FINANCIAL SCHOLARS, INC.

Report on Financial Statements

For the years ended

June 30, 2025 and 2024

MILLIGAN & COMPANY, LLC
Consultants and Certified Public Accountants

Meeting the Toughest Challenges.
Inspiring Confidence.SM

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Financial Scholars, Inc.
Philadelphia, Pennsylvania

Opinion

We have audited the accompanying financial statements of Financial Scholars, Inc. (the "Organization") (a nonprofit 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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2025 and 2024, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are 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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during fiscal year 2025, the Organization expanded its operations to the state of Connecticut, and as a result changed its name from Philadelphia Financial Scholars to Financial Scholars, Inc. This change did not affect the Organization's legal structure. Our opinion is not modified with respect to this matter.

Milligan + Company, LLC

Philadelphia, PA
March 17, 2026

FINANCIAL SCHOLARS, INC.
Statements of Financial Position
as of June 30, 2025 and 2024

	2025	2024
ASSETS		
Assets:		
Current assets:		
Cash	$ 434,169	$ 431,925
Contributions receivable	442,867	326,000
Prepaid expenses	12,251	328
Total current assets	889,287	758,253
Non-current assets:		
Contributions receivable	-	25,000
Website costs, net of accumulated amortization	7,883	12,379
Total assets	$ 897,170	$ 795,632
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 71,444	$ 78,418
Total liabilities	71,444	78,418
Net assets:		
Without donor restrictions	341,383	312,698
With donor restrictions	484,343	404,516
Total net assets	825,726	717,214
Total liabilities and net assets	$ 897,170	$ 795,632

The accompanying notes are an integral part of the financial statements.

FINANCIAL SCHOLARS, INC.
Statement of Activities
For the year ended June 30, 2025

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue and support:			
Contributions:			
Corporate	$ 413,050	$ 351,639	$ 764,689
Foundations	100,904	100,000	200,904
Individuals	17,493	66,581	84,074
Contributions of non-financial assets	13,549	-	13,549
Special event	48,492	-	48,492
Other income	1,709	-	1,709
	595,197	518,220	1,113,417
Net assets released from restrictions	438,393	(438,393)	-
Total revenue and support	1,033,590	79,827	1,113,417
Expenses:			
Program services	790,180	-	790,180
Supporting services:			
Management and general	110,057	-	110,057
Development	104,668	-	104,668
Total expenses	1,004,905	-	1,004,905
Changes in net assets	28,685	79,827	108,512
Net assets, beginning of the year	312,698	404,516	717,214
Net assets, end of the year	$ 341,383	$ 484,343	$ 825,726

The accompanying notes are an integral part of the financial statements.

FINANCIAL SCHOLARS, INC.
Statement of Activities
For the year ended June 30, 2024

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue and support:			
Contributions:			
Corporate	$ 618,530	$ 314,636	$ 933,166
Foundations	30,000	89,880	119,880
Individuals	24,637	-	24,637
Contributions of non-financial assets	12,027	-	12,027
Other income	12,918	-	12,918
Total revenue and support	698,112	404,516	1,102,628
Expenses:			
Program services	482,149	-	482,149
Supporting services:			
Management and general	79,219	-	79,219
Development	56,377	-	56,377
Total expenses	617,745	-	617,745
Changes in net assets	80,367	404,516	484,883
Net assets, beginning of the year	232,331	-	232,331
Net assets, end of the year	$ 312,698	$ 404,516	$ 717,214

The accompanying notes are an integral part of the financial statements.

FINANCIAL SCHOLARS, INC.
Statement of Functional Expenses
For the year ended June 30, 2025

		Supporting Services		
	Program	Management and General	Development	Total
Salaries, benefits, and taxes	$ 617,174	$ 26,092	$ 68,066	$ 711,332
Awards	45,899	-	-	45,899
Events	36,001	-	-	36,001
Program services	2,280	-	-	2,280
Insurance	-	13,589	-	13,589
Meals and food	9,989	291	1,026	11,306
Office	42,888	22,451	1,487	66,826
Professional fees	3,672	46,905	34,064	84,641
Travel	27,781	-	-	27,781
Amortization expense	4,496	-	-	4,496
Miscellaneous	-	729	25	754
Total expenses	$ 790,180	$ 110,057	$ 104,668	$ 1,004,905

The accompanying notes are an integral part of the financial statements.

FINANCIAL SCHOLARS, INC.
Statement of Functional Expenses
For the year ended June 30, 2024

		Supporting Services		
	Program	Management and General	Development	Total
Salaries, benefits, and taxes	$ 400,468	$ 22,549	$ 43,982	$ 466,999
Awards	18,236	-	-	18,236
Events	7,135	-	1,050	8,185
Program services	8,230	-	-	8,230
Insurance	-	13,539	-	13,539
Meals and food	6,969	-	-	6,969
Office	14,909	18,577	2,252	35,738
Professional fees	4,423	24,554	9,080	38,057
Travel	20,042	-	-	20,042
Amortization expense	1,109	-	-	1,109
Miscellaneous	628	-	13	641
Total expenses	$ 482,149	$ 79,219	$ 56,377	$ 617,745

The accompanying notes are an integral part of the financial statements.

FINANCIAL SCHOLARS, INC.
Statements of Cash Flows
for the years ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Total change in net assets	$ 108,512	$ 484,883
Adjustments to reconcile total change in net assets to net cash provided by operating activities:		
Amortization of capitalized website costs	4,496	1,109
(Increase) in contributions receivable	(91,867)	(307,816)
(Increase) decrease in prepaid expenses	(11,923)	3,939
(Decrease) increase in accounts payable and accrued expenses	(6,974)	56,744
Net cash provided by operating activities	2,244	238,859
Cash flows from investing activities:		
Website costs capitalized	-	(13,488)
Net cash used in investing activities	-	(13,488)
Net increase in cash	2,244	225,371
Cash at beginning of year	431,925	206,554
Cash at end of year	$ 434,169	$ 431,925

The accompanying notes are an integral part of the financial statements.

1. NATURE OF OPERATIONS

Financial Scholars, Inc. (the "Organization"), formerly Philadelphia Financial Scholars, was incorporated as a Pennsylvania nonprofit corporation in December 2020. The Organization was started when members of the Philadelphia financial services community came together to create a new nonprofit entity to expand financial literacy programming for high school students that had been previously supported by the FS Foundation, the philanthropic arm of FS Investments. Financial Scholars, Inc. aims to empower historically overlooked and underserved individuals with vital personal finance and entrepreneurship knowledge focused on high school students and their communities.

The Organization implements a four-part strategy to provide high school students and their families with the tools needed to generate greater wealth and achieve financial empowerment. The components of the strategy include:

1) In-class personal finance instruction based on a high-quality, standards-aligned, evidence-based curriculum from Next Gen Personal Finance, as well as 30 hours of Act 48-approved, paid professional development for participating teachers to support a credit-bearing high school class called “Personal Finance”;

2) Investing and Entrepreneurship enrichment programming that mobilizes paid university students and corporate volunteers to support students in small group settings in preparation for citywide competitions;

3) Paid summer career exploration including a rotational learning Experienceship program with local corporations and a university-hosted business incubator camp; and

4) Financial empowerment and financial aid adult programming, which offers two six-week virtual workshop series and bonus sessions to parents and other school community members.

For the 2024-25 school year, the Organization operated in 37 Philadelphia schools (district and charter) with 44 teachers serving 3,325 students. For the 2023-2024 school year, the Organization operated in 28 Philadelphia schools with 34 teachers serving 2,300 students.

The Organization continued to replicate its Philadelphia model for financial literacy in high-need school districts in Connecticut. During the year, Financial Scholars deepened its presence across Connecticut by engaging district leaders, expanding educator partnerships, and advancing implementation planning aligned to the state’s forthcoming personal finance graduation requirement. The Organization supported professional learning opportunities for Connecticut educators and continued outreach to recruit partner teachers for the 2025–26 school year and beyond through formal Letters of Agreement. In fiscal year 2025, the Organization received contributions designated to support the Connecticut expansion, which were used to advance program planning, staffing, and early implementation activities.

In February 2025, the Organization received approval from the Pennsylvania Department of State to change its name from Philadelphia Financial Scholars to Financial Scholars, Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to the following classes of net assets:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions. Amounts received and expended in the same year are reported as without donor restrictions.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Organization and/or the passage of time. When a restriction is satisfied, 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."

Also included in this category are net assets that are subject to donor-imposed restrictions that require the net assets to be maintained indefinitely while permitting the Organization to expend the income generated in accordance with the provision of the contribution. The Organization had net assets with donor restrictions of $484,343 and $404,516 as of June 30, 2025 and 2024, respectively.

Estimates

In preparing financial statements in conformity with GAAP, management makes 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, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Cash consists of amounts held in the Organization’s checking accounts.

Revenue and Support

Contributions received are recorded as net assets without donor restrictions or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions whose restrictions are satisfied in the same period are reported as net assets without donor restrictions. Unconditional contributions are recognized

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue and Support, Continued

as revenue when the related promise to give is received. Conditional contributions are recognized as revenue when the conditions are satisfied.

Income Taxes

The Internal Revenue Service has classified Financial Scholars, Inc. as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("Code"); as an organization, contributions to which are deductible under Section 170(c) of the Code; and as an organization that is not a private foundation as defined in Section 509(a) of the Code. As a result, no provision or liability for income taxes is included in the accompanying financial statements.

GAAP requires management to evaluate tax positions taken and recognize a tax liability if Financial Scholars, Inc. has taken an uncertain tax position that more likely than not would not be sustained upon examination by a government authority. Management has analyzed the tax positions taken by Financial Scholars, Inc., and is not aware of any uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress and believes it is no longer subject to income tax examinations for years prior to 2022.

Functional Expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated based upon the program and supporting services benefited, certain categories of expenses are attributed to either a program or supporting function while other expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, and taxes, which are allocated on the basis of estimates of usage, time and effort.

Contributions of Non-financial Assets

The Organization records the value of contributed goods when there is an objective basis available to measure their value. The Organization records donated services that create or enhance nonfinancial assets and that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Organization also receives significant amounts of time from individuals, specifically board members, who perform various functions for the Organization without compensation. See Note 8 for more details.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Website Costs

The Organization commenced and completed building its new website in 2024. The costs incurred will be amortized using the straight-line basis over 36 months. The cost and accumulated amortization at June 30, 2025 and 2024 are as follows:

	2025	2024
Website cost	$ 13,488	$ 13,488
Accumulated amortization	(5,605)	(1,109)
Net	$ 7,883	$ 12,379

Adopted Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB"), issued Accounting Standards Update (ASU) 2016-13, Financial Instruments—Credit Losses (Topic 326). ASU 2016-13 requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its issuance in 2016, the FASB has issued several updates to the original ASU. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. The effective date for non-public entities is for periods beginning on or after December 15, 2022, including all interim periods within that fiscal year. The Organization adopted this ASU in fiscal year 2024, which did not have a significant impact on the financial statements.

3. CONCENTRATION OF CREDIT RISK

Financial Scholars, Inc. maintains its cash balances in financial institutions with insurance provided by the Federal Deposit Insurance Corporation (FDIC). At times, these accounts may exceed the FDIC insurance limit of $250,000. Management monitors the creditworthiness of the financial institutions on an ongoing basis and has not experienced any losses in these accounts. As of June 30, 2025 and 2024, $124,997 and $180,311 exceeded FDIC insurable limits respectively.

4. CONCENTRATION OF REVENUE RISK

The Organization received 69% of its corporate contributions from five donors in 2025 and 61% from four donors in 2024. At June 30, 2025 and 2024, receivable balances due from a single source of support represented 82% for each year, respectively. Also, in fiscal year 2024 there was a $50,000 due from a foundation to be paid over two years in two equal installments of $25,000 each. The amount was not discounted to present value, which was deemed immaterial to the financial statements.

5. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets as of the statement of financial position date, which are available for general expenditures within one year for fiscal year ended June 30 were:

	2025	2024
Financial assets at year end:		
Cash	$ 434,169	$ 431,925
Accounts receivable	442,867	326,000
Total financial assets	877,036	757,925
Less amounts not available to be used within one year:		
Restricted by donors with purpose restrictions	(484,343)	(404,516)
Financial assets available to meet cash needs for general expenditures within one year	$ 392,693	$ 353,409

Liquidity Management

The Organization considers contributions restricted by donors for programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of June 30:

Subject to expenditure for specified purpose:	2025	2024
Summer programs	$ 25,000	$ 53,500
Connecticut program	106,944	50,000
Securities Industry Essentials (SIE) program	16,597	1,516
Teacher expansion	-	25,000
In-school Instruction	335,802	264,500
Afterschool Enrichment	-	10,000
Total	$ 484,343	$ 404,516

Releases from donor restricted net assets:

	2025	2024
Subject to expenditure for specified purpose:		
Summer programs	$ 63,412	$ -
Connecticut program	105,556	-
Securities Industry Essentials (SIE) program	4,838	-
Teacher expansion	25,000	-
In-school Instruction	229,587	-
Afterschool Enrichment	10,000	-
Total	$ 438,393	$

7. CONTRIBUTIONS

Contributions from corporations, foundations and individuals for fiscal years 2025 and 2024 totaled $1,049,667 and $1,077,683, respectively.

Educational Improvement Tax Credit Program Contributions

The Organization participated in the Commonwealth of Pennsylvania's Educational Improvement Tax Credit (EITC) program as an Educational Improvement Organization (EIO) for the first time in 2024. The EITC program encourages businesses to make contributions to eligible nonprofit organizations in support of innovative educational programming. Contributions received through the EITC program are restricted for use in programs that enhance and improve educational opportunities for students, particularly those in underserved communities.

Under the EITC program, contributions from businesses are classified as with donor restrictions net assets until utilized for the designated educational programs, including:

- In-class Personal Finance & Entrepreneurship - the core of the organization's services - based on a high-quality, standards-aligned, evidence-based curriculum.
- Afterschool entrepreneurship enrichment program that mobilizes paid university students and corporate volunteers to support students in small group settings to refine their business plans and pitches in preparation for a citywide competition series.

For the fiscal years ended June 30, 2025 and 2024, the Organization received contributions totaling $434,800 and $302,500, respectively under the EITC program. As of the statements of financial position date, $363,500 and $15,000, respectively of these funds have been expended. The Organization anticipates utilizing the remaining funds in the following fiscal year for ongoing financial empowerment initiatives.

8. RELATED PARTY TRANSACTIONS

The Organization is a nonprofit-in-residence at the offices of FS Investments. In-kind operational contributions from FS Investments include complimentary office space, technology support services, website hosting, and event planning. These non-cash contributions have enhanced the Organization's capacity to allocate more financial resources directly toward the mission. The value of contributed non-financial assets is based on invoice amounts and time spent on events and technology and a proration of facilities expenses based on space occupied and duration of occupancy. Amounts recognized in the Statements of Activities for 2025 and 2024, respectively are below:

	2025	2024
Access to office space/amenities	$ 8,751	$ 8,400
Technology and Event Support	4,798	3,627
Total	$ 13,549	$ 12,027

8. RELATED PARTY TRANSACTIONS, Continued

The contributed non-financial resources is used for supporting services and included in the management and general amount on the statement of activities.

Board members and their related organizations contributed $545,244 and $376,685 during fiscal year 2025 and 2024, respectively to the Organization. In addition, there was $310,500 and $245,000, contributed by board members and their related organizations through the EITC program, respectively during fiscal years 2025 and 2024.

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 17, 2026, the date on which the financial statements were available to be issued.