AND SERVICES

The Organization recognized the following in-kind contributions in the accompanying financial statements:

<u>Description</u>	<u>2024</u>	<u>2023</u>
CEO Salary <i>(See Note 11)</i>	\$131,185	\$115,140
Professional Services	<u>9,375</u>	<u>46,422</u>
Total	<u>\$140,560</u>	<u>\$161,562</u>

For the years ended December 31, 2024 and 2023, 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, donated CFO services provided by an outsourced executive, and donated management and program design consulting. These services are recognized at fair value based on current rates for similar services.

AMERICAN PROMISE EDUCATION FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

(With Summarized Comparative Information for 2023)

(Continued)

NOTE 8 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. From January 1, 2023 through October 1, 2024, the Organization was party to a lease agreement for two offices and storage space with renewal extensions of \$3,940 per month. Effective October 1, 2024, a new lease agreement was signed for three office spaces and storage with an increased monthly payment of \$5,860. This lease has an automatic six-month extension if neither party communicated a request for termination. Total occupancy expense under these agreements and reimbursable to API for the years ended December 31, 2024 and 2023 were \$37,685 and \$24,661, respectively.

NOTE 9 RETIREMENT

During the year ended December 31, 2024, the Organization adopted a qualified 401(k) retirement plan. The plan allows eligible employees of the Organization to defer a percentage of their earnings from current taxation. In addition to any deferrals, the Organization may make an additional match on a discretionary basis. For the year ended December 31, 2024, the Organization did not match participant deferrals.

NOTE 10 CONCENTRATIONS

Cash Balances and Cash Equivalents:

The Organization maintains several bank accounts at two institutions. All accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. Although at times the balances in these accounts may exceed the federally insured limit, the Organization has not experienced any losses. As of December 31, 2024 and 2023, the Organization's balance in excess of the FDIC insured limits was \$894,787 and \$1,203,305, respectively.

Contributions, Pledges and Grants Receivable:

As of December 31, 2024 and 2023, the balance due from two multi-year grants represents 63% and 73% of total *Contributions, Pledges and Grants Receivable*, respectively.

NOTE 11 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 \$131,185 and \$115,140 based on 82% and 73% of a salaried position for the years ended December 31, 2024 and 2023, respectively.

AMERICAN PROMISE EDUCATION FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

(With Summarized Comparative Information for 2023)

(Continued)

NOTE 11 *(Continued)*

Gifts, Grants and Contributions:

For the years ended December 31, 2024 and 2023, gifts from the Co-Founder and a number of his family members accounted for approximately 19% and 26% respectively, of *Gifts, Grants and Contributions*. Future revenue of the Organization is expected to come from many additional sources.

For the year ended December 31, 2023, gifts from other board members and immediate family members accounted for approximately 24% of *Gifts, Grants and Contributions*. There were no such concentrations for the year ended December 31, 2024.

NOTE 12 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, 2024 and 2023, 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.

	<u>2024</u>	<u>2023</u>
Financial Assets:		
Cash and Cash Equivalents	\$1,145,270	\$1,503,728
Contributions, Pledges and Grants Receivable, Net	<u>1,081,875</u>	<u>275,001</u>
Total Financial Assets	2,227,145	1,778,729
Less Amounts Not Available to be Used Within One Year:		
Non-Current Contributions, Pledges and Grants Receivable	<u>(292,217)</u>	<u>(104,213)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$1,934,928</u>	<u>\$1,674,516</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 13 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 June 30, 2025, the date which the financial statements were available for issue, and noted no events which met the criteria for recognition or disclosure.