

Technovation

Financial Statements
December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Technovation
Menlo Park, California

Opinion

We have audited the accompanying financial statements of Technovation (the Organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the 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 black ink that reads "Hutchinson and Bloodgood LLP". The signature is written in a cursive, flowing style.

Glendale, California
May 2, 2025

TECHNOVATION

Statement of Financial Position December 31, 2024

ASSETS

Current assets

Cash and cash equivalents	\$ 2,477,318
Investments	60,576
Grants and pledges receivable, current	923,407
Other receivable	91,149
Prepaid expenses	<u>94,204</u>
Total current assets	<u>3,646,654</u>

Noncurrent assets

Grants and pledges receivable, net of current portion and discount	571,890
Property and equipment, net	6,021
Deposits	<u>19,134</u>
Total noncurrent assets	<u>597,045</u>

Total assets \$ 4,243,699

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 55,024
Accrued liabilities	123,803
Note payable, current portion	<u>3,452</u>
Total current liabilities	<u>182,279</u>

Deferred revenue	956,951
Note payable, net of current portion	<u>107,001</u>

Total liabilities 1,246,231

Net assets

With donor restrictions	558,347
Without donor restrictions	<u>2,439,121</u>
Total net assets	<u>2,997,468</u>

Total liabilities and net assets \$ 4,243,699

TECHNOVATION

Statement of Activities and Change in Net Assets Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:			
Grants	\$ 4,825,735	\$ 558,347	\$ 5,384,082
Contributions	201,679	--	201,679
Contributions in kind	7,760	--	7,760
Other income	10,495	--	10,495
Released from restrictions	<u>500,000</u>	<u>(500,000)</u>	<u>--</u>
Total support and revenues	<u>5,545,669</u>	<u>58,347</u>	<u>5,604,016</u>
Expenses:			
Program services	3,783,091	--	3,783,091
General and administrative	466,496	--	466,496
Fundraising	<u>592,354</u>	<u>--</u>	<u>592,354</u>
Total expenses	<u>4,841,941</u>	<u>--</u>	<u>4,841,941</u>
Change in net assets, before other changes	703,728	58,347	762,075
Unrealized gain on investments	<u>23,304</u>	<u>--</u>	<u>23,304</u>
Change in net assets	727,032	58,347	785,379
Net assets, beginning of year	<u>1,712,089</u>	<u>500,000</u>	<u>2,212,089</u>
Net assets, end of year	<u>\$ 2,439,121</u>	<u>\$ 558,347</u>	<u>\$ 2,997,468</u>

TECHNOVATION

Statement of Functional Expenses Year Ended December 31, 2024

	Program Services	Supporting Activities		Total
		Management and General	Fundraising	
Expenses:				
Advertising	\$ 170,796	\$ --	\$ --	\$ 170,796
Contract services	59,237	6,100	140	65,477
Professional services	18,489	26,688	10,379	55,556
Human resources and payroll processing	1,134	28,983	1,665	31,782
Dues and subscriptions	12,268	3,664	5,565	21,497
Equipment expenses	52,272	1,818	29,061	83,151
Events	314	--	2,928	3,242
Insurance	554	34,660	--	35,214
Bank charges	3,679	--	--	3,679
Interest	575	5,705	81	6,361
Office expenses	3,118	2,498	606	6,222
Professional development	7,401	623	625	8,649
Recruiting	7,555	335	3,797	11,687
Program participation, material, and other costs	171,654	78	--	171,732
Rent	8,335	--	70	8,405
Salaries	2,149,218	285,358	451,306	2,885,882
Employee benefits	308,704	43,269	33,845	385,818
Sub-awards and grants to partners	398,444	--	--	398,444
Taxes	157,843	20,182	30,513	208,538
Travel	251,501	2,032	21,773	275,306
Miscellaneous	--	674	--	674
Total before depreciation and amortization	3,783,091	462,667	592,354	4,838,112
Depreciation and amortization	--	3,829	--	3,829
Total expenses	<u>\$ 3,783,091</u>	<u>\$ 466,496</u>	<u>\$ 592,354</u>	<u>\$ 4,841,941</u>

TECHNOVATION

Statement of Cash Flow Year Ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 785,379
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	3,829
Unrealized gain on investments	(23,304)
Changes in:	
Grants and pledges receivable	(1,544,512)
Prepaid expenses	970
Deposits	7,352
Accounts payable	(45,585)
Accrued liabilities	23,157
Deferred revenue	956,951
Net cash provided by operating activities	<u>164,237</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition, equipment	<u>(1,500)</u>
Net cash used in investment activities	<u>(1,500)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment, note payable	<u>(33,247)</u>
Net cash used in financing activities	<u>(33,247)</u>
Net change in cash and cash equivalents	129,490

Cash and cash equivalents, beginning of year	<u>2,347,828</u>
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Cash and cash equivalents, end of year	<u>\$ 2,477,318</u>
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SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest	<u>\$ 3,494</u>
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The Notes to Financial Statements are an integral part of this financial statement.

TECHNOVATION

Notes to Financial Statements
December 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization: Founded in 2006 by Tara Chklovski, Technovation (the Organization) is a global tech education nonprofit organization. The Organization's mission is to empower girls and their families to use cutting-edge technology, such as mobile and Artificial Intelligence (AI), to solve real-world problems in their communities.

The Organization provides training and mentorship to girls to not merely learn to code, but to apply coding and entrepreneurship skills to drive progress against the very structures - cultural, social, political, and economic - that constrain them. The Organization's goal is to increase the empowerment of women and minority groups; measured through significant increases in access to learning resources, voice, influence, agency, and achievements.

The Organization programs take participants through a 12-week technology-entrepreneurship curriculum that goes beyond basic coding to help them develop real-world problem solving, collaboration, metacognition, and complex systems-thinking skills. The Organization programs rely on the dedication and support of volunteers spanning program leaders, mentors, and judges. Volunteers engage in activities that build their own professional skills - like collaboration, creative thinking, and problem solving - while supporting and guiding program participants. All of the Organization's curriculum is free and available online.

To date, the Organization programs have reached more than 345,000 youth, parents, educators, and volunteers globally. 91% of students participating in the Organization programs increased their sense of self-efficacy as problem solvers, and Organization's program alumni build the confidence and skills to be TED speakers and hold technical positions at global tech organizations like Google, Amazon, and Facebook.

Basis of Accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Use of Estimates: The preparation of financial statements in conformity with the 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 reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Investments: Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Investment return includes realized and unrealized gains and losses on investments carried at fair value. At December 31, 2024, Organization's investments include shares of a publicly traded company.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Pledges Receivable: Grants and pledges receivable consist primarily of noninterest-bearing amounts committed for services, educational and training programs. The Organization determines the allowance for uncollectable balances receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Grants and pledges receivable are written off when deemed uncollectable. Management determined that no allowance for uncollectible balances was required at December 31, 2024.

Property and Equipment: Capital expenditures over \$1,000 for building improvements, property and equipment are capitalized, and presented at cost, if purchased, and at fair value at the date of donation, if donated. Depreciation and amortization is computed on the straight-line method over the estimated useful lives of the assets, which generally range from three to ten years. Donated assets are capitalized at their approximate fair market value at the date of the gift. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Fully depreciated assets are retained in the accounts at their estimated salvage value until their retirement.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest) expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. During 2024 there were no events or changes in circumstances indicating that the carrying amount of long-lived assets may not be recoverable.

Net Assets: All revenues are reported as increases in net assets without donor restrictions in the statement of activities unless the use of the related resources is subject to donor restrictions. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as net assets with donor restrictions, depending on the nature of restrictions. When a restriction expires, 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. At December 31, 2024, \$558,347 net assets carried donor restrictions.

At December 31, 2024, there were no board-designated net assets.

All expenses are reported as decreases in net assets without donor restrictions.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition: The Organization's revenue recognition policies are as follows:

Contributions: Contributions are recorded as revenue upon receipt of cash or unconditional promise to give (pledge) in which there is no right of return of assets contributed and an indication of any donor-imposed barriers or performance obligations as a condition of the contribution based upon the donor agreement. Contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as net assets with donor restrictions until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with donor-restrictions. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Contributed Goods and Services: Volunteers contribute amounts of time to the program activities, administration, and fundraising and development activities carried out by the Organization. However, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by the U.S. GAAP. Contributed goods are recorded at fair value at the date of the donation. Donated professional services are recorded at their respective fair values.

Fundraising Events Revenue: Revenue generated from fundraising events is recognized when the event takes place or when the sponsorship commitment is fulfilled. These funds are typically unrestricted and used to support the Organization's general operational needs. Amounts received are recorded at the time of transaction.

Grants: Grants are recognized as revenue when all applicable eligibility and/or barrier conditions have been met. Grant revenue is classified based on the nature of the grant as either conditional or unconditional:

- *Unconditional grants*, including those with donor-imposed restrictions, are recognized as revenue when the grant is awarded or promised, and collection is reasonably assured. Grants with donor restrictions are recorded as net assets with donor restrictions and reclassified to net assets without donor restrictions when the restriction is satisfied.
- *Conditional grants* are recognized as revenue when the conditions upon which they depend are substantially met. Until such conditions are met, the grant is recorded as a refundable advance or deferred revenue.

Grants that are cost-reimbursement in nature are considered conditional and revenue is recognized as allowable costs are incurred under the terms of the grant.

Other Revenue: Revenue from miscellaneous sources is recognized when earned. These funds are typically unrestricted and contribute to the Organization's overall financial resources.

Advertising Costs: The Organization expenses all advertising costs as they are incurred.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses: The cost of providing the Organization's programs and other activities has been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefitted.

The financial statements report certain categories of expenses that are attributed to programs or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated may include occupancy, which may be allocated based on an allocation study. Salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and others are allocated on the basis of estimated time and effort.

Accordingly, certain costs have been allocated to program services, management and general, and fundraising. The functional classifications are defined as follows:

- *Program service expenses* – consist of costs incurred in connection with providing services and conducting programs.
- *Management and general expenses* – consist of costs incurred in connection with the overall activities of the organization, which are allocable to another functional expense category.
- *Fundraising costs* – are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions. Joint costs (if any) would be allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising.

Income Taxes: The Organization is organized as a California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170 (b)(1)(A)(vi) and (viii), and has been determined not to be private foundation under IRC Sections 509(a). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organization has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

U.S. GAAP provides accounting and disclosure guidance about positions taken by an organization on its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. Under the statute of limitations, the Organization's returns are subject to examination by federal and state taxing authorities for three and four years, respectively, after they are filed.

TECHNOVATION

Notes to Financial Statements
December 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements: The Organization determines the fair market values of certain financial instruments based on the 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 standard describes three levels of inputs that may be used to measure fair value.

The following provides a summary of the hierarchical levels used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities may include debt and equity securities, and mutual funds that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities may include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and other instruments whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Organization used the market approach to determine fair value for all investment assets.

NOTE 2. LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of December 31, 2024, reduced by the amounts not available for general expenditures within one year. Financial assets are considered unavailable when not convertible to cash within one year, designated by the Board for endowment or other purposes, or include donor purpose or time restrictions which are not anticipated to be fulfilled within one year.

Financial assets at December 31, 2024:

Cash and cash equivalents	\$ 2,477,318
Grants and pledges receivable due within one year	923,407
Investments	<u>60,576</u>
Total financial assets	<u>3,461,301</u>
Less amounts unavailable for general expenditures within one year, due to purpose or time restrictions by donors	<u>(558,347)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,902,954</u>

TECHNOVATION

Notes to Financial Statements December 31, 2024

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2024:

Computer software	\$ 872,108
Computer equipment	38,550
Video library	93,777
Furniture and equipment	<u>20,622</u>
Total property and equipment	1,025,057
Less: accumulated depreciation and amortization	<u>(1,019,036)</u>
Property and equipment, net	<u>\$ 6,021</u>

Depreciation and amortization expense for the year ended December 31, 2024 amounted to \$3,829.

NOTE 4. NOTE PAYABLE

On June 19, 2020, the Organization received a loan from the Small Business Administration (SBA) in the amount of \$150,000 under the SBA Economic Injury Disaster business loan plan enacted by the U.S. government. The SBA loan is payable in monthly installments of principal and interest of \$612 at 2.75% per annum, beginning 24 months after June 2020. All accrued unpaid interest and principal are due at maturity. The note matures in July 2050. At December 31, 2024, the balance on this note was \$110,453.

Future minimum maturity schedule is presented below.

Years Ending December 31:

2025	\$ 3,452
2026	3,548
2027	3,646
2028	3,748
2029	3,852
Thereafter	<u>92,207</u>
	<u>110,453</u>
Less note payable, current portion	<u>(3,452)</u>
Note payable, net of current portion (	<u>\$ 107,001</u>

Interest expense on this note was approximately \$4,000 for the year ended December 31, 2024.

NOTE 5. GRANTS

The following grants were recognized by the Organization during the year ended December 31, 2024:

Corporate grants	\$ 4,284,711
Federal and state grants	510,514
Grants from foundations	<u>588,857</u>
	<u>\$ 5,384,082</u>

TECHNOVATION

Notes to Financial Statements December 31, 2024

NOTE 6. IN-KIND CONTRIBUTIONS

For the year ended December 31, 2024, the Organization recognized \$7,760 of in-kind contributions related to legal services. The estimated fair value of these services was provided by the service provider, based on the number of hours worked and the standard hourly rates applicable to the services performed.

NOTE 7. EMPLOYEE RETIREMENT PLAN

The Organization sponsors a defined contribution retirement plan under IRC Section 403(b). Employees are eligible to participate and can voluntarily contribute to the plan in accordance with plan specifications. The Organization makes discretionary contributions into the plan. During the year ended December 31, 2024, the Organization contributed \$62,683 to the plan.

NOTE 8. CONCENTRATIONS OF CREDIT RISK, ECONOMIC DEPENDENCY AND CONTINGENCIES

Uncertainties: The Organization is subject to various uncertainties, including potential changes in the regulatory environment, the impact of recently proposed tariffs, and ongoing inflationary pressures coupled with high interest rates. These factors, along with broader economic instability and a decline in consumer confidence, are placing continued strain on the U.S. economy. While management actively monitors these developments, it is not possible to determine the full extent of the long-term impact of these and other current events on the Organization's operations and financial position.

Economic Dependency: The majority of the Organization's revenue and support are received from corporate donors, primarily in tech industry. Revenue from these donors is dependent upon the general health of the tech industry, and, as such, can be adjusted at any time. Further, the Organization's ability to generate resources via contributions and grants is dependent upon the economic health of its corporate donors throughout the U.S. An economic downturn could cause a decrease in contributions and grants.

Contingencies: The Organization may be subject to claims and litigation in the normal course of business.

Concentration of Credit Risk: As of December 31, 2024, and at various times throughout the year, the Organization maintained cash in certain bank deposit accounts in excess of Federal Deposit Insurance Corporation limits. The Organization has not experienced any losses in such accounts. Management does not believe that the Organization is exposed to any significant credit risk in connection with its cash and cash equivalents.

NOTE 10. INVESTMENTS

Investments are reported at fair value. As of December 31, 2024, investments consist of the following:

	Level 1	Level 1	Level 3
Equity securities, at fair value	\$ 60,576	\$ --	\$ --

Investment activity for the year ended December 31, 2024, consisted solely of an unrealized gain.

TECHNOVATION

Notes to Financial Statements December 31, 2024

NOTE 11. MULTI-YEAR PLEDGE RECEIVABLE

During 2024, the Organization received two new multi-year grant pledges.

The first pledge totaled \$1,500,000. Of this amount, \$500,000 was received in 2024. The remaining balance is due as follows: \$500,000 on April 2, 2025, and \$500,000 on April 2, 2026. The portion due in 2026 has been discounted to present value using a discount rate of 4.51%, reflecting the risk-free rate at the time the pledge was made. As of December 31, 2024, the present value of the 2026 payment is \$456,951, resulting in an unamortized discount of \$43,049, which will be amortized over the remaining pledge term.

The second pledge totaled \$370,371. Of this amount, \$123,457 was received in 2024. The remaining balance is due as follows: \$123,457 on September 30, 2025, and \$123,457 on September 30, 2026. The portion due in 2026 has been discounted to present value using a discount rate of 3.58%, reflecting the risk-free rate at the time the pledge was made. As of December 31, 2024, the present value of the 2026 payment is \$114,939, with an unamortized discount of \$8,518, which will be amortized over the remaining pledge term.

NOTE 12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 2, 2025, the date on which the financial statements were available to be issued.