

**AMERICAN PROMISE, 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

80 Flanders Road, Suite 302  Westborough, Massachusetts 01581

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**AMERICAN PROMISE, INC.**  
**REPORT ON FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2024**  
*(With Summarized Comparative Information for 2023)*



**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 ON FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
*(With Summarized Comparative Information for 2023)*

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# Smith Sullivan & Brown PC

CERTIFIED PUBLIC ACCOUNTANTS

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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 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, 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, 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, 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, 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, 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 audit.

#### **Report on Summarized Comparative Information**

We have previously audited American Promise, 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, 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	\$ 2,480,136	\$ 1,738,471
Contributions, Pledges and Grants Receivable	157,464	1,096,132
Due from Affiliate	941,708	425,306
Prepaid Expenses	3,013	15,333
Total Current Assets	<u>3,582,321</u>	<u>3,275,242</u>
 <u>NON-CURRENT ASSETS:</u>		
Grants Receivable, Net of Discount	<u>214,434</u>	<u>222,272</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 3,796,755</u>	 <u>\$ 3,497,514</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>		
Accounts Payable and Accrued Expenses	\$ 128,767	\$ 99,876
Accrued Payroll and Related Costs	35,463	32,936
Total Current Liabilities	<u>164,230</u>	<u>132,812</u>
 <u>TOTAL LIABILITIES</u>	 <u>164,230</u>	 <u>132,812</u>
 <u>NET ASSETS:</u>		
Net Assets Without Donor Restrictions	3,260,628	2,003,222
Net Assets With Donor Restrictions	371,897	1,361,480
Total Net Assets	<u>3,632,525</u>	<u>3,364,702</u>
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	 <u>\$ 3,796,755</u>	 <u>\$ 3,497,514</u>

AMERICAN PROMISE, INC.

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

	2024			2023		
	<u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>WITH</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>TOTAL</u>	<u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>WITH</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>TOTAL</u>
<b><u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u></b>						
<i>Support and Revenues:</i>						
Gifts, Grants and Contributions	\$ 3,135,945	\$ 202,161	\$ 3,338,106	\$ 1,663,947	\$ 2,439,246	\$ 4,103,193
Donated Services	28,317	-	28,317	28,844	-	28,844
Interest Income	88,590	-	88,590	24,667	-	24,667
Merchandise Sales	4,226	-	4,226	277	-	277
<i>Reclassifications of Net Assets - Released from Restrictions:</i>						
Satisfaction of Time and Purpose Restrictions	<u>1,191,744</u>	<u>(1,191,744)</u>	<u>-</u>	<u>1,190,293</u>	<u>(1,190,293)</u>	<u>-</u>
<b><u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u></b>	<b><u>4,448,822</u></b>	<b><u>(989,583)</u></b>	<b><u>3,459,239</u></b>	<b><u>2,908,028</u></b>	<b><u>1,248,953</u></b>	<b><u>4,156,981</u></b>
<b><u>FUNCTIONAL EXPENSES:</u></b>						
Program Services	2,103,349	-	2,103,349	1,001,965	-	1,001,965
Administrative	674,558	-	674,558	392,881	-	392,881
Fund Raising	<u>413,509</u>	<u>-</u>	<u>413,509</u>	<u>233,774</u>	<u>-</u>	<u>233,774</u>
<b><u>TOTAL FUNCTIONAL EXPENSES</u></b>	<b><u>3,191,416</u></b>	<b><u>-</u></b>	<b><u>3,191,416</u></b>	<b><u>1,628,620</u></b>	<b><u>-</u></b>	<b><u>1,628,620</u></b>
<b><u>CHANGE IN NET ASSETS</u></b>	<b><u>1,257,406</u></b>	<b><u>(989,583)</u></b>	<b><u>267,823</u></b>	<b><u>1,279,408</u></b>	<b><u>1,248,953</u></b>	<b><u>2,528,361</u></b>
<b><u>NET ASSETS - BEGINNING OF YEAR</u></b>	<b><u>2,003,222</u></b>	<b><u>1,361,480</u></b>	<b><u>3,364,702</u></b>	<b><u>723,814</u></b>	<b><u>112,527</u></b>	<b><u>836,341</u></b>
<b><u>NET ASSETS - END OF YEAR</u></b>	<b><u>\$ 3,260,628</u></b>	<b><u>\$ 371,897</u></b>	<b><u>\$ 3,632,525</u></b>	<b><u>\$ 2,003,222</u></b>	<b><u>\$ 1,361,480</u></b>	<b><u>\$ 3,364,702</u></b>

AMERICAN PROMISE, 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	\$ 649,918	\$ 441,312	\$ 217,867	\$ 1,309,097	\$ 709,894
Operational Expenses	59,879	77,243	37,613	174,735	149,689
Professional Services	58,550	113,124	57,531	229,205	241,009
Communications and Marketing	512,551	15,275	17,617	545,443	192,179
Lobbying	605,810	-	-	605,810	248,565
Annual Conference, Events and Activities	169,212	-	53,134	222,346	40,414
Travel Expenses	37,190	4,867	21,406	63,463	18,024
Donated Services	10,239	9,737	8,341	28,317	28,844
Miscellaneous Expense	-	13,000	-	13,000	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Functional Expenses</b>	<b><u>\$ 2,103,349</u></b>	<b><u>\$ 674,558</u></b>	<b><u>\$ 413,509</u></b>	<b><u>\$ 3,191,416</u></b>	<b><u>\$ 1,628,618</u></b>



AMERICAN PROMISE, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in Net Assets	\$ 267,823	\$ 2,528,361
<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	938,668	(1,069,632)
Due from Affiliate	(516,402)	(247,607)
Prepaid Expenses	12,320	(15,217)
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	28,891	80,269
Accrued Payroll and Related Costs	2,527	19,301
<i>(Increase) Decrease in Non-Current Assets:</i>		
Grants Receivable, Net of Discount	7,838	(123,246)
Net Adjustment	473,842	(1,356,132)
<b><u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u></b>	<b><u>741,665</u></b>	<b><u>1,172,229</u></b>
<b><u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u></b>	<b><u>741,665</u></b>	<b><u>1,172,229</u></b>
<b><u>CASH AND CASH EQUIVALENTS BALANCES - BEGINNING OF YEAR</u></b>	<b><u>1,738,471</u></b>	<b><u>566,242</u></b>
<b><u>CASH AND CASH EQUIVALENTS BALANCES - END OF YEAR</u></b>	<b><u>\$ 2,480,136</u></b>	<b><u>\$ 1,738,471</u></b>

AMERICAN PROMISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

*(With Summarized Comparative Information for 2023)*

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. mobilizes citizens and elected representatives in support of the For Our Freedom Amendment, a constitutional reform that would permit federal and state policy makers to decide whether and how to set reasonable limits on political spending. American Promise leads the non-partisan, national effort to restore power to ordinary citizens and curtail the undue influence of well-funded corporations, unions, and super PACs. We have built a devoted community of hundreds of thousands, claimed victory in nearly half of all statehouses, and sent a clear message to our country’s leaders: Americans are ready to end the corruption, move past the dysfunction, and put power back in the hands of the people.

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

***Citizen Empowerment:*** API’s citizen empowerment programming focuses on building distributed networks of grassroots advocates to advance the For Our Freedom Amendment in state and federal legislatures.

***Pledge Campaign:*** By securing pledges from candidates for public office, API is able to hold elected representatives to their word, ensuring that they will represent the will of the people, rather than doing the bidding of big donors and special interests. Across the country, more than 600 candidates — at the national, state, and local level — signed our candidate pledge, committing to use their office to advance the For Our Freedom Amendment.

AMERICAN PROMISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

*(With Summarized Comparative Information for 2023)*

*(Continued)*

NOTE 2 *(Continued)*

**State Initiatives:** American Promise provides legal expertise, organizing strategy and execution, and direct lobbying support for statewide ballot campaigns and legislative efforts in support of the For Our Freedom Amendment. To date, 23 states have passed resolutions in support of such an amendment.

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

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").

**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.

*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.

AMERICAN PROMISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

*(With Summarized Comparative Information for 2023)*

*(Continued)*

NOTE 3 *(Continued)*

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 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. 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. 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.

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.

AMERICAN PROMISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

*(With Summarized Comparative Information for 2023)*

*(Continued)*

NOTE 3 *(Continued)*

**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, *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, indirect costs of fund raising events, 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 position made by the Organization is the nonexistence of Unrelated Business Income 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.

**Reclassifications:**

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

AMERICAN PROMISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

*(With Summarized Comparative Information for 2023)*

*(Continued)*

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, 2024 and 2023, APEF was obligated to reimburse API \$3,738,887 and \$2,266,119, 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 \$941,708 and \$425,306 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, 2024 and 2023, the aggregate balance due on unconditional promises to give and grant commitments amounted to \$392,494 and \$1,346,132, respectively, of which amount \$157,464 and \$1,096,132 is 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 1% 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	\$ -	\$ 80,000
December 31, 2026	75,000	60,000
December 31, 2027	75,000	60,000
December 31, 2028	35,000	10,000
December 31, 2029	30,000	10,000
December 31, 2030	10,000	10,000
December 31, 2031	10,000	10,000
December 31, 2032	-	10,000
Total Contributions, Pledges and Grants Receivable	235,000	250,000
Less: Discount to Present Value	(20,566)	(27,728)
Net Contributions, Pledges and Grants Receivable	<u>\$214,434</u>	<u>\$222,272</u>

AMERICAN PROMISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

*(With Summarized Comparative Information for 2023)*

*(Continued)*

NOTE 6      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	\$371,897	\$1,305,405
Communications and Marketing	<u>-</u>	<u>56,075</u>
Total	<u>\$371,897</u>	<u>\$1,361,480</u>

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	\$1,135,669	\$1,133,868
Communications and Marketing	56,075	43,925
Executive Compensation	<u>-</u>	<u>12,500</u>
Total	<u>\$1,191,744</u>	<u>\$1,190,293</u>

NOTE 7      DONATED 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>	\$28,317	\$23,125
Professional Services	<u>-</u>	<u>5,719</u>
Total	<u>\$28,317</u>	<u>\$28,844</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, 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      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 for the years ended December 31, 2024 and 2023 are presented net of amounts reimbursed by APEF and amounted to \$17,520 and \$12,660, respectively.

AMERICAN PROMISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

*(With Summarized Comparative Information for 2023)*

*(Continued)*

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 and Cash Equivalents:**

Cash deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. In 2023, the Organization diversified its credit risk in cash balances with a brokered cash deposit program at RBC Wealth Management. For 2024, the Organization had excess funds invested in actively traded U.S. Treasury money market funds, which are not included in the FDIC or other governmental insurance programs, and therefore, are subject to market fluctuations. As of December 31, 2024 and 2023, the Organization's balance in excess of the FDIC insured limits was \$2,232,510 and \$184,211, respectively; however, the Organization has not experienced any losses on uninsured cash balances.

**Contributions, Pledges, and Grants Receivable:**

As of December 31, 2024 and 2023, the balance due from two donors represents 56% and 82% 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 \$28,317 and \$23,125, based on 18% and 15% of a salaried position for the years ended December 31, 2024 and 2023, respectively.

**Gifts, Grants and Contributions:**

For the year ended December 31, 2024, gifts from the Co-Founder and his family members accounted for approximately 46% of *Gifts, Grants and Contributions*. There were no such concentrations for the year ended December 31, 2023.

For the year ended December 31, 2024, gifts from three board members accounted for approximately 35% of *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*.

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



AMERICAN PROMISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

*(With Summarized Comparative Information for 2023)*

*(Continued)*

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	\$2,480,136	\$1,738,471
Contributions, Pledges and Grants Receivable, Net	371,898	1,318,404
Due from Affiliate	<u>941,708</u>	<u>425,306</u>
Total Financial Assets	3,793,742	3,482,181
Less Amounts Not Available to be Used Within One Year:		
Non-Current Contributions, Pledges and Grants Receivable	<u>(214,434)</u>	<u>(222,272)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$3,579,308</u>	<u>\$3,259,909</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.