

**Institute for Citizens and Scholars  
Financial Statements  
June 30, 2025 and 2024  
With Independent Auditor's Report**

**Institute for Citizens and Scholars**  
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**June 30, 2025 and 2024**

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## Independent Auditor's Report

To the Board of Trustees of  
Institute for Citizens and Scholars:

### Opinion

We have audited the financial statements of Institute for Citizens and Scholars (the "Organization"), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Institute for Citizens and Scholars as of June 30, 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 Audit of the Financial Statements section of our report. We are required to be independent of the Institute for Citizens and Scholars and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

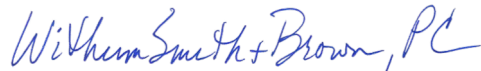
### Auditor's Responsibilities for the Audit of the Financial Statements

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 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.

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 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in blue ink that reads 'Withum Smith + Brown, PC'.

October 27, 2025

**Institute for Citizens and Scholars**  
**Statements of Financial Position**  
**June 30, 2025 and 2024**

	2025	2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 3,054,154	\$ 1,650,740
Current portion of unconditional promises to give	5,676,658	1,840,117
Grant receivable	11,191	365,826
Prepaid expenses and other current assets	77,703	44,613
<b>Total current assets</b>	8,819,706	3,901,296
Investments	6,297,347	5,623,274
Unconditional promises to give, net of current portion	3,747,265	-
Operating right-of-use asset, net	1,286,670	1,531,980
Property and equipment, net	94,750	123,000
Security deposits	68,163	68,163
<b>Total assets</b>	<u>\$ 20,313,901</u>	<u>\$ 11,247,713</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 460,550	\$ 497,678
Fellowships payable	510,300	927,789
Accrued vacation	195,065	165,375
Deferred revenue	-	36,000
Current portion of operating lease liability	247,433	240,127
<b>Total current liabilities</b>	1,413,348	1,866,969
Operating lease liability, net of current portion	1,065,150	1,312,583
<b>Total liabilities</b>	2,478,498	3,179,552
<b>Net assets</b>		
Net assets without donor restrictions	1,667,443	1,597,760
Net assets with donor restrictions	16,167,960	6,470,401
<b>Total net assets</b>	17,835,403	8,068,161
<b>Total liabilities and net assets</b>	<u>\$ 20,313,901</u>	<u>\$ 11,247,713</u>

The Notes to Financial Statements are an integral part of these statements.

**Institute for Citizens and Scholars**  
**Statements of Activities**  
**Years Ended June 30, 2025 and 2024**

	Without Donor Restrictions 2025	With Donor Restrictions 2025	2025	Without Donor Restrictions 2024	With Donor Restrictions 2024	2024
<b>Public support and other revenue</b>						
<b>Public support</b>						
Government	\$ 82,490	\$ -	\$ 82,490	\$ 365,826	\$ -	\$ 365,826
Foundations	414,000	16,714,126	17,128,126	110,000	3,476,009	3,586,009
Individuals	960,762	231,398	1,192,160	1,505,039	447,083	1,952,122
Net assets released from restrictions	7,395,524	(7,395,524)	-	7,747,534	(7,747,534)	-
<b>Total public support</b>	8,852,776	9,550,000	18,402,776	9,728,399	(3,824,442)	5,903,957
<b>Other revenue</b>						
Investment gain, net	404,578	147,559	552,137	383,350	253,148	636,498
Service fees	936,036	-	936,036	673,570	-	673,570
<b>Total support and other revenue</b>	10,193,390	9,697,559	19,890,949	10,785,319	(3,571,294)	7,214,025
<b>Expenses</b>						
<b>Program services</b>						
Higher education	3,934,980	-	3,934,980	2,415,680	-	2,415,680
Scholars	3,259,904	-	3,259,904	4,520,821	-	4,520,821
Youth	1,032,167	-	1,032,167	1,267,030	-	1,267,030
Workforce	198,035	-	198,035	128,139	-	128,139
<b>Total program services</b>	8,425,086	-	8,425,086	8,331,670	-	8,331,670
<b>Supporting services</b>						
Management and general	800,359	-	800,359	876,629	-	876,629
Fundraising	898,262	-	898,262	1,292,535	-	1,292,535
<b>Total supporting services</b>	1,698,621	-	1,698,621	2,169,164	-	2,169,164
<b>Total expenses</b>	10,123,707	-	10,123,707	10,500,834	-	10,500,834
<b>Changes in net assets</b>	69,683	9,697,559	9,767,242	284,485	(3,571,294)	(3,286,809)
<b>Net assets</b>						
Beginning of year	1,597,760	6,470,401	8,068,161	1,313,275	10,041,695	11,354,970
<b>End of year</b>	<u>\$ 1,667,443</u>	<u>\$ 16,167,960</u>	<u>\$ 17,835,403</u>	<u>\$ 1,597,760</u>	<u>\$ 6,470,401</u>	<u>\$ 8,068,161</u>

The Notes to Financial Statements are an integral part of these statements.

**Institute for Citizens and Scholars**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2025**

	Program Services				Supporting Services				
	Higher Education	Scholars	Youth	Workforce	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Grants and fellowships to individuals and organizations	\$ 7,882	\$ 1,357,627	\$ 59,600	\$ -	\$ 1,425,109	\$ -	\$ (100)	\$ (100)	\$ 1,425,009
Salary, fringe benefits and payroll taxes	2,441,165	890,502	633,277	169,428	4,134,372	250,082	635,233	885,315	5,019,687
Service and professional fees	805,307	352,156	236,033	15,674	1,409,170	250,121	143,666	393,787	1,802,957
Travel and accommodations	289,366	377,239	56,847	2,811	726,263	48,089	25,683	73,772	800,035
Printing, postage, delivery, copying, and other expenses	12,527	8,191	1,210	-	21,928	9,528	18,167	27,695	49,623
Other office and business expenses	378,733	274,189	45,200	10,122	708,244	214,289	75,613	289,902	998,146
<b>Total expenses before depreciation</b>	<b>3,934,980</b>	<b>3,259,904</b>	<b>1,032,167</b>	<b>198,035</b>	<b>8,425,086</b>	<b>772,109</b>	<b>898,262</b>	<b>1,670,371</b>	<b>10,095,457</b>
Depreciation and amortization	-	-	-	-	-	28,250	-	28,250	28,250
	<b>\$ 3,934,980</b>	<b>\$ 3,259,904</b>	<b>\$ 1,032,167</b>	<b>\$ 198,035</b>	<b>\$ 8,425,086</b>	<b>\$ 800,359</b>	<b>\$ 898,262</b>	<b>\$ 1,698,621</b>	<b>\$ 10,123,707</b>

The Notes to Financial Statements are an integral part of this statement.

**Institute for Citizens and Scholars**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2024**

	Program Services					Supporting Services				
	Higher Education	Scholars	Youth	Workforce	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	
Grants and fellowships to individuals and organizations	\$ 100,000	\$ 2,399,680	\$ 91,132	\$ -	\$ 2,590,812	\$ -	\$ (250)	\$ (250)	\$ 2,590,562	
Salary, fringe benefits and payroll taxes	1,462,034	1,044,629	823,223	127,813	3,457,699	352,534	990,345	1,342,879	4,800,578	
Service and professional fees	538,450	455,175	281,204	326	1,275,155	221,745	168,720	390,465	1,665,620	
Travel and accommodations	253,305	275,659	18,286	-	547,250	45,786	23,587	69,373	616,623	
Printing, postage, delivery, copying, and other expenses	3,925	2,496	1,303	-	7,724	34,878	28,414	63,292	71,016	
Other office and business expenses	57,966	343,182	51,882	-	453,030	193,436	81,719	275,155	728,185	
<b>Total expenses before depreciation</b>	<b>2,415,680</b>	<b>4,520,821</b>	<b>1,267,030</b>	<b>128,139</b>	<b>8,331,670</b>	<b>848,379</b>	<b>1,292,535</b>	<b>2,140,914</b>	<b>10,472,584</b>	
Depreciation and amortization	-	-	-	-	-	28,250	-	28,250	28,250	
	<b>\$ 2,415,680</b>	<b>\$ 4,520,821</b>	<b>\$ 1,267,030</b>	<b>\$ 128,139</b>	<b>\$ 8,331,670</b>	<b>\$ 876,629</b>	<b>\$ 1,292,535</b>	<b>\$ 2,169,164</b>	<b>\$ 10,500,834</b>	

The Notes to Financial Statements are an integral part of this statement.



**Institute for Citizens and Scholars**  
**Statements of Cash Flows**  
**Years Ended June 30, 2025 and 2024**

	2025	2024
<b>Operating activities</b>		
Changes in net assets	\$ 9,767,242	\$ (3,286,809)
<b>Adjustments to reconcile changes in net assets to net cash and cash equivalents provided by (used in) operating activities</b>		
Depreciation and amortization	28,250	28,250
Allowance for uncollectible promises to give	-	(1,000,000)
Realized (gain) loss on sale of investments	(16,236)	12,951
Unrealized gain on investments	(353,922)	(411,571)
Amortization of right-of-use asset	245,310	241,572
Donated securities	(129,341)	(186,461)
<b>Changes in operating assets and liabilities</b>		
Unconditional promises to give	(7,583,806)	1,759,233
Grant receivable	354,635	(365,826)
Prepaid expenses and other current assets	(33,090)	(24,575)
Accounts payable and accrued expenses	(37,128)	72,936
Fellowships payable	(417,489)	59,989
Operating lease liability	(240,127)	(232,935)
Deferred revenue	(36,000)	36,000
Accrued vacation	29,690	(19,466)
<b>Net cash provided by (used in) operating activities</b>	<u>1,577,988</u>	<u>(3,316,712)</u>
<b>Investing activities</b>		
Purchases of investments	(467,597)	(2,464,610)
Proceeds from sales of investments	293,023	3,730,555
<b>Net cash provided by (used in) investing activities</b>	<u>(174,574)</u>	<u>1,265,945</u>
<b>Net change in cash and cash equivalents</b>	1,403,414	(2,050,767)
<b>Cash and cash equivalents</b>		
Beginning of year	1,650,740	3,701,507
<b>End of year</b>	<u>\$ 3,054,154</u>	<u>\$ 1,650,740</u>

The Notes to Financial Statements are an integral part of these statements.

**Institute for Citizens and Scholars**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**1. Nature of Organization**

Institute for Citizens and Scholars (the "Organization") is a not-for-profit charitable organization located in Princeton, New Jersey. The primary mission of the Organization is to prepare young leaders and engage networks of people and organizations to help them become informed, productively engaged, and hopeful citizens. The Organization's mission reflects its twin commitments: to strengthen American education and to empower young people to build a flourishing civil society.

As a youth-focused organization, the Organization focuses primarily on Higher Education programs, Fellowships, and Youth Civics programs. The Higher Education project, known as College Presidents for Civic Preparedness, includes a set of offerings that support campus leaders in creating campus cultures where young people can build civic skills and solve challenges together.

The Fellowships include a suite of fellowships that support the development of future leaders at a variety of career stages in several critical fields. These programs invest in exceptional people and transformative ideas to strengthen democracy.

The Youth Civics project, known as Carnegie Young Leaders, increases civic skills and engagement by creating incentives, support and rewards for initiatives led by young people in their communities.

**2. Summary of Significant Accounting Policies**

**a. Basis of Accounting**

The financial statements have been prepared on the accrual basis in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to donor-imposed restrictions.

The net assets of the Organization are reported as follows:

**Net assets without donor restrictions:** Net assets that are not restricted by donor-imposed stipulations and are available for the general operations of the Organization. Net assets without donor restrictions may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties. In addition, net assets without donor restrictions includes board-designated endowment funds.

**Net assets with donor restrictions:** Net assets subject to donor-imposed restrictions that will be met either by the actions of the Organization or through the passage of time. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**b. Use of Estimates**

The preparation of financial statements in conformity with U.S. 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 period. Actual results could differ from those estimates.

**c. Cash and Cash Equivalents**

Cash and cash equivalents consist of all cash held in banks and highly liquid debt instruments with original maturities of three months or less and exclude money market funds included in the investment portfolio.

**Institute for Citizens and Scholars**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**d. Investments**

Investments are reported at fair value, which is determined by using quoted market prices. Gains and losses, both realized and unrealized, resulting from increases or decreases in fair value of investments are reflected in the statements of activities as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law. Donated securities are recorded at fair value on the date of receipt. Purchases and sales are recorded on a trade basis.

**e. Unconditional Promises to Give**

Unconditional promises to give are recorded in the year the promise is made. The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using the present value of their net realizable value, using risk-free prevailing interest rates applicable to the years in which the promises are received to discount the amounts. When estimating the fair value of unconditional promises to give, the relationship with the donor, the donor's past history of making timely payments, and the donor's overall creditworthiness are considered and incorporated into the present value calculation. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities.

The Organization determined the allowance for uncollectible promises to give based on historical collection history, type of contribution, and nature of fundraising activity. Promises to give are written off when deemed uncollectible. As of June 30, 2025 and 2024, there was no allowance for uncollectible promises to give, respectively.

**f. Property and Equipment**

The Organization records property and equipment additions at cost, or if donated, at fair value on the date of donation. When donors stipulate how long the assets must be used, the contributions are recorded as support with donor restrictions. Depreciation and amortization are computed using the straight-line method, with a half year deprecation recognized in years of acquisition and disposal, over the estimated useful lives of the assets ranging from 3 to 5 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Expenditures that substantially increase the estimated useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred.

Intangible assets of the Organization are included in property and equipment and consist of website and database development costs. These costs enhance the Organization's website and online operations. The Organization capitalizes costs associated with internally developed and/or purchased systems for new products that have reached the application stage and meet recoverability tests. Capitalized costs include external direct costs of materials and services utilized in developing or obtaining the applications and begins when the preliminary project stage is complete and ceases no later than the point at which the project is substantially complete and ready for its intended purpose. These costs are amortized over the anticipated useful life using the straight-line method, beginning in the month the software or website is placed in service over their estimated useful life of three to five years. Other costs, such as maintenance and training, are expensed as incurred.

Carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of property and equipment impairment during the years ended June 30, 2025 and 2024.

**Institute for Citizens and Scholars**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**g. Leases**

The Organization categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow the Organization to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the statements of financial position. The Organization had no finance leases during 2025 and 2024.

Certain lease contracts may include obligations to pay for other services, such as operations, property taxes, and maintenance. For leases of property, the Organization accounts for these other services as a component of the lease. For all other leases, the services are accounted for separately and the Organization allocates payments to the lease and other service components based on estimated stand-alone prices.

Lease liabilities are recognized at the present value of the fixed lease payments, reduced by any incentives, using a discount rate based on the risk-free rate at the time of lease execution or adoption. Right of use assets are recognized based on the initial present value of the fixed lease payments, reduced by any incentives and any direct costs from executing the leases. Lease assets are tested for impairment in the same manner as long-lived assets used in operations.

Options to extend lease terms, terminate leases before the contractual expiration date, or purchase the leased assets, are evaluated for their likelihood of exercise. If it is reasonably certain that the option will be exercised, the option is considered in determining the classification and measurement of the lease.

Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease.

**h. Revenue and Revenue Recognition**

*Revenue Accounted for in Accordance with Contribution Accounting*

Contributions are recognized when cash, securities, 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 or release) are not recognized until the conditions on which they depend have been substantially met. When collected prior to satisfaction of conditions, amounts are reported as deferred revenue. All contributions are considered to be net assets without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor-restricted support that increases that net asset class.

Contributed property and equipment and other non-cash assets are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

*Revenue Accounted for as Contracts with Customers: Service Fees*

Revenue is recognized when the Organization satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Organization expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Organization combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Revenue from all other sources is recognized when earned.

**Institute for Citizens and Scholars**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

The Organization recognizes service fees in accordance with Accounting Standards Codification ("ASC") 606 and it is recognized at a point in time. The Organization recognized \$936,036 and \$673,570 in service fees during the years ended June 30, 2025, and 2024, respectively. There were no outstanding receivables or deferred revenue at July 1, 2023 for service fees.

**i. Donated Services and In-kind Contributions**

The Organization records donated professional services at the respective fair values of the services received for donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the years ended June 30, 2025 and 2024, the Organization did not recognize any in-kind contributions. Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria under U.S. GAAP.

**j. Fellowships and Grants Payable**

The Organization recognizes grants made, including unconditional promises, as expenses in the period made. Conditional promises, that is, those with a measurable performance or other barrier, and a right of return or release, are not recognized in expense until the conditions on which they depend have been substantially met. Fellowships payable are expected to be paid within one year.

**k. Functional Allocation of Expenses**

The costs of providing program and supporting services of the Organization have been summarized on a functional basis in the statements of activities and detailed within the statements of functional expenses. Expenses directly attributed to a specific function are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

	<b>Method of Allocation</b>
Salaries and fringe benefits	Time and effort
Payroll taxes	Time and effort
Service and professional fees	Estimates of use or benefit
Travel and accommodations	Estimates of use or benefit
Printing, postage, delivery, copying, and other expenses	Estimates of use or benefit
Other office and business expenses	Estimates of use or benefit

**l. Tax-Exempt Status**

The Organization is exempt from federal income tax under Section 501(c)(3) of the United States Internal Revenue Code and exempt from state income taxes under state law, and no provision for such income tax has been reflected in the accompanying financial statements. Income generated by activities that would be considered unrelated to the Organization's mission would be subject to tax, which, if incurred, would be recognized as an expense. The Organization had no net unrelated business income for the years ended June 30, 2025 and 2024.

The Organization has evaluated uncertain tax positions with respect to its operations and concluded there are no such positions at June 30, 2025 and 2024. The Organization did not recognize any tax-related interest or penalties during the period presented in these financial statements.

**Institute for Citizens and Scholars**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**m. Reclassifications**

As a result of the Organization restructuring its program categories, certain amounts in the prior year financial statements have been reclassified to conform to the current period presentation. These reclassifications had no effect on the prior year's net assets or changes in net assets.

**n. Subsequent Events**

The Organization has evaluated events that occurred after June 30, 2025 through October 27, 2025, the date when the financial statements were available to be issued. Management has determined that there are no unrecognized subsequent events that require additional disclosure.

**3. Liquidity and Availability of Resources**

As of June 30, 2025 and 2024, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and fulfillment of liabilities, were as follows:

	<b>2025</b>	<b>2024</b>
<b>Financial assets</b>		
Cash and cash equivalents	\$ 3,054,154	\$ 1,650,740
Current portion of unconditional promises to give	5,676,658	1,840,117
Grant receivable	11,191	365,826
Investments	6,297,347	5,623,274
<b>Less</b>		
Net assets with donor restrictions	(12,420,695)	(6,470,401)
<b>Total financial assets available to meet general expenditure</b>	<b>\$ 2,618,655</b>	<b>\$ 3,009,556</b>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures come due. The Organization invests cash in excess of operating requirements in its investment portfolio. Although the Organization's investments, excluding endowment assets, are intended to be held to maturity or for long-term growth purposes, they are available to be liquidated to fund general operations and unanticipated liquidity needs should the need arise.

**4. Investments**

Investments, whose fair values are measured on a recurring basis as of June 30, 2025, are as follows:

	<b>Cost</b>	<b>Fair Value</b>	<b>Unrealized Gain</b>
Money market funds	\$ 805,163	\$ 805,163	\$ -
Mutual funds	5,191,236	5,492,184	300,948
	<b>\$ 5,996,399</b>	<b>\$ 6,297,347</b>	<b>\$ 300,948</b>

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Investments, whose fair values are measured on a recurring basis as of June 30, 2024, are as follows:

	<b>Cost</b>	<b>Fair Value</b>	<b>Unrealized Loss</b>
Money market funds	\$ 706,203	\$ 706,203	\$ -
Mutual funds	4,970,044	4,917,070	(52,974)
	<u>\$ 5,676,247</u>	<u>\$ 5,623,273</u>	<u>\$ (52,974)</u>

Investment gain, net consists of the following for the years ended June 30, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
Interest and dividend income	\$ 226,904	\$ 283,681
Realized gain (loss) on sale of investments	16,236	(12,951)
Unrealized gain (loss) on investments	353,922	411,571
Less: Investment expenses	(44,925)	(45,803)
<b>Total investment gain, net</b>	<u>\$ 552,137</u>	<u>\$ 636,498</u>

## **5. Fair Value Measurements**

Financial Accounting Standards Board ("FASB") ASC 820, *Fair Value Measurement*, establishes 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).

Fair value estimates involve uncertainty and significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially when quoted prices are unavailable. Changes in assumptions or market conditions could significantly affect these estimates.

### *Fair Value Hierarchy*

Assets and liabilities recorded at fair value are measured and classified in accordance with a fair value hierarchy consisting of three "levels" based on the observability of valuation inputs:

*Level 1* - Fair value measurements based on quoted prices (unadjusted) in active markets that the Organization has the ability to access for identical assets or liabilities. Market price data generally is obtained from exchange or dealer markets. The Organization does not adjust the quoted price for such instruments.

*Level 2* - Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.

*Level 3* - Fair value measurements based on valuation techniques that use significant unobservable inputs. Both observable and unobservable inputs may be used to determine the fair values of positions classified in Level 3. The circumstances for using these measurements include those in which there is little, if any, market activity for the asset or liability. Therefore, the Organization must make certain assumptions about the inputs a hypothetical market participant would use to value that asset or liability.

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The Organization maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Financial instruments with quoted prices in active markets generally have more pricing observability and require less judgment in measuring fair value. Conversely, financial instruments for which no quoted prices are available have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgment. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction, liquidity and general market conditions.

In certain cases, the inputs used to measure the fair value of an asset or liability may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

*Assets and Liabilities Measured at Fair Value on a Recurring Basis*

The following is a description of the valuation methodologies and inputs used for assets and liabilities recognized in the accompanying statement of financial position measured at fair value on a recurring basis.

*Money Market Funds:* Shares of money market portfolios are valued at their carrying amount due to their short-term nature.

*Mutual Funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Grand Lodge are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Grand Lodge are deemed to be actively traded.

The following table presents information about assets and liabilities measured at fair value on a recurring basis and indicates the level of the fair value measurement based on the observability of the inputs used:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
<b>June 30, 2025</b>				
Money market funds	\$ 805,163	\$ -	\$ -	\$ 805,163
Mutual funds:	5,492,184	-	-	5,492,184
	<u>\$ 6,297,347</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,297,347</u>
<b>June 30, 2024</b>				
Money market funds	\$ 706,203	\$ -	\$ -	\$ 706,203
Mutual funds	4,917,070	-	-	4,917,070
	<u>\$ 5,623,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,623,273</u>



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**6. Unconditional Promises to Give**

Unconditional promises to give consist of the following as of June 30, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
Scholars	\$ 6,295,000	\$ 686,288
Higher education	1,497,500	506,829
Youth	909,681	500,000
Annual fund	10,000	10,000
Other awards and prizes	964,477	137,000
<b>Total unconditional promises to give</b>	<b>9,676,658</b>	<b>1,840,117</b>
Less: Discount to net present value	(252,735)	-
<b>Net unconditional promises to give</b>	<b>\$ 9,423,923</b>	<b>\$ 1,840,117</b>

Unconditional promises to give are anticipated to be collected as follows as of June 30, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
Less than one year	\$ 5,676,658	\$ 1,840,117
One to five years	3,747,265	-
	<b>\$ 9,423,923</b>	<b>\$ 1,840,117</b>

At June 30, 2025 and 2024, two donors accounted for 74% and four donors accounted for 84%, respectively, of the total unconditional promises to give.

**7. Property and Equipment**

The historical costs of the Organization's property and equipment and related accumulated depreciation balances at June 30, 2025 and 2024 were as follows:

	<b>2025</b>	<b>2024</b>
Furniture and equipment	\$ 96,820	\$ 96,820
Software	105,000	105,000
	<b>201,820</b>	<b>201,820</b>
Less: Accumulated depreciation and amortization	(107,070)	(78,820)
<b>Property and equipment, net</b>	<b>\$ 94,750</b>	<b>\$ 123,000</b>

Depreciation and amortization expense was \$28,250 for the years ended June 30, 2025 and 2024.

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**8. Net Assets**

**Without Donor Restrictions**

The Organization's Board of Trustees has chosen to place a designation on a portion of the net assets without donor restrictions.

Net assets without donor restrictions comprises the following as of June 30, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
Board designated - Pennsylvania Teaching Fellowship	\$ 228,855	\$ 327,844
Undesignated	1,438,588	1,269,916
<b>Total net assets without donor restrictions</b>	<b>\$ 1,667,443</b>	<b>\$ 1,597,760</b>

The board-designated net assets presented above pertain to the Pennsylvania Teaching Fellowship. The total spending of board-designated net assets was \$98,989 and \$30,309 for the years ended June 30, 2025 and 2024, respectively.

**With Donor Restrictions**

The financial assistance the Organization receives comes from all sources and is restricted based on the donor intent. At the time that the donation is made, donors designate the use of their contributions towards various projects. The earnings on the endowments are to be used for various program initiatives as stipulated by the donors.

Net assets with donor restrictions are composed of the following at June 30, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
Higher education	\$ 6,438,322	\$ 574,977
Scholars	5,040,863	3,557,844
Youth	2,173,650	745,188
Workforce	(126,151)	(127,966)
Time restricted	-	100,000
Other awards and prizes	1,044,673	23,755
	<b>14,571,357</b>	<b>4,873,798</b>
<b>Endowments given in perpetuity</b>		
Humanities Initiatives Funds	603,609	603,609
Richard W. Couper Humanities Funds	400,000	400,000
Taplin Endowment	379,825	379,825
Gorheen Endowment	120,375	120,375
General Endowment	92,794	92,794
	<b>1,596,603</b>	<b>1,596,603</b>
<b>Total net assets with donor restrictions</b>	<b>\$ 16,167,960</b>	<b>\$ 6,470,401</b>

Net assets totaling \$7,395,524 and \$7,747,534 were released from donor restrictions for the years ended June 30, 2025 and 2024, respectively, and represent expenses incurred to satisfy donor restrictions or other events specified by the donors.

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**9. Endowment**

The Organization's endowment is composed of five individual funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") 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 net assets of a perpetual nature with donor restrictions as (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment, and (c) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Board of Trustees of the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, 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 or depreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization
- (8) Funds with deficiencies

Funds from earnings on net assets with donor restrictions appropriated for expenditure are expended according to donor restrictions and are classified as net assets released from restrictions on the accompanying statements of activities. If the endowment fund is less than the original gift as of the gift date, the Board of Trustees is permitted to determine and continue a prudent payout amount. No amounts are appropriated for expenditure without additional Board of Trustee review and direction.

The Board of Trustees has adopted the investment objective of preserving the endowment's principal by investing in high quality instruments. The return on endowment funds includes dividends, interest, capital gains/losses, and expenses. The holdings must adhere to asset allocation ranges in the Organization's Investment Policy Statement. The securities held must be appropriate for the objectives selected under the Organization's investment management process.

Changes in endowment net assets are as follows for the years ended June 30, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
Endowment net assets, beginning of year	\$ 1,694,298	\$ 1,488,132
Investment return	217,290	206,166
Amounts appropriated for expenditure	(201,898)	-
<b>Endowment net assets, end of year</b>	<b>\$ 1,709,690</b>	<b>\$ 1,694,298</b>

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	<b>2025</b>	<b>2024</b>
<b>Donor restricted "true" endowment</b>		
Historical gift value	\$ 1,596,603	\$ 1,596,603
Net accumulated appreciation (depreciation)	113,087	97,695
	<u>\$ 1,709,690</u>	<u>\$ 1,694,298</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original dollar value of the endowment fund or the level that the donor or state law requires the Organization to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions. The Organization considers prudence in maintaining an endowment fund in perpetuity. While spending may occur from an endowment fund whose fair value is below its historic value, the Organization has determined that its policies will continue the perpetual nature of the endowment over time.

#### **10. Leases**

Effective February 7, 2020, the Organization entered into a non-cancelable operating lease agreement for its headquarters office space in Princeton, New Jersey, that currently expires on July 1, 2030. The lease required minimum monthly lease payments of \$20,730 through June 30, 2021, with 1% annual escalations beginning in July 2021 for the duration of the lease. Because the rate implicit in the lease is generally not available, the Organization utilizes the risk-free rate as the discount rate.

Operating lease expense is recognized on a straight-line basis over the lease term. The components of lease expense were as follows for the years ended June 30, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
Operating lease expense	\$ 267,763	\$ 267,763
Variable lease expense	5,203	5,998
<b>Total lease expense</b>	<u>\$ 272,966</u>	<u>\$ 273,761</u>

Information regarding lease terms and discount rates as of June 30, 2025 and 2024 is as follows:

	<b>2025</b>	<b>2024</b>
<b>Weighted-average remaining lease term (years):</b>		
Operating leases	5 years	6 years
<b>Weighted-average discount rate (%):</b>		
Operating leases	1.58%	1.58%

Supplemental cash flow information related to leases is as follows for the years ended June 30, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
<b>Cash paid for amounts included in the measurement of lease liabilities</b>		
Operating cash flows from operating leases	\$ 262,580	\$ 259,125

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The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liability as of June 30, 2025:

2026	\$ 266,035
2027	269,490
2028	272,945
2029	276,400
2030	279,855
<b>Total operating lease payments</b>	<b>1,364,725</b>
Less: Imputed interest	(52,142)
<b>Total operating lease liabilities</b>	<b>\$ 1,312,583</b>

**11. Retirement Plan**

The Organization has a contributory defined contribution retirement plan under Internal Revenue Code Section 403(b). Employees that meet certain eligibility criteria are eligible to participate. Employees are fully vested in the plan when they become eligible to participate. The Organization is required to match employee contributions up to 10% of the employee's salary, provided the employee contributes a minimum of 5% of their salary to the plan. The Organization's contributions to the plan for the years ended June 30, 2025 and 2024, was \$392,359 and \$375,023, respectively. The plan is administered by TIAA.

**12. Commitments and Contingencies**

The Organization has significant cash balances at financial institutions which throughout the year may regularly exceed the federally insured limit of \$250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Organization's financial condition, results of operations, and cash flows.

The Organization has placed its investments in a professionally managed portfolio that contains equity and fixed income mutual funds and money market funds. Such investments are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements. The balances may exceed the maximum amount covered by the Securities Investor Protection Corporation ("SIPC").

**13. Related Parties**

Total contributions from various board members were \$499,811 and \$558,910 for the years ended June 30, 2025 and 2024, respectively. As of June 30, 2025 and 2024, there were no outstanding amounts due from board members.

**14. Employee Retention Credit**

The CARES Act established the Employee Retention Credit ("ERC"), which provides employers a refundable federal tax credit equal to 50% of qualified wages and benefits paid to employees (up to \$10,000 per employee) between March 21, 2020 and December 31, 2020. An amendment to the CARES Act extended the application of the ERC to qualified wages and benefits paid between January 1, 2021 and July 1, 2021. Contributions to qualified medical plans also constitute creditable amounts. The credit is available to offset all federal employment withholdings owed in a particular quarter including both the employer and employee share of social security, Medicare taxes and withholdings for federal income taxes. To the extent that the credit exceeds employment withholdings, the employer may request a refund of prior taxes paid.

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During the year ended June 30, 2023, the Organization applied for and received a refund of 2020 and 2021 amounts under the ERC in the amount of \$396,277.

During the year ended June 30, 2024, the Organization applied for an additional refund of 2020 and 2021 amounts under the ERC in the amount of \$365,826, which was included on the statement of activities for the year ended June 30, 2024 and included in grant receivable on the statement of financial position as of June 30, 2024. The Organization received payment including interest during the year ended June 30, 2025 for all except \$11,191, which is included in grant receivable on the statement of financial position as of June 30, 2025.