CANDOR HEALTH EDUCATION

FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 AND 2023

TOGETHER WITH AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Candor Health Education:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Candor Health Education (a nonprofit organization) ("the Organization"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of the Organization as of June 30, 2024, and the results of its operations and its cash flows for the year 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Candor Health Education as of June 30, 2023 were audited by other auditors whose report dated November 14, 2023 expressed an unmodified opinion on those statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 aggregate, which 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 available to be issued.

Auditor's 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 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 an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 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 judgement, there are conditions or events considered in the aggregate, which 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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Dugan & Lopatka

DUGAN & LOPATKA

Warrenville, Illinois
November 29, 2024

EXHIBIT 1

CANDOR HEALTH EDUCATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 211,171	$ 53,250
Student fees and admission receivable	37,644	19,737
Government grants receivable	31,757	14,129
Pledges receivable, current maturities	15,000	-
Deposit and prepaid expense	9,910	3,032
Investments	5,532,595	5,489,325
Total current assets	5,838,077	5,579,473
PROPERTY AND EQUIPMENT:		
Furniture and fixtures	207,215	207,215
Less - Accumulated depreciation	(196,532)	(187,747)
Net property and equipment	10,683	19,468
OTHER ASSETS:		
Right of use assets - Operating lease	193,655	274,188
Pledges receivable, long-term	15,000	-
Other assets	-	3,991
Total other assets	208,655	278,179
Total assets	$ 6,057,415	$ 5,877,120
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 19,437	$ 24,279
Accrued liabilities	35,491	41,324
Deferred revenue	-	26,992
Lease liabilities from operating lease, current maturities	84,263	77,847
Total current liabilities	139,191	170,442
LONG-TERM LIABILITIES:		
Lease liability from operating lease, net of current maturities	116,107	200,445
Total liabilities	255,298	370,887
COMMITMENTS		
NET ASSETS:		
Without donor restrictions	491,394	644,617
With donor restrictions	1,658,909	1,209,802
- Perpetual restrictions	3,651,814	3,651,814
Total net assets	5,802,117	5,506,233
Total liabilities and net assets	$ 6,057,415	$ 5,877,120

The accompanying notes are an integral part of this statement.

CANDOR HEALTH EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	$ 64,696	$ 5,000	$ 69,696	$ 55,767	$ -	$ 55,767
Foundation grants	1,005	140,000	141,005	66,750	67,500	134,250
Government grants	216,835	-	216,835	229,228	-	229,228
Student fees and admissions	1,151,144	-	1,151,144	888,605	-	888,605
Special events, net of fundraising cost of $21,516 and $33,307, respectively	29,711	-	29,711	45,969	-	45,969
In-kind contributions	1,500	-	1,500	3,750	-	3,750
Investment return, net	138,844	419,107	557,951	79,315	250,514	329,829
Miscellaneous income	500	-	500	5,117	-	5,117
Net assets released from restrictions	115,000	(115,000)	-	67,500	(67,500)	-
Total support and revenue	1,719,235	449,107	2,168,342	1,442,001	250,514	1,692,515
FUNCTIONAL EXPENSES:						
Program services	1,545,435	-	1,545,435	1,489,296	-	1,489,296
Management and general	184,674	-	184,674	252,851	-	252,851
Fundraising	142,349	-	142,349	142,505	-	142,505
Total functional expenses	1,872,458	-	1,872,458	1,884,652	-	1,884,652
CHANGE IN NET ASSETS	(153,223)	449,107	295,884	(442,651)	250,514	(192,137)
NET ASSETS, Beginning of year	644,617	4,861,616	5,506,233	1,087,268	4,611,102	5,698,370
NET ASSETS, End of year restated	$ 491,394	$ 5,310,723	$ 5,802,117	$ 644,617	$ 4,861,616	$ 5,506,233

The accompanying notes are an integral part of this statement.

CANDOR HEALTH EDUCATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 295,884	$ (192,137)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	8,785	11,588
Net unrealized and realized (gain) loss on investments	(342,489)	(144,793)
Non-cash portion of operating lease expense	82,995	77,350
Changes in assets and liabilities -		
(Increase) in student fess and admission receivable	(17,907)	(1,165)
(Increase) decrease in government grants receivable	(17,628)	23,600
(Increase) in pledges receivable	(30,000)	-
(Increase) in deposits and prepaid expenses	(6,878)	(1,397)
Decrease in employee retention credit receivable	-	69,402
(Decrease) in accounts payable and accrued liabilities	(10,675)	(8,896)
(Decrease) in deferred revenue	(26,992)	(10,425)
(Decrease) in refundable advances	-	(12,500)
(Decrease) in deferred rent	-	(14,211)
(Decrease) in operating lease liability	(81,742)	(73,246)
Net cash (used in) operating activities	(146,647)	(276,830)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	1,236,828	2,366,125
Purchase of investments	(932,260)	(2,391,589)
Net cash provided by investing activities	304,568	(25,464)
NET CHANGE IN CASH AND CASH EQUIVALENTS	157,921	(302,294)
CASH AND CASH EQUIVALENTS, Beginning of year	53,250	355,544
CASH AND CASH EQUIVALENTS, End of year	$ 211,171	$ 53,250

The accompanying notes are an integral part of this statement.

CANDOR HEALTH EDUCATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024				2023			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Personal expenses	$ 1,019,241	$ 137,408	$ 102,922	$ 1,259,571	$ 959,477	$ 187,870	$ 99,400	$ 1,246,747
Professional fees	22,555	3,842	2,440	28,837	25,048	5,213	2,594	32,855
Outside services	155,817	8,876	2,440	167,133	177,422	7,263	3,867	188,552
Supplies	83,075	-	-	83,075	63,688	6,187	8,672	78,547
Telecom	12,890	2,074	1,298	16,262	12,491	2,477	1,304	16,272
Postage and shipping	1,584	33	61	1,678	2,054	42	677	2,773
Occupancy expense	75,126	9,526	6,966	91,618	60,848	12,056	6,317	79,221
Utilities	2,287	354	234	2,875	1,993	387	206	2,586
Equipment expense	22,150	3,114	2,083	27,347	17,759	1,039	1,839	20,637
Copying and printing	2,740	-	6,037	8,777	15,424	317	25	15,766
Travel and entertainment	26,769	293	82	27,144	23,531	136	-	23,667
In-kind expenses	-	1,500	-	1,500	-	3,750	-	3,750
Fundraising costs	-	-	21,516	21,516	-	-	33,307	33,307
IT services	57,430	7,708	5,785	70,923	50,697	8,857	4,875	64,429
Professional development	6,494	2,966	646	10,106	14,119	6,899	691	21,709
Board activities	4,259	930	423	5,612	5,261	1,181	519	6,961
Recruiting	2,259	782	-	3,041	2,594	527	-	3,121
Depreciation	6,687	1,206	892	8,785	7,081	3,018	1,489	11,588
Administrative costs	6,520	3,383	1,124	11,027	4,691	3,853	2,396	10,940
Advertising and public relations	37,552	679	8,916	47,147	45,118	1,779	7,634	54,531
Total functional expenses	1,545,435	184,674	163,865	1,893,974	1,489,296	252,851	175,812	1,917,959
Less expenses includes with support and revenue on statements of activities:								
Fundraising costs	-	-	(21,516)	(21,516)	-	-	(33,307)	(33,307)
Total expenses includes with support and revenue on statements of activities	$ 1,545,435	$ 184,674	$ 142,349	$ 1,872,458	$ 1,489,296	$ 252,851	$ 142,505	$ 1,884,652

The accompanying notes are an integral part of this statement.

CANDOR HEALTH EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(1) NATURE OF ACTIVITIES ANDS SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Candor Health Education (the Organization) is a not-for-profit organization established for the purpose of positively impacting the physical, social, and emotional health of young people through innovative education programs in partnership with parents, schools, and communities. The Organization effectively began operating under the name Candor Health Education on August 12, 2020.

The financial statements were available to be issued on November 29, 2024, with subsequent events being evaluated through this date.

Basis of Accounting -

The Organization records its financial transactions and maintains its books and records on the accrual basis of accounting which recognizes revenue as it is earned and expense as they are incurred.

Financial Statement Presentation -

The financial statements of the Organization have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP). Under GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

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, whereby the donor has stipulated that the funds be maintained in perpetuity.

Cash and Cash Equivalents -

For purposes of the statement of cash flows, all highly liquid instruments with an original maturity of three months or less are considered to be cash equivalents.

Concentration of Credit Risk -

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization places its cash and deposits with high credit quality financial institutions; however, deposits may exceed the federally insured limits in various banks from time to time. The Organization has not experienced any losses in such accounts.

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Student Fees and Admission Receivables -

Student fees and admission receivables are carried at original invoice amount, less an estimate made for expected current credit losses. Student fees and admission receivables are measured at amortized cost. An allowance for credit losses that are expected to be incurred is recorded as of the date that a receivable is originated. The allowance reduces the carrying amount of the receivables to the net amount expected to be collected over the assets' contractual term. The determination of the allowance requires the Organization to collectively evaluate receivables by classifying them into pools that share similar risk characteristics such as risk rating, type of receivable, size of the receivable, contractual term, industry type of the debtor, geographic location of the debtor, or date of origination while individually evaluating such assets, if any, that do not possess risk characteristics similar to those in the identified pools.

Management determines the allowance for credit losses based on:

- Available and relevant internal and/or external information about historical loss experience with similar assets;
- Current conditions;
- Reasonable and supportable forecasts that affect the expected collectability of the reported amount of financial assets that have an extended contractual term.

The Organization considers a receivable to be past due when the normal invoice terms have been exceeded. Student fees and admission receivables are written off once they are deemed uncollectable. Write offs are recognized as a deduction from the allowance for credit losses. Amounts previously written off that are now expected to be recovered are included in the determination of the allowance for credit losses.

Government Grants Receivables -

Government grants receivables are amounts due under cost reimbursement contracts with primarily county and state government agencies. Government grants receivables are reviewed periodically by the management to determine the adequacy of the allowance for credit losses. Based on management's evaluation, the Organization believes that an allowance for credit losses is not considered necessary as of June 30, 2024 and 2023.

Pledges Receivables -

Pledges receivables are recorded in the fiscal year, in which the pledge has become unconditional and then is classified as either without donor restrictions or with donor restrictions depending on the existence and/or nature of donor restrictions. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to account receivables.

(1) NATURE OF ACITIVITES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property and Equipment -

Property and equipment are stated at cost or if donated, at the estimated market value at the date of donation. The Organization generally capitalizes assets costing $1,000 or more and have a useful life in excess of one year. Depreciation is provided over the estimated useful lives of the assets, which range from 3 to 7 years, using the straight-line method, and is allocated among program and supporting services. Repairs and maintenance charges are expensed as incurred. Depreciation expenses totaled $8,785 and $11,588 as of June 30, 2024 and 2023, respectively.

Investments -

Investments are carried at fair value in the statement of financial position. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of market risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position. Money market funds included in the investment portfolio are reported at cost, which approximates fair value, and are included as investments in the statement of financial position.

Revenue Recognition for Contributions and Grants -

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give; that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions upon which they depend have been met.

The Organization reports gifts of cash and other assets as, with donor restriction revenue, 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 purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution or grant revenue is received, the contribution or grant revenue is reported as net assets without donor restrictions.

A portion of the Organization’s revenue is derived from cost-reimbursable state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

(1) NATURE OF ACITIVITES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Student Fees and Admission Revenue -

Student fees and admissions are related to the Organization's health education programs that are provided to the students and parents either virtually or through online learning. The health education programs are primarily one or two day programs, and the Organization recognizes revenue when the performance obligation of the providing program is met, which is at the point in time the program occurs.

Special Event Revenue -

The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognizes the contributions element of special event revenue immediately, unless there is a right of return, or if the special event does not take place. Special event revenue is recognized at the point in time the event takes place as this represents the point at which goods and services are provided to the customer. Amounts received in advance of the special event are reported as deferred revenue in the statement of financial position.

Deferred Revenue -

Deferred revenue (contract liabilities) relates to advanced payments for health educational classes for which the performance obligations have not been met. These deposits are deferred until the performance obligations are completed.

The timing of revenue recognition, billings, and cash collections result in billed accounts receivables and deferred revenue on the statement of financial position. The beginning and ending contract balance were as follows:

	2024	2023	2022
Student fees and admission receivable	$ 37,664	$ 19,737	$ 18,572
Government grants receivables	31,757	14,129	37,729
Deferred revenue	-	26,992	37,417

In-Kind Contributions -

The Organization receives contributed non-financial assets that include donated services. Gifts of in-kind revenue are recorded at the respective fair values of the goods or services received at the time of the donation. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles that prohibit the recording of donated services unless they create or enhance a nonfinancial asset or are specialized skills that would have been purchased if they were not donated.

(1) NATURE OF ACITIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Leases -

The Organization determines if an arrangement is a lease or contains a lease at inception of the contract. The Organization's operating leases are presented in operating lease right-of-use assets, current portion of operating lease liabilities, and long-term portion of operating lease liabilities in the accompanying statement of financial position as of June 30, 2024 and 2023.

Operating lease right-of-use assets and lease liabilities are measured based on the present value of future lease payments over the lease term at each lease's commencement date. As most of the Organization's leases do not specify their implicit rate, The Organization has elected a practical expedient to use the nominal yield, at lease inception, applicable to U.S. Treasury instruments with a maturity of similar length of the lease term.

Operating lease right-of-use assets include all fixed contractual lease payments and initial direct costs incurred by the Organization, less any lease incentives the Organization receives from the lessor. The Organization has elected a practical expedient to account for lease and non-lease components together as a single lease component. Only the fixed lease components are included in the right-of-use assets and lease liabilities. Additionally, the Organization has elected not to apply these lease accounting policies to leases with a term of one year or less at the commencement date.

Operating lease expense for lease payments is recognized on a straight-line basis over the terms of each lease. Variable lease components including common area maintenance, real estate taxes and other charges are recorded as the expenses are incurred.

The Organization's leases can contain options granting the right to renew or extend the term of the lease for specified option periods. The decision as to whether the Organization will exercise the renewal options is generally at the Organization's sole discretion. The Organization includes lease extensions in the lease term when it is reasonably certain that the Organization will exercise the extension.

Advertising -

Advertising costs are expensed as incurred. Advertising expense was $47,147 and $54,531 for the years ended June 30, 2024 and 2023, respectively, and is included with advertising and public relations in the statement of functional expense.

Income Taxes -

The Organization has been determined by the Internal Revenue Service to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been established. The Organization files informational returns in the U.S. federal jurisdiction and Illinois. With few exceptions, the Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for fiscal years before 2021. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

(1) NATURE OF ACITIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Use of Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the relevant period. Actual results could differ from those estimates.

Functional Allocation of Expenses -

The costs of program and supporting services activities (fundraising and management and general) have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that are consistently applied. The expenses that are allocated include personnel expenses, which are allocated on the basis of time and effort, as well as occupancy expense, utilities, equipment expense, IT services, and depreciation and amortization, which are allocated on the basis of the personnel time benefited.

Reclassifications -

Certain amounts in the prior year's financial statements have been reclassified for comparative purposes to conform to the presentation in the current year's financial statements.

Adoption of New Accounting Principle with Respect to Credit Losses -

Effective January 1, 2023, the Organization adopted a new accounting standard under US GAAP that replaced the incurred loss model for measuring the allowance for credit losses with a new model that reflects current expected credit losses (CECL) that are expected to occur over the lifetime of the underlying accounts and notes receivable. The CECL methodology is applicable to financial assets that the Organization measures at amortized cost, including accounts and program services receivable, contract assets, and notes and loans receivable. The Organization adopted the changes in accounting for credit losses using a modified retrospective method. Upon implementation of the standard, there was no adjustment to beginning net assets.

(2) FAIR VALUE MEASUREMENTS:

The Accounting Standards Codification for Fair Value Measurement established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2:

Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3:

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

Equities, mutual Funds and exchange traded funds: Valued at the closing price as the active market on which the individual fund is traded on.

Cash and cash equivalents: Cash reserves and money market accounts maintained in the investment portfolio.

(2) FAIR VALUE MEASUREMENTS: (Continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of June 30, 2024 and 2023:

	2024			
Description	Level 1	Level 2	Level 3	Total
Assets:				
Equities, mutual funds, and exchange traded funds	$ 5,265,761	$ -	$ -	$ 5,265,761
Cash and cash equivalents	266,834	-	-	266,834
Total assets at fair value	$ 5,532,595	$ -	$ -	$ 5,532,595

	2023			
Description	Level 1	Level 2	Level 3	Total
Assets:				
Equities, mutual funds, and exchange traded funds	$ 5,433,711	$ -	$ -	$ 5,433,711
Cash and cash equivalents	55,614	-	-	55,614
Total assets at fair value	$ 5,489,325	$ -	$ -	$ 5,489,325

Investment income for the years ended June 30, 2024 and 2023 consisted of the following

	2024	2023
Interest and dividends	$ 257,435	$ 226,451
Investment fees	(41,973)	(41,415)
Net realized and unrealized gains	342,489	144,793
Investment return, net	$ 557,951	$ 329,829

(3) NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions contain donor-imposed restrictions which expire upon the passage of time or once specific purposes have been fulfilled. For the years ended June 30, 2024 and 2023, net assets with donor restrictions were available for the following purposes:

	2024	2023
Endowment returns available for future expenditures	$ 1,628,909	$ 1,209,802
Perpetual restrictions	3,651,814	3,651,814
Purpose restrictions	30,000	-
	$ 5,310,723	$ 4,861,616

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Science Behind Drugs Program	$ -	$ 20,000
Proviso Township	40,000	-
Curriculum development	75,000	47,500
	$ 115,000	$ 67,500

(4) PLEDGES RECEIVABLE:

Included in pledges receivable are the following unconditional promise to give:

	2024	2023
Pledges receivable	$ 30,000	$ -
Amount due in:		
Less than one year	15,000	-
One to five year	15,000	-
	$ 30,000	$ -

(5) ENDOWMENT:

The ASC provides guidance on the net asset classification of donor-restricted endowment funds for a non-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The ASC also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA. The Organization's endowment consists of one fund established to cover operating expenses. Its endowment consists of donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law -

The Board of Directors of the Organization has interpreted Illinois Prudent Management of Institutional Funds Act (IPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument and the Organization's bylaws at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by IPMIFA.

In accordance with IPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund;
(2) The purposes of the Organization and the donor-restricted endowment fund;
(3) General economic conditions;
(4) The possible effect of inflation and deflation;
(5) The expected total return from income and the appreciation of investments;
(6) Other resources of the Organization;
(7) The investment policies of the Organization.

The remaining portion of the donor-restricted endowment fund that is not classified as perpetually restricted net assets with donor restrictions is classified as purpose restricted net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization.

(5) ENDOWMENT: (Continued)

Strategies Employed for Achieving Objectives -

The Organization expects its endowment funds, over time, to provide an average rate of return that exceeds the rate of inflation. Actual results in any given year may vary from this amount. To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term return objective within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The Organization's board has approved a policy of appropriating annually no more than 3% of the endowment's fair value based on an assumption of gains of the same magnitude. Excess appropriations would only be permitted in years in which endowment earnings are in excess of 3%. In establishing this policy, the Organization considered the long-term expected return on its endowments. This is consistent with the Organization's objective to maintain the fair value of the endowment assets held in perpetuity for a specified term as well as to provide additional real growth through new gifts and investment return. Donor-restricted endowments are spent in accordance with the donors' requirements; distributions are made for purposes that conform to the donors' stated intentions. No endowment earnings were appropriated by the Board to support current operations for the years ended June 30, 2024 and 2023.

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Illinois UPMIFA requires the organization to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occur after the investment of donor contributions perpetual in nature. In accordance with GAAP, deficiencies of this nature would be and have been reported in net assets with donor restrictions. We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measurement required under law.

Endowment net asset composition by type of fund as of June 30, 2024:

		With Donor Restrictions		
	Without Donor Restrictions	Time & Purpose Restrictions	Perpetual Restrictions	Total
Donor-restricted endowment funds:	$ -	$ 1,628,909	$ 3,651,814	$ 5,280,723

(5) ENDOWMENT: (Continued)

Funds with Deficiencies - (Continued)

Changes in endowment net assets for the year ended June 30, 2024:

		With Donor Restrictions		
	Without Donor Restrictions	Time & Purpose Restrictions	Perpetual Restrictions	Total
Endowment net assets, June 30, 2023	$ -	$ 1,209,802	$ 3,651,814	$ 4,861,616
Investment return, net	$ -	$ 419,107	$ -	$ 419,107
Endowment net assets, June 30, 2024	$ -	$ 1,628,909	$ 3,651,814	$ 5,280,723

Endowment net assets composition by fund as of June 30, 2023:

		With Donor Restrictions		
	Without Donor Restrictions	Time & Purpose Restrictions	Perpetual Restrictions	Total
Donor-restricted endowment funds:	$ -	$ 1,209,802	$ 3,651,814	$ 4,861,616

Changes in endowment net assets for the year ended June 30, 2023:

		With Donor Restrictions		
	Without Donor Restrictions	Time & Purpose Restrictions	Perpetual Restrictions	Total
Endowment net assets, June 30, 2022	$ -	$ 959,288	$ 3,651,814	$ 4,611,102
Investment return, net	$ -	$ 250,514	$ -	$ 250,514
Endowment net assets, June 30, 2023	$ -	$ 1,209,802	$ 3,651,814	$ 4,861,616

(6) LEASES:

The Organization leases its facilities under the operating leases with non-related parties. The Organization is also responsible for its share of real estate taxes, insurance and maintenance costs for the buildings. The Operating leases will expire through October 2026.

The components of lease expense for the years ending June 30, 2024 and 2023 are as follows:

	2024	2023
Operating lease cost	$ 91,816	$ 79,221

Future minimum lease payments under noncancelable leases as of June 30, 2024 are as follows:

2025	$ 87,333
2026	89,931
2027	30,269
Total future minimum lease payments	207,533
Less imputed interest included	(7,163)
Present value of net minimum lease payments	$ 200,370

The following provides additional information related to the Organization's leases as of and for the years ended June 30, 2024 and 2023:

	2024	2023
Current portion of lease liabilities	$ 84,263	$ 77,847
Long-term portion of lease liabilities	116,107	200,445
Total lease liabilities	$ 200,370	$ 278,292
Weighted average lease term	2.28 years	3.33 years
Weighted average discount rate	1.56%	2.87%

Cash paid for amounts included in the measurements of the Organization's leases for the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
Operating cash from operating leases	$ 84,812	$ 82,368

(7) RETIREMENT PLAN:

The Organization sponsored a tax-sheltered annuity plan covering all employees. Full-time and part-time employees were eligible to make contributions to the plan; however, only full-time employees were eligible for employer contributions. The plan was a money purchase plan whereby the Organization could elect to make payments of 5% of the employees' normal compensation. Employees were able to elect to contribute a percentage of their own compensation (limited per Internal Revenue Service (IRS) regulations) under the plan. The Organization suspended contributions on April 1, 2009.

During January 2020, the Organization entered into a new plan agreement. This plan is an employer-sponsored retirement savings plan. All employees are eligible for participation into the plan, except for non-resident aliens. Employees can elect to make salary reduction contributions into the plan (limited per IRS regulations). Employer matching contributions are not permitted under the plan; however, the Organization may make a discretionary contribution under the plan. The discretionary contribution is a base contribution that all eligible employees can receive. For the years ended June 30, 2024 and 2023, there were no discretionary contributions made under the plan.

(8) IN-KIND CONTRIBUTIONS:

The Organization received the following in-kind contributions of services for the years ended June 30, 2024 and 2023 are as follow:

	2024	2023
Professional services	$ -	$ 3,750
Donation	1,500	-
Total in-kind contribution	$ 1,500	$ 3,750

Fair value of in-kind contribution is determined as follows:

Professional services: Professional services consist of software used for admission registration. The services are recognized at fair value based on the current market for the similar services.

Donations: Donations consist of initial deposit made for the annual golf event held by the Organization.

(9) AVAILABILITY AND LIQUIDITY:

	2024	2023
Financial Assets -		
Cash and cash equivalents	$ 211,171	$ 53,250
Investments	5,532,595	5,489,325
Student fees and admission receivable	37,644	19,737
Government grants receivable	31,757	14,129
Pledges receivable	15,000	-
Total financial assets	5,828,167	5,576,441
LESS: amount not available for general expenditures within one year		
Donor imposed restrictions for a specific purpose	1,658,909	1,209,802
Perpetual restrictions	3,651,814	3,651,814
Total donor imposed restrictions	5,310,723	4,861,616
Financial assets available to meet cash needs for general expenditures that are without donor or other restrictions limiting their use within one year	$ 517,444	$ 714,825

The Organization manages its liquidity and reserves adhering to the following principles:

- operating within a prudent range of financial soundness and stability.
- incurring unbudgeted costs only when such costs are funded.
- maintaining adequate liquid assets to fund near-term operating needs.