
Interfaith America

Financial Report
July 31, 2025

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Independent Auditor's Report

To the Board of Directors
Interfaith America

Opinion

We have audited the financial statements of Interfaith America (the "Organization"), which comprise the statement of financial position as of July 31, 2025 and 2024 and the related statements of activities and changes in net assets, 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 the Organization as of July 31, 2025 and 2024 and the changes in its net assets and its cash flows for the years then ended in accordance 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 *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Organization and to meet our 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits 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 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
Interfaith America

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 the Organization'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 the Organization'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moran, PLLC

February 19, 2026

Statement of Financial Position

July 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash	\$ 9,760,452	\$ 6,365,470
Investments (Note 4)	15,109,408	8,217,106
Accounts receivable - Net	147,292	187,502
Short-term portion of grants and contributions receivable (Note 5)	12,420,212	8,876,497
Prepaid expenses and other current assets	982,672	534,390
Total current assets	38,420,036	24,180,965
Grants and Contributions Receivable - Net (Note 5)	6,646,074	12,514,789
Property and Equipment - Net (Note 6)	469,137	606,260
Right-of-use Operating Lease Asset (Note 9)	1,475,050	1,725,687
Total noncurrent assets	8,590,261	14,846,736
Total assets	\$ 47,010,297	\$ 39,027,701
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 239,606	\$ 124,600
Grants and scholarships payable	589,500	103,500
Deferred revenue	101,701	115,365
Accrued liabilities:		
Accrued payroll	396,007	304,423
Other accrued liabilities	149,581	125,039
Total accrued liabilities	545,588	429,462
Current portion of lease liabilities - Operating (Note 9)	239,210	219,991
Total current liabilities	1,715,605	992,918
Lease Liabilities - Operating - Net of current portion (Note 9)	1,713,967	1,953,177
Total liabilities	3,429,572	2,946,095
Net Assets		
Without donor restrictions:		
Undesignated	11,356,941	7,834,097
Board designated	2,500,000	2,500,000
Total without donor restrictions	13,856,941	10,334,097
With donor restrictions (Note 7)	29,723,784	25,747,509
Total net assets	43,580,725	36,081,606
Total liabilities and net assets	\$ 47,010,297	\$ 39,027,701

Statement of Activities and Changes in Net Assets

Years Ended July 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
Individual contributions of financial assets	\$ 3,950,121	\$ 319,104	\$ 4,269,225	\$ 2,453,310	\$ 4,905,387	\$ 7,358,697
Grants and contributions of financial assets	817,501	30,093,929	30,911,430	480,257	4,221,374	4,701,631
Contributions of nonfinancial assets	84,518	-	84,518	54,315	-	54,315
Government grants	-	-	-	-	767,531	767,531
Publications	-	-	-	1,236	-	1,236
Seminars and workshops	111,506	-	111,506	67,074	-	67,074
Earned revenue	981,000	-	981,000	845,883	-	845,883
Net realized and unrealized gains on investments	132,389	-	132,389	424,400	-	424,400
Interest and dividends	581,562	-	581,562	427,453	-	427,453
Honoraria	47,463	-	47,463	35,391	-	35,391
Other revenue	13,180	-	13,180	19,975	-	19,975
Net assets released from restrictions	16,025,018	(16,025,018)	-	8,870,140	(8,870,140)	-
Total revenue, gains, and other support	22,744,258	14,388,015	37,132,273	13,679,434	1,024,152	14,703,586
Expenses						
Program services:						
Campus	5,998,829	-	5,998,829	4,281,787	-	4,281,787
Narrative	5,156,901	-	5,156,901	3,264,905	-	3,264,905
Innovation	4,363,256	-	4,363,256	3,084,134	-	3,084,134
Support services:						
Advancement	1,588,393	-	1,588,393	1,012,264	-	1,012,264
Operations	2,114,035	-	2,114,035	2,016,331	-	2,016,331
Total expenses	19,221,414	-	19,221,414	13,659,421	-	13,659,421
Increase in Net Assets - Before nonoperating activities	3,522,844	14,388,015	17,910,859	20,013	1,024,152	1,044,165
Nonoperating Activities - Changes in allowance for pledges receivable	-	(10,411,740)	(10,411,740)	-	-	-
Increase in Net Assets	3,522,844	3,976,275	7,499,119	20,013	1,024,152	1,044,165
Net Assets - Beginning of year	10,334,097	25,747,509	36,081,606	10,314,084	24,723,357	35,037,441
Net Assets - End of year	\$ 13,856,941	\$ 29,723,784	\$ 43,580,725	\$ 10,334,097	\$ 25,747,509	\$ 36,081,606

See notes to financial statements.

Statement of Functional Expenses

Year Ended July 31, 2025

	Program Services				Support Services		
	Campus	Narrative	Innovation	Total	Advancement	Operations	Total
Salaries and related expenses	\$ 2,217,510	\$ 2,726,393	\$ 1,495,367	\$ 6,439,270	\$ 964,072	\$ 1,131,291	\$ 8,534,633
Employee benefits	257,707	209,271	149,905	616,883	104,348	120,073	841,304
Payroll taxes	164,633	197,738	103,813	466,184	65,190	105,222	636,596
Total salaries and related expenses	2,639,850	3,133,402	1,749,085	7,522,337	1,133,610	1,356,586	10,012,533
Professional fees	365,851	955,923	229,406	1,551,180	265,250	239,765	2,056,195
Accounting fees	-	-	-	-	-	66,797	66,797
Information technology services	73,810	87,042	28,695	189,547	10,622	46,719	246,888
Event expenses and supplies	1,059,705	7,737	157,848	1,225,290	22,040	12,407	1,259,737
Computer-related expenses	70,271	29,010	10,927	110,208	11,867	81,327	203,402
Telephone and telecommunications	12,533	14,047	6,688	33,268	5,506	7,570	46,344
Postage, shipping, and advertising	2,047	35,325	1,311	38,683	391	1,728	40,802
Books, subscriptions, and reference	2,798	38,189	1,101	42,088	5,436	4,346	51,870
Printing and copying	5,840	20,553	1,031	27,424	362	301	28,087
Fees and charges	3,718	-	257	3,975	3,526	1,738	9,239
Staff development	5,766	56,452	1,330	63,548	19,662	38,594	121,804
Lease expenses	83,671	93,792	51,438	228,901	32,688	30,154	291,743
Travel expense	237,268	214,350	182,551	634,169	57,075	7,103	698,347
Meetings expense	5,887	35,229	946	42,062	16,849	21,611	80,522
Depreciation	14,000	56,198	31,943	102,141	-	115,983	218,124
Insurance	4,146	4,672	2,724	11,542	1,671	54,032	67,245
Other expenses	8,264	6,303	3,225	17,792	1,838	27,274	46,904
Scholarships and stipends to individuals	236,842	204,827	206,300	647,969	-	-	647,969
Grants to other organizations	1,166,562	163,850	1,696,450	3,026,862	-	-	3,026,862
Total functional expenses	\$ 5,998,829	\$ 5,156,901	\$ 4,363,256	\$ 15,518,986	\$ 1,588,393	\$ 2,114,035	\$ 19,221,414

Statement of Functional Expenses

Year Ended July 31, 2024

	Program Services				Support Services		Total
	Campus	Narrative	Innovation	Total	Advancement	Operations	
Salaries and related expenses	\$ 1,558,447	\$ 1,670,829	\$ 1,418,950	\$ 4,648,226	\$ 625,121	\$ 1,033,991	\$ 6,307,338
Employee benefits	162,922	163,033	136,011	461,966	70,440	116,157	648,563
Payroll taxes	118,819	123,665	101,983	344,467	44,444	90,573	479,484
Total salaries and related expenses	1,840,188	1,957,527	1,656,944	5,454,659	740,005	1,240,721	7,435,385
Professional fees	388,752	339,767	434,439	1,162,958	107,550	187,302	1,457,810
Accounting fees	-	-	-	-	-	54,300	54,300
Information technology services	57,368	33,685	22,498	113,551	7,349	110,426	231,326
Event expenses and supplies	855,339	37,514	28,239	921,092	965	11,860	933,917
Computer-related expenses	13,108	22,680	3,843	39,631	7,696	73,630	120,957
Telephone and telecommunications	8,777	8,924	6,702	24,403	3,495	10,087	37,985
Postage, shipping, and delivery	296	25,451	1,482	27,229	149	5,461	32,839
Books, subscriptions, and advertising	15,614	43,945	2,007	61,566	5,932	4,701	72,199
Printing and copying	689	4,652	3,154	8,495	979	1,813	11,287
Fees and charges	4,039	-	-	4,039	1,005	1,899	6,943
Staff development	1,434	60,875	1,556	63,865	28,378	59,792	152,035
Lease expenses	82,044	81,718	70,515	234,277	23,779	46,287	304,343
Travel expense	155,482	196,741	92,077	444,300	70,137	37,901	552,338
Meetings expense	54,760	5,104	1,504	61,368	9,012	22,971	93,351
Depreciation	8,389	57,560	20,680	86,629	-	69,628	156,257
Insurance	3,303	3,705	3,458	10,466	956	38,854	50,276
Other expenses	1,738	1,689	686	4,113	4,877	38,698	47,688
Scholarships and stipends to individuals	561,300	216,733	647,900	1,425,933	-	-	1,425,933
Grants to other organizations	229,167	166,635	86,450	482,252	-	-	482,252
Total functional expenses	\$ 4,281,787	\$ 3,264,905	\$ 3,084,134	\$ 10,630,826	\$ 1,012,264	\$ 2,016,331	\$ 13,659,421

Statement of Cash Flows

Years Ended July 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Increase in net assets	\$ 7,499,119	\$ 1,044,165
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation expense	218,124	156,257
Realized and unrealized gains on investments	(132,389)	(424,400)
Bad debt expense	10,416,713	-
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable	40,210	91,041
Grants and contributions receivable	(8,091,713)	(2,703,908)
Prepaid expenses and other current assets	(448,282)	166,739
Accounts payable	99,506	(32,041)
Grants payable	486,000	74,500
Accrued payroll	91,584	77,512
Other accrued liabilities	24,542	76,015
Deferred revenue	(13,664)	60,755
Operating lease asset and liability	30,646	266,408
Net cash provided by (used in) operating activities	10,220,396	(1,146,957)
Cash Flows from Investing Activities		
Purchases of property and equipment	(65,501)	(345,611)
Purchases of investments	(14,176,310)	(124,826)
Proceeds from sales of investments	7,417,032	2,807,106
Net cash (used in) provided by investing activities	(6,824,779)	2,336,669
Net Increase in Cash	3,395,617	1,189,712
Cash - Beginning of year	6,365,489	5,175,777
Cash - End of year	\$ 9,761,106	\$ 6,365,489
Statement of Financial Position Classification of Cash		
Cash	\$ 9,760,452	\$ 6,365,470
Bank deposits - Included in investments	654	19
Total cash	\$ 9,761,106	\$ 6,365,489
Supplemental Cash Flow Information - Noncash property and equipment additions	\$ 37,500	\$ 22,000

Note 1 - Nature of Business

Interfaith America (the "Organization"), formerly known as Interfaith Youth Core, located in Chicago, Illinois, is a nonprofit corporation. Established in 2002, the Organization's vision is to build a society in which interfaith cooperation is a social norm. Rather than succumb to the notion of the inevitability of religious conflict, the Organization seeks to transform America into a nation that sees its religious diversity as a strength. Focusing on the higher education sector for its catalytic impact on broader society, the Organization has four strategically aligned program areas:

Model Environments - The Organization partners with campuses to implement consultations, devise assessment resources, and steward relationships over the long term, achieving sustainable, institutionwide shifts embedding interfaith cooperation.

Leaders - The Organization trains, cultivates, and networks a set of campus leaders, including students, staff, faculty, administrators, and alumni to advance interfaith cooperation within their spheres of influence.

Knowledge Base - The Organization contributes to and curates a knowledge base that provides the theoretical core to undergrad practice.

Communications - Communications programs give voice to the interfaith movement through a range of media platforms and change public discourse from the inevitability of religious conflict to the possibility of interfaith cooperation.

The Organization's funding is derived primarily from individual and foundation gifts, seminars and workshops, speaking honoraria, and university contracts.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Concentrations of Credit Risk

The Organization maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Amounts are insured only up to the federally insured depository limit.

Note 2 - Significant Accounting Policies (Continued)

Investments

Investments in mutual funds, money market funds, and fixed-income securities are reported at fair value, with unrealized gains and losses included in earnings.

Grants and Contributions Receivable

Accounts receivable consist of amounts due for services rendered. Receivables are carried at original invoice amounts. The Organization's contributions receivable are composed primarily of grants and allocations committed from various funding agencies for use in the Organization's activities. Management monitors the collection of these receivables on a periodic basis, and amounts are written off when deemed uncollectible. Management believes that all grants and contributions receivable are fully collectible.

Employee Retention Credit

The Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 introduced the Employee Retention Credit (ERC) as pandemic relief for eligible organizations. The ERC is a refundable credit against certain employment taxes and qualifies as a government grant. Under generally accepted accounting principles, government grants are recognized as revenue in the period in which an organization substantially overcomes all measurable barriers to be entitled to the funding. Management has determined that the measurable barriers that must be overcome for entitlement to the ERC funding are qualifying for the credit based on having operations suspended to comply with a government order related to COVID-19 and incurring eligible payroll expenses. For the year ended July 31, 2024, the Organization determined these conditions have been met and recognized \$767,531 of ERC revenue within government grants on the statement of activities and changes in net assets and recognized a corresponding receivable of \$767,531 within grants receivable on the statement of financial position.

During 2025, the Organization received a payment of \$457,721 toward its ERC claim. In addition, the Organization received a payment of \$71,115 for interest accrued on the claim, which is included within the interest and dividends line on the statement of activities and changes in net assets. Also in 2025, the Organization received communication from the Internal Revenue Service (IRS) that its ERC credit claim for one quarter had been denied. As of July 31, 2025, the Organization has appealed the decision and believes the full balance is collectible. The balance of \$309,810 is included within grants receivable on the statement of financial position and no allowance against the remaining balance has been recorded as of July 31, 2025.

The Organization's ERC claim is subject to review by the IRS within the applicable statute of limitations. If a portion or all of the ERC is determined to be ineligible upon IRS review, the Organization would be required to return the ineligible portion on demand and could potentially be subject to penalties and interest on unpaid employment taxes.

Designated Endowment without Donor Restrictions

The Organization maintains within its net assets without donor restrictions a designated endowment from which the Organization's board permits only distributions (grants) of earnings, which may include appreciation and income. This designated endowment consists of funds received from donors without donor restrictions designated by the board with the objective of generating income to support the Organization. The Organization, at the discretion of the board, has a policy to spend up to 5 percent of the previous three-year average of the endowment fund's fair value each year. Recognizing the perpetual nature of the endowment and its purpose to support the Organization's long-term needs, an appropriate portion of the endowment can have a greater emphasis on equity-based investments where long-term growth prospects have a higher probability of producing greater returns than those expected from fixed-income securities. The board is authorized to determine asset allocation guidelines for the endowment to achieve its long-term objectives, with appropriate attention to risk. All board-designated net assets are considered part of the designated endowment fund.

Note 2 - Significant Accounting Policies (Continued)

Contributions

Unconditional promises to give cash and other assets to the Organization are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met the year in which the contributions are received are reported as contributions without donor restrictions in the accompanying financial statements. Contributed stocks are sold upon receipt unless there are donor restrictions restricting the sale of such stocks.

Revenue Recognition for Contracts with Customers

The Organization's revenue generated from contracts with customers consists of seminars and workshops, consulting work with other organizations (included in earned revenue on the statement of activities and changes in net assets), and honoraria. The Organization's customers typically are students, foundations, corporations, and higher education institutions.

For each revenue stream, revenue recognition is subject to the completion of performance obligations. For each contract with a customer, the Organization examines the performance obligations in the contract, considering the performance obligations, whether customers benefit from the resources, and whether the resources are readily available.

The Organization's revenue is recognized when a given performance obligation is satisfied, either at a given point in time or over a period. Revenue is recognized at a given point in time when services or control of goods are transferred to the customer and when the customer can direct the use of and obtain substantial benefit from the services or goods. The Organization recognizes revenue over a period if the customer receives and consumes the benefits that the Organization provides simultaneously or if the Organization's performance does not create an asset with an alternative use and has an enforceable right to payment for the performance.

Performance obligations are determined based on the nature of the services provided by the Organization. For seminars and workshops, the performance obligation is to provide a bundle of services, including attendance and providing content for an educational event. For honoraria, the performance obligation is to deliver a defined speaking engagement. Both of these performance obligations are satisfied at the point in time when the event or speaking engagement occurs. For earned revenue, the Organization's performance obligations vary depending on the nature of the individual contract and typically include working collaboratively with the customer to host an event, provide educational content, or provide consulting services for a specific deliverable. These performance obligations are satisfied at a point in time for an event or over time for content creation or consulting services that are provided during the contract period.

Revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. The Organization does not offer discounts for early payment, and none of the Organization's contracts have a significant financing component.

For the years ended July 31, 2025 and 2024, the beginning balances of the Organization's accounts receivable related to customers with contracts were \$187,502 and \$278,543, respectively. The allowance for credit losses on the closing accounts receivable balances was \$9,360 as of July 31, 2025 and 2024. No impairment losses were recorded for these receivable balances during 2025 and 2024.

Note 2 - Significant Accounting Policies (Continued)

The Organization determines the transaction price based on stated contract fees for services provided. Cash payments received in advance of the event date or the Organization satisfying its performance obligation(s) are recorded as contract liabilities (deferred revenue) on the statement of financial position. For the years ended July 31, 2025 and 2024, the beginning balances of the Organization's deferred revenue from contracts with customers were \$115,365 and \$54,610, respectively.

Property and Equipment

Property and equipment are recorded at cost. Both straight-line and accelerated methods are used for computing depreciation and amortization. Assets are depreciated over their estimated useful lives. Costs of maintenance and repairs are charged to expense when incurred.

Leases

The Organization has an operating lease for its office space. The Organization recognizes expense for operating leases on a straight-line basis over the lease term. The Organization made a policy election not to separate lease and nonlease components for operating leases. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability.

The Organization elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate for the office space lease.

Grants and Scholarships Payable

The Organization awards grants and scholarships to selected organizations and individuals for interfaith and educational initiatives to advance its mission. Unconditional grants are recorded by the Organization in the period awarded and approved by management. The expenditures included in the accompanying financial statements include the amounts expensed for the years ended July 31, 2025 and 2024. Occasionally, the Organization makes conditional grants. Conditional grants are expensed when such conditions are substantially met. As of July 31, 2025 and 2024, the Organization is obligated to pay \$460,236 and \$313,250, respectively, of these conditional grants upon satisfaction of various performance obligations.

Income Taxes

The Organization is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses required allocation on a reasonable basis that is consistently applied. Costs have been allocated between the various program and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

- Occupancy and lease expense - By full-time equivalent (FTE) positions per department
- Information and technology services - By full-time equivalent positions per department
- Salaries and related expenses - By time and effort percentages

Occupancy costs include maintenance, utilities, and other indirect expenses incurred by multiple departments. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different amounts.

Note 2 - Significant Accounting Policies (Continued)

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including February 19, 2026, which is the date the financial statements were available to be issued.

Note 3 - Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of July 31, 2025 and 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	2025	2024
Cash	\$ 9,760,452	\$ 6,365,470
Investments	15,109,408	8,217,106
Accounts receivable - Net	147,292	187,502
Grants and contributions receivable - Net	19,066,286	21,391,286
Financial assets - At year end	44,083,438	36,161,364
Contractual or donor-imposed restrictions - Less those unavailable for general expenditures within one year due to:		
Restricted by donor with time or purpose restrictions	29,723,784	25,747,509
Board designations	2,500,000	2,500,000
Financial assets available to meet cash needs for general expenditures within one year	\$ 11,859,654	\$ 7,913,855

The grants and contributions receivable are subject to implied time restrictions; of the amount reported above, \$12,420,212 and \$8,876,497 at July 31, 2025 and 2024, respectively, is expected to be collected within one year and released from donor-imposed time restrictions.

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet six months of normal operating expenses, which are, on average, approximately \$9,600,000 and \$6,800,000 for 2025 and 2024, respectively. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and money market accounts.

The Organization also realizes there could be unanticipated liquidity needs.

Note 4 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Notes to Financial Statements

July 31, 2025 and 2024

Note 4 - Fair Value Measurements (Continued)

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Organization does not currently utilize any Level 3 inputs.

The following tables present information about the Organization’s assets measured at fair value on a recurring basis at July 31, 2025 and 2024 and the valuation techniques used by the Organization to determine those fair values:

Assets Measured at Fair Value on a Recurring Basis at July 31, 2025				
Quoted Prices in				
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at July 31, 2025
Assets				
Investments:				
Mutual fund - Stock/bond blended index	\$ 6,406,803	\$ -	\$ -	\$ 6,406,803
Money market funds	2,078	-	-	2,078
Fixed income - Treasury bills	-	8,699,873	-	8,699,873
Total investments	<u>\$ 6,408,881</u>	<u>\$ 8,699,873</u>	<u>\$ -</u>	<u>\$ 15,108,754</u>

Assets Measured at Fair Value on a Recurring Basis at July 31, 2024				
Quoted Prices in				
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at July 31, 2024
Assets				
Investments:				
Mutual fund - Stock/bond blended index	\$ 5,633,713	\$ -	\$ -	\$ 5,633,713
Money market funds	1,900	-	-	1,900
Fixed income - Treasury bills	-	2,581,474	-	2,581,474
Total investments	<u>\$ 5,635,613</u>	<u>\$ 2,581,474</u>	<u>\$ -</u>	<u>\$ 8,217,087</u>

Not included in the table above is \$654 and \$19 in bank deposits as of July 31, 2025 and 2024, respectively.

Level 1

The fair value of mutual funds and money market funds is based on active quoted market prices.

Note 4 - Fair Value Measurements (Continued)

Level 2

The fair value of fixed-income U.S. Treasury bills is based on quoted prices for similar securities that are traded on the secondary market.

Note 5 - Grants and Contributions Receivable

Contributions are recorded at the present value of their estimated future cash flows. The Organization discounted contributions due in more than one year using rates between 1.00 percent and 4.83 percent. Contributions receivable are expected to be collected during the following periods:

	2025	2024
Less than one year	\$ 12,420,212	\$ 8,876,497
One to five years	7,146,718	8,200,000
More than five years	-	5,000,000
Less allowance for present value discount	(500,644)	(685,211)
Net grants and contributions receivable	\$ 19,066,286	\$ 21,391,286

During 2025, the Organization had ongoing discussions with a donor who was not following scheduled payments for the donor's existing pledge. In September 2025, the donor made one partial payment against the donor's outstanding pledge balance in the amount of \$416,667. The Organization had further communications with the donor surrounding the payment schedule until notification was received from the donor in November 2025 stating that the donor no longer intended to fulfill their pledge obligation. The Organization has recorded an allowance for uncollectible pledges as of July 31, 2025 for the total remaining balance of the pledge (excluding subsequent payment received) of \$10,833,333, less the outstanding present value discount on the pledge of \$421,593. The bad debt expense as of result of the change in allowance for uncollectible pledges totaled \$10,411,740 and is recognized as a nonoperating activity on of the statement of activities and changes in net assets.

Note 6 - Property and Equipment

The cost of property and equipment is summarized as follows:

	2025	2024	Depreciable Life - Years
Furniture and fixtures	\$ 362,370	\$ 598,808	3-5
Computer equipment and website	549,972	1,036,141	3-5
Leasehold improvements	200,196	200,196	5-20
Total cost	1,112,538	1,835,145	
Less accumulated depreciation	643,401	1,228,885	
Net amount	\$ 469,137	\$ 606,260	

Depreciation expense for 2025 and 2024 was \$218,124 and \$156,257, respectively.

Note 7 - Net Assets

Net assets without donor restrictions consist of the following as of July 31:

	<u>2025</u>	<u>2024</u>
Board-designated net assets	\$ 2,500,000	\$ 2,500,000
Undesignated net assets	<u>11,356,941</u>	<u>7,834,097</u>
Total net assets without donor restrictions	<u>\$ 13,856,941</u>	<u>\$ 10,334,097</u>

Net assets with donor restrictions as of July 31 consist of the following:

	<u>2025</u>	<u>2024</u>
Subject to expenditures for a specified purpose:		
Narrative	\$ 185,000	\$ 103,898
Campus	12,540,067	2,126,139
Innovation	<u>6,589,612</u>	<u>1,206,695</u>
Total subject to expenditures for a specified purpose	19,314,679	3,436,732
Subject to the passage of time	<u>10,409,105</u>	<u>22,310,777</u>
Total net assets with donor restrictions	<u>\$ 29,723,784</u>	<u>\$ 25,747,509</u>

Note 8 - Concentration of Grants and Contributions

Approximately 44 percent of 2025 total grants and contributions revenue was contributed by three foundations, of which \$8,069,530 is included in grants and contributions receivable on the statement of financial position as of July 31, 2025.

Approximately 51 percent of 2024 total grants and contributions revenue was contributed by two foundations, of which \$5,000,000 is included in grants and contributions receivable on the statement of financial position as of July 31, 2024.

Note 9 - Leases

The Organization is obligated under an operating lease for office space, which commenced in November 2016 and expires in November 2030. The right-of-use asset and related lease liability have been calculated using a discount rate of 2.64 percent. The lease requires the Organization to pay taxes, insurance, utilities, and maintenance costs.

Lease expense for operating leases includes \$892 and \$2,248 related to leases classified as short-term leases during the years ended July 31, 2025 and 2024, respectively.

The Organization made a policy election not to separate lease and nonlease components for operating leases. Therefore, the full amount of the lease payment is included in the recorded right-of-use asset and lease liability.

In connection with the operating lease for office space, the Organization was granted lease incentives, including a tenant improvement allowance totaling \$328,265. Lease incentives are treated as a reduction of the right-of-use asset and are recognized as a reduction in lease expense on a straight-line basis over the term of the lease.

Note 9 - Leases (Continued)

Future minimum annual commitments under these operating leases are as follows:

Years Ending July 31	Amount
2026	\$ 287,815
2027	392,240
2028	408,414
2029	424,990
2030	442,037
Thereafter	<u>151,006</u>
Total	2,106,502
Less amount representing interest	<u>153,325</u>
Present value of net minimum lease payments	1,953,177
Less current obligations	<u>239,210</u>
Long-term obligations under leases	<u>\$ 1,713,967</u>

Expenses recognized under these leases for the years ended July 31, 2025 consist of the following:

	<u>2025</u>	<u>2024</u>
Lease cost:		
Operating lease cost	\$ 283,839	\$ 302,093
Short-term lease cost	<u>892</u>	<u>2,248</u>
Total lease cost	<u>\$ 284,731</u>	<u>\$ 304,341</u>
Other information:		
Cash paid for amounts included in the measurement of lease liabilities - Operating cash flows from operating leases	\$ 274,675	\$ 203,240
Weighted-average remaining lease term (years) - Operating leases	5.3	6.3
Weighted-average discount rate - Operating leases	2.6 %	2.6 %

Note 10 - Contributed Nonfinancial Assets

A significant amount of volunteer services is contributed to the Organization to support its activities. These volunteer activities include participating on the board of directors and numerous other committees. The value of these services is not recorded in the financial statements. These volunteer services are not recordable under GAAP.

The value of contributed services included in the statement of activities and changes in net assets and allocated to management and general and program service expense for the years ended July 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Professional services - Legal	\$ 84,518	\$ 54,315

July 31, 2025 and 2024

Note 10 - Contributed Nonfinancial Assets (Continued)

Contributed nonfinancial assets did not have donor-imposed restrictions. Contributed professional services are valued and reported at their estimated fair value in the financial statements based on current rates for similar professional services.

Note 11 - Employee Benefit Plan

The Organization provides a 403(b) plan available to all employees, with an employer match of 40 percent of the employees' contributions up to 6 percent of the salary. During the years ended July 31, 2025 and 2024, the employer match was \$256,842 and \$172,211, respectively.

Note 12 - Related Party Transactions

The Organization received approximately \$3,035,000 and \$4,000 in contributions from members of the board of trustees during 2025 and 2024, respectively. As of July 31, 2025 and 2024, approximately \$0 and \$525,000, respectively, of these contributions is included as grants and contributions receivable on the statement of financial position.