

Prestige Institute, Inc.
Houston, Texas

Financial Statements Together With
Independent Accountant's Compilation Report

June 30, 2024 and 2023



RATLIFF + ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Prestige Institute, Inc.
Financial Statements
June 30, 2024 and 2023

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RATLIFF + ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountant's Compilation Report

To the Board of Directors
Prestige Institute, Inc.
Houston, Texas

Management is responsible for the accompanying financial statements of Prestige Institute, Inc. (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Management has elected not to adopt the new accounting standard ACS 2016-02, Lease (Topic 842.) The new standard requires the Organization (the lessee) to recognize lease right-of-use ("ROU") assets and corresponding lease liabilities for operating leases on the statement of financial position. This is a departure from accounting standards generally accepted in the United States of America. The net effect of not including the ROU assets and corresponding lease liabilities on the statement of financial position on net assets is zero.

Prior Year Financial Statements

The fiscal year ended June 30, 2023 financial statements were audited by us, and we expressed an qualified opinion on them in our report dated April 24, 2024. We have not performed any auditing procedures since that date.

Ratloff + Associates, P.C.

March 4, 2025

Prestige Institute, Inc.
 Statements of Financial Position
 June 30, 2024 (Compilation) and 2023 (Audit)

	2024	2023
Assets		
Current assets		
Cash	\$ 67,242	\$ 98,926
Prepaid expenses	19,973	19,973
Investments	130,359	177,609
Total current assets	<u>217,574</u>	<u>296,508</u>
Noncurrent assets		
Property and equipment		
Furniture and fixtures	29,192	29,192
Leasehold improvements	185,977	183,174
Condominium	93,000	93,000
Less: accumulated depreciation	<u>(58,394)</u>	<u>(31,816)</u>
Property and equipment, net	<u>249,776</u>	<u>273,550</u>
Total noncurrent assets	<u>249,776</u>	<u>273,550</u>
Total Assets	<u><u>\$ 467,350</u></u>	<u><u>\$ 570,058</u></u>
Liabilities and Net Assets		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	<u>\$ 18,560</u>	<u>\$ 29,197</u>
Total current liabilities	<u>18,560</u>	<u>29,197</u>
Net assets		
Net assets without donor restrictions	423,430	498,929
Net assets with donor restrictions	<u>25,360</u>	<u>41,932</u>
Total net assets	<u>448,790</u>	<u>540,861</u>
Total Liabilities and Net Assets	<u><u>\$ 467,350</u></u>	<u><u>\$ 570,058</u></u>

See the accompanying note disclosures and independent accountant's compilation report.

Prestige Institute, Inc.

Statements of Activities

For the Years Ended June 30, 2024 (Compilation) and 2023 (Audit)

	2024	2023
Changes in net assets without donor restrictions		
Revenues		
Revenues without donor restrictions		
Tuition and fees	\$ 23,275	\$ 18,092
Contribution and grant receipts	972,562	666,758
Contributions, in-kind	20,985	41,169
Other receipts	55,414	39,622
Total revenues and other support	1,072,236	765,641
Net assets released from restrictions		
Satisfaction of program restrictions	53,672	323,090
Total revenues	1,125,908	1,088,731
Expenses		
Program expenses		
Children activities	514,851	381,118
Adult activities	459,640	369,244
Total program expenses	974,491	750,362
Support services		
Management and general expenses	69,612	104,985
Fundraising expenses	157,305	102,525
Total support services	226,917	207,510
Total expenses	1,201,408	957,872
Change in net assets without donor restrictions	(75,500)	130,859
Changes in net assets with donor restrictions		
Contributions - with donor restrictions	37,100	335,880
Net assets released from restrictions	(53,672)	(323,090)
Change in net assets with donor restrictions	(16,572)	12,790
Change in total net assets	(92,072)	143,649
Net assets at beginning of year	540,861	397,212
Net assets at end of year	\$ 448,790	\$ 540,861

See the accompanying note disclosures and independent accountant's compilation report.

Prestige Institute, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2024 (Compilation)

Expenses	Programs			Support		Total Expenses
	Children Activities	Adult Activities	Combined Programs	Management and General	Fundraising	
Advertising expenses	\$ 309	\$ 1,208	\$ 1,517	\$ 174	\$ 1,552	\$ 3,243
Office and administrative costs	139	139	278	-	6,723	7,001
Curriculum and supplies expense	19,402	55,596	74,998	228	4,468	79,694
Occupancy costs	134,168	131,756	265,924	15,404	8,079	289,407
Meals and entertainment costs	910	1,481	2,391	138	10,968	13,497
Software and supplies expense	12,300	12,291	24,591	983	6,419	31,993
Professional fees	5,815	10,264	16,079	16,694	41,829	74,602
Training and development costs	5,769	3,121	8,890	957	1,274	11,121
Recruitment and appreciation costs	832	2,533	3,365	68	224	3,657
Salary and benefit costs	325,196	231,241	556,437	19,644	72,128	648,209
Insurance, taxes, other non-designated	1,681	1,681	3,362	7,944	107	11,413
Depreciation expense	8,329	8,329	16,658	7,379	3,534	27,571
Total expenses	<u>\$ 514,851</u>	<u>\$ 459,640</u>	<u>\$ 974,491</u>	<u>\$ 69,612</u>	<u>\$ 157,305</u>	<u>\$ 1,201,408</u>

See the accompanying note disclosures and independent accountant's compilation report.

Prestige Institute, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2023 (Audit)

Expenses	Programs			Support		Total Expenses
	Children Activities	Adult Activities	Combined Programs	Management and General	Fundraising	
Advertising expenses	\$ 1,007	\$ 1,596	\$ 2,603	\$ 171	\$ 3,526	\$ 6,300
Office and administrative costs	1,425	1,425	2,850	611	2,210	5,671
Curriculum and supplies expense	22,244	41,943	64,187	1,430	2,821	68,438
Occupancy costs	66,176	63,919	130,095	41,275	4,912	176,282
Meals and entertainment costs	3,001	4,822	7,823	573	10,359	18,755
Software and supplies expense	12,286	13,328	25,614	1,927	4,340	31,881
Professional fees	11,081	13,059	24,140	20,405	4,141	48,686
Training and development costs	11,110	7,755	18,865	789	2,750	22,404
Recruitment and appreciation costs	2,469	1,683	4,152	890	1,855	6,897
Salary and benefit costs	247,058	206,383	453,441	15,806	65,344	534,591
Insurance, taxes, other non-designated	1,602	11,672	13,274	8,314	102	21,690
Depreciation expense	1,659	1,659	3,318	12,794	165	16,277
Total expenses	<u>\$ 381,118</u>	<u>\$ 369,244</u>	<u>\$ 750,362</u>	<u>\$ 104,985</u>	<u>\$ 102,525</u>	<u>\$ 957,872</u>

See the accompanying note disclosures and independent accountant's compilation report.

Prestige Institute, Inc.

Statements of Cash Flows

For the Years Ended June 30, 2024 (Compilation) and 2023 (Audit)

	2024	2023
Cash flows from operating activities		
Tuition and fees	\$ 23,275	\$ 18,092
Contributions and grants	1,001,762	778,999
Other sources	49,664	35,330
Cash paid to vendors for programs and support services	(1,158,482)	(889,873)
Net cash provided (used) by operating activities	(83,781)	(57,452)
Cash flows from investing activities		
Purchase of property and equipment	(8,804)	(196,232)
Sale of investments	230,000	-
Purchase of investments	(177,000)	(150,000)
Net cash provided (used) by investing activities	44,196	(346,232)
Cash flows from financing activities		
Contributions with donor restrictions	7,900	223,639
Net cash provided (used) by financing activities	7,900	223,639
Net increase (decrease) in cash and cash equivalents	(31,685)	(180,045)
Cash and cash equivalents at beginning of year	98,926	278,971
Cash and cash equivalents at end of year	\$ 67,242	\$ 98,926
Reconciliation of change in total net assets to net cash provided (used) by operating activities		
Change in total net assets	\$ (92,072)	\$ 143,649
Adjustments		
Depreciation	27,571	16,277
Loss from disposal of property and equipment	5,006	-
Change in fair market value of investments	(5,750)	4,293
In kind equipment	-	(1,500)
Contributions restricted for capital projects	(7,900)	(223,639)
Change in prepaid expenses	-	(12,723)
Change in accounts payable	(10,636)	16,191
Total adjustments	8,291	(201,101)
Net cash provided (used) by operating activities	\$ (83,781)	\$ (57,452)

See the accompanying note disclosures and independent accountant's compilation report.

Prestige Institute, Inc.
Note Disclosures to the Financial Statements
June 30, 2024 (Compilation) and 2023 (Audit)

Note 1, Nature of Organization

Prestige Institute, Inc. (the Organization) is organized as a non-profit corporation established under the laws of Texas. The Organization was established in 2017 to glorify God by educating, equipping, and ministering to immigrant and refugee families. The vision of the Organization is to see God's love bring holistic transformation to immigrant and refugee communities.

Note 2, Summary of Significant Accounting Policies

The following is a summary of the Organization's significant accounting policies consistently applied in the preparation of the accompanying financial statements:

Method of accounting: The financial statements of the Organization have been presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Revenues are recognized when earned, and expenses are recorded when incurred.

Functional areas: The Organization pursues its purpose through the execution of the following major programs that are also the reported functional expenses of the Organization:

- Adult and children's activities: Providing both adult and children's programs that educate, equip, and minister to immigrant and refugee families through educational curriculum embedded in biblical truth.
- General and administrative: Providing administrative support to the above functional areas.
- Fundraising: Encouraging additional contributions for programs and capital needs.

Recognition of revenue: Contributions and grants are recorded when cash is received. Contributors are under no contractual obligation to continue making contributions. Tuition and education related revenues are recognized during the year in which the related services are provided to the students. The performance obligation of delivering educational services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the academic year. Rental income, which is included in other income, is recognized during the year in which the related space is occupied. Fundraising income is recognized when the monies are received.

Amounts received that are donor restricted by time or purpose are reported as increases in net assets with donor 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 restriction.

Net assets without donor restrictions: The Organization further disaggregates net assets without donor restriction into two subcategories:

General unrestricted: Net assets that are neither subject to donor-imposed restrictions or self-imposed limits are general unrestricted.

Internally designated: Net assets that are subject to the Organization's self-imposed limits by action of the governing board or its delegates are internally designated. These voluntary limitations allow the Organization to earmark net assets for a variety of needs that may arise. Such limits may also be lifted at any time in the future by resolution of the board or its delegates. At June 30, 2024 and 2023, there are no internally designated net assets.

Prestige Institute, Inc.
Note Disclosures to the Financial Statements
June 30, 2024 (Compilation) and 2023 (Audit)

Note 2, Summary of Significant Accounting Policies, continued

Net assets with donor restriction: The Organization further disaggregates net assets with donor restriction into two subcategories:

Temporarily restricted: The Organization reports gifts of cash and other assets as with temporary donor restrictions if they are received with donor stipulations temporarily limiting the use of the contributions and if the restrictions are not met in the period of receipt.

Permanently restricted: The Organization reports gifts of cash and other assets as permanently donor restricted if they are received with donor stipulations permanently restricting the contribution to investment but permitting the Organization to use part or all of the income derived from the investment for general or restricted purposes. At June 30, 2024 and 2023, there are no permanently restricted net assets.

Allocation of expenses by function and nature: The costs of providing the various programs and other activities have been allocated and summarized on a functional basis in the statements of activities and on both a functional and a natural basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services, as well as the natural categories, that are benefited.

Cash and cash equivalents: The Organization's policy is to record all liquid investments with original maturities of three months or less as cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Concentration of credit risk: Financial instruments that potentially subject the Organization to credit risk include cash on deposit with a financial institution exceeding \$250,000 at various times during the year. The U.S. Federal Deposit Insurance Corporation insures amounts for up to \$250,000.

Liquidity: The statements of financial position are classified to show subtotals for current assets and current liabilities as part of the Organization's enhanced disclosure of liquidity. The Organization anticipates using current assets and satisfying current liabilities within one year of the statement date. Current assets, excluding inventory and prepaids (as applicable), represent financial assets available for general expenditure within one year of the statement date. Disclosures are presented for both the quantitative and qualitative aspects of liquidity and the availability of financial assets.

Fair value hierarchy: U.S. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. U.S. GAAP also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The guidance describes three levels of input that may be used to measure fair value:

Financial assets recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Prestige Institute, Inc.
 Note Disclosures to the Financial Statements
 June 30, 2024 (Compilation) and 2023 (Audit)

Note 2, Summary of Significant Accounting Policies, continued

Level 1: Financial assets and liabilities whose values are based on quoted prices in active markets for identical assets and liabilities.

Level 2: Financial assets and liabilities whose values are based on observable inputs other than Level 1 prices such as quoted prices for similar asset or liabilities; quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data such as benchmark interest rates and yield curves and or securities indices.

Level 3: Financial assets and liabilities whose values are based on unobservable inputs that are supported by little or no market activity and reflect management's best estimate of what market participants would use as fair value.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Property and equipment: Property and equipment are recorded at their acquisition cost or the fair market value on the date of donation. The Organization capitalizes assets with a cost greater than \$1,000 per item. Improvements are capitalized. Maintenance and repairs are charged to operations when incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and leasehold improvements	7 - 39 years
Furniture and equipment	5 years

Contributions in-kind: The Organization receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the statements of activities since none meet the criteria for recognition under U.S. GAAP. Materials and other assets received as donations are recorded and reflected in the financial statements at their fair market values at the date of donation. It is the policy of the Organization to utilize such gifts in their various programs.

Uses of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates included in the financial statements are depreciation and the estimated allocation of certain payroll and facility expenses to the functional areas. Depreciation is computed using management's estimate of the useful lives of the asset. The allocation of payroll and facility expenses is, respectively, based on management's estimate of staff time and roles and facility space and usage.

Federal income taxes: The Organization is incorporated under the laws of the state of Texas and is approved as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the financial statements. The Organization is exempt from federal income taxes except on net income derived from unrelated business activities.

Prestige Institute, Inc.
Note Disclosures to the Financial Statements
June 30, 2024 (Compilation) and 2023 (Audit)

Note 2, Summary of Significant Accounting Policies, continued

For the year June 30, 2024 and 2023, the Organization has not conducted unrelated business activities that are material to the financial statements taken as a whole. Accordingly, no provision for income taxes is included in the financial statements.

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Tax returns for the previous three years are open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

Going concern considerations: The Organization analyzes the effect that current and future events, both internal and external, may have on operations so that the Organization may continue as a going concern (i.e. viable organization). As of the date of this report, management has not identified a significant matter that, in its judgement, could materially threaten the ongoing operations of the Organization for at least one year from the date of the report. However, if conditions change during the following year, the Organization may reschedule or reformat certain events and programs or adjust the general operational budget as needed.

Note 3, Liquidity

As part of the Prestige Institute, Inc's (PI's) liquidity management, it has a strategy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. The significant qualities of this strategy are as follows:

- PI maintains general reserves in its unrestricted general net assets which consists of prior years' net excess revenues (net operating surplus).
- PI invests cash in excess of daily requirements in short-term investments such as interest-bearing savings accounts or money market funds.
- PI's donors have historically been responsive to appeals for contributions for special needs or projects.
- PI is highly dependent on recurring contributions from its members and other donors which have remained relatively consistent year-to-year.
- If liquidity becomes an ongoing concern, PI will elect to take steps to eliminate excess spending.

The following table reflects the Organization's financial assets as of June 30, 2024 and 2023, reduced by amounts that are not available to meet general expenditures within one year of the date of financial positions date because of contractual restrictions or internal board designations.

	2024	2023
Cash	\$ 67,242	\$ 98,926
Investments	130,359	177,609
Less: Financial assets with donor restrictions	<u>(25,360)</u>	<u>(41,932)</u>
Total available cash for general expenditures	\$ <u>172,241</u>	\$ <u>234,603</u>

Prestige Institute, Inc.
Note Disclosures to the Financial Statements
June 30, 2024 (Compilation) and 2023 (Audit)

Note 4, Investments

The Organization has a money market mutual fund that it is holding for investment purposes with Fidelity Investments. The holdings are defined as a Level 1 investment. The fair market value of these investments totaled \$130,359 and \$177,609 for the years ended June 30, 2024 and 2023, respectively.

Note 5, Operating Lease

The Organization is under a contractual lease for office space whose terms extend through July 2030. The Organization has chosen not to adopt the new accounting standard for leases, ASC 2016-02 as required by U.S. GAAP and as noted in the report on page one. The net effect on net assets of not adopting this standard is zero.

Rental expenses for the lease for the years ending June 30, 2024 and 2023 are \$226,666 and \$41,157, respectively. Future minimum lease obligations total \$1,537,033.

Payments over the next five years and thereafter under the non-cancelable lease with terms in excess of one year as of June 30, 2024 are as follows:

2025	\$	230,000
2026		233,000
2027		258,000
2028		261,000
2029		265,000
Thereafter		290,033
Minimum payments required	\$	<u>1,537,033</u>

Note 6, Net Assets with Donor Restrictions

The Organization receives grants and donations with donor restrictions that are held until commitments regarding their use have been fulfilled or the passage of time has occurred, according to U.S. GAAP. Total monies released from restriction during the fiscal years ended June 30, 2024 and 2023 are \$53,672 and \$323,090, respectively. As of June 30, 2024 and 2023, net assets with donor restrictions are for the following purposes:

	<u>2024</u>	<u>2023</u>
Community programs	\$ 25,360	\$ 16,391
Leasehold improvements and rental payments	<u>-</u>	<u>25,541</u>
Total Net Assets with Donor Restrictions	<u>\$ 25,360</u>	<u>\$ 41,932</u>

Prestige Institute, Inc.
Note Disclosures to the Financial Statements
June 30, 2024 (Compilation) and 2023 (Audit)

Note 7, Subsequent Events

The Organization has evaluated subsequent events through the date of the Independent Accountant's Compilation Report on page one, which is the date the financial statements were available to be issued. There are no subsequent events requiring adjustment to or disclosure in the financial statements.