

WORKING IN THE SCHOOLS, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2025 AND 2024

WORKING IN THE SCHOOLS, INC.
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WSDD

WSDD CPAs, Ltd. Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Working in the Schools, Inc.
Chicago, Illinois

Opinion

We have audited the accompanying financial statements of Working in the Schools, Inc., 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 Working in the Schools, Inc. 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. 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 Working in the Schools, Inc. 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 Working in the Schools, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the 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 Working in the Schools, Inc.'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 Working in the Schools, Inc.'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.

WSDD CPAs, Ltd.

WSDD CPAs, Ltd.

Chicago, Illinois
January 12, 2026

WORKING IN THE SCHOOLS, INC.
Statements of Financial Position
June 30, 2025 and 2024

ASSETS		
	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 444,574	\$ 527,727
Promises to give, net	232,785	419,106
Prepaid expenses	41,252	177,397
Investments, at fair value	832,486	247,911
Property and equipment, net	13,365	12,605
Operating lease right of use asset	32,431	94,451
Security deposit	<u>5,500</u>	<u>5,500</u>
TOTAL ASSETS	<u>\$ 1,602,393</u>	<u>\$ 1,484,697</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 13,322	\$ 29,140
Deferred revenue		9,600
Operating lease liability	<u>32,431</u>	<u>94,451</u>
Total Liabilities	<u>45,753</u>	<u>133,191</u>
NET ASSETS		
Without donor restrictions	1,313,855	839,501
With donor restrictions	<u>242,785</u>	<u>512,005</u>
Total Net Assets	<u>1,556,640</u>	<u>1,351,506</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,602,393</u>	<u>\$ 1,484,697</u>

See independent auditors' report and notes to financial statements.

WORKING IN THE SCHOOLS, INC.
Statements of Activities
For the Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT						
Contributions	\$ 1,743,163	\$	\$ 1,743,163	\$ 1,150,268	\$ 365,352	\$ 1,515,620
In-kind contributions	21,662		21,662	52,372		52,372
Special events (net of expenses, \$260,016 in 2025 and \$213,180 in 2024)	138,693		138,693	116,423	45,400	161,823
Net investment return	46,977		46,977	30,811		30,811
Net assets released from restriction	<u>269,220</u>	<u>(269,220)</u>		<u>197,957</u>	<u>(197,957)</u>	
Total Revenue and Other Support	<u>2,219,715</u>	<u>(269,220)</u>	<u>1,950,495</u>	<u>1,547,831</u>	<u>212,795</u>	<u>1,760,626</u>
EXPENSES						
Program expenses						
Mid-day Mentoring	244,044		244,044	283,202		283,202
Workplace Mentoring	382,562		382,562	404,888		404,888
WITS Kindergarten	216,006		216,006	138,378		138,378
Rochelle Lee Teacher Award	<u>258,495</u>		<u>258,495</u>	<u>178,499</u>		<u>178,499</u>
Total Program expenses	1,101,107		1,101,107	1,004,967		1,004,967
Management and general	370,483		370,483	302,603		302,603
Fundraising	<u>271,458</u>		<u>271,458</u>	<u>368,343</u>		<u>368,343</u>
Total Expenses	<u>1,743,048</u>		<u>1,743,048</u>	<u>1,675,913</u>		<u>1,675,913</u>
OTHER EXPENSE						
Loss on disposal of property and equipment	<u>(2,313)</u>		<u>(2,313)</u>			
CHANGE IN NET ASSETS	474,354	(269,220)	205,134	(128,082)	212,795	84,713
NET ASSETS						
Beginning of year	<u>839,501</u>	<u>512,005</u>	<u>1,351,506</u>	<u>967,583</u>	<u>299,210</u>	<u>1,266,793</u>
End of year	<u>\$ 1,313,855</u>	<u>\$ 242,785</u>	<u>\$ 1,556,640</u>	<u>\$ 839,501</u>	<u>\$ 512,005</u>	<u>\$ 1,351,506</u>

See independent auditors' report and notes to financial statements.

WORKING IN THE SCHOOLS, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2025
With Comparative Totals for the Year Ended June 30, 2024

	Program							Total	
	Mid-day Mentoring	Workplace Mentoring	WITS Kindergarten	Rochelle Lee Teacher Award	Total Program	Management and General	Fundraising	2025	2024
Salaries	\$ 127,335	\$ 167,611	\$ 134,531	\$ 130,301	\$ 559,778	\$ 177,286	\$ 163,694	\$ 900,758	\$ 868,447
Employee benefits	15,906	20,937	16,804	16,276	69,923	22,145	20,447	112,515	132,565
Payroll taxes	10,891	14,335	11,506	11,144	47,876	15,163	14,000	77,039	67,059
Professional development	2,202	2,899	2,327	2,254	9,682		2,831	12,513	9,616
Employee transportation	731	776	879	621	3,007	1,120	1,916	6,043	3,749
School coordinators		21,680			21,680			21,680	21,200
Bus transportation	36,238	89,321			125,559			125,559	174,599
Books	2,354	3,099	2,487	47,398	55,338			55,338	61,348
Office and program supplies	1,361	1,947	1,438	1,496	6,242	1,338	1,235	8,815	13,190
Professional fees	18,945	23,148	16,395	18,312	76,800	44,905	19,438	141,143	105,001
Information technology	3,945	5,193	4,168	4,037	17,343	5,492	5,071	27,906	22,910
Consultant fees	2,709	3,566	2,862	2,772	11,909	3,772	3,483	19,164	51,176
Marketing and public relations	5,391	7,097	5,696	7,971	26,155		7,746	33,901	17,627
Membership dues and subscriptions	483	484	484		1,451	1,773	806	4,030	4,232
Rent	9,793	12,890	10,346	10,021	43,050	13,634	12,589	69,273	68,991
Insurance	2,731	3,595	2,885	2,794	12,005	3,802	3,511	19,318	19,515
Telephone	1,502	1,978	1,588	1,538	6,606	2,092	1,932	10,630	8,865
Postage and delivery							2,418	2,418	992
Electricity	288	378	303	294	1,263	400	369	2,032	1,976
Depreciation and amortization	1,239	1,628	1,307	1,266	5,440	1,722	1,590	8,752	8,462
Bank charges						8,382	8,382	16,764	14,393
Bad debt expense						26,317		26,317	
Other expense						41,140		41,140	
Total Expenses - 2025	<u>\$ 244,044</u>	<u>\$ 382,562</u>	<u>\$ 216,006</u>	<u>\$ 258,495</u>	<u>\$ 1,101,107</u>	<u>\$ 370,483</u>	<u>\$ 271,458</u>	<u>\$ 1,743,048</u>	
Total Expenses - 2024	<u>\$ 283,202</u>	<u>\$ 404,888</u>	<u>\$ 138,378</u>	<u>\$ 178,499</u>	<u>\$ 1,004,967</u>	<u>\$ 302,603</u>	<u>\$ 368,343</u>		<u>\$ 1,675,913</u>

See independent auditors' report and notes to financial statements.

WORKING IN THE SCHOOLS, INC.
Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 205,134	\$ 84,713
<i>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</i>		
Depreciation and amortization	8,752	8,462
Realized and unrealized gain on investments	(32,909)	(24,562)
Donated investments	(37,655)	(28,533)
Loss on disposal of property and equipment	2,313	
<i>Increase (decrease) in cash due to changes in:</i>		
Promises to give	186,321	(177,296)
Prepaid expenses	136,145	39,164
Accounts payable and accrued expenses	(15,818)	18,070
Deferred revenue	(9,600)	(8,000)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>442,683</u>	<u>(87,982)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(537,655)	(28,533)
Proceeds from the sale of investments	23,644	50,938
Purchases of property and equipment	(11,825)	
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(525,836)</u>	<u>22,405</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(83,153)	(65,577)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>527,727</u>	<u>593,304</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 444,574</u>	<u>\$ 527,727</u>

WORKING IN THE SCHOOLS, INC.
Notes to Financial Statements
June 30, 2025 and 2024

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

Description of Programs – Working in the Schools, Inc. (“WITS”) empowers Chicago elementary students to discover themselves through reading while developing foundational literacy skills. WITS creates community through literacy-based mentorship, enables teachers to build diverse classroom libraries, and promotes book ownership at home. For the years ended June 30, 2025 and 2024, WITS served students in 86 and 37 schools, respectively, through activating 488 and 518 volunteers, respectively, and providing professional development for 100 and 86 teachers, respectively. For the years ended June 30, 2025 and 2024, WITS worked with 23 and 29 partnering organizations, respectively, including corporations, universities, and city agencies. The following is an overview of the programs in the WITS portfolio:

Mid-day Mentoring: Mid-day Mentoring is a school day literacy and mentoring program that pairs elementary school students and business volunteers for one-on-one, 45 minute reading sessions. Mid-day Mentoring promotes foundational literacy skills and love of reading through reading aloud, sharing favorite stories, and talking about books.

Workplace Mentoring: Workplace Mentoring is an after-school program that provides for third through sixth grade students to be transported by bus to corporate offices where they are matched with employees for one-on-one, 60 minute mentoring sessions.

WITS Kindergarten: The WITS Kindergarten (“WITSK”) program is a one-on-one reading program that takes place at Chicago public elementary schools (“CPS”). Kindergarten students read with a consistent volunteer each week, which allows volunteers and children to establish a consistent reading rapport and build book print awareness, as well as early literacy skills, over the course of the school year.

Rochelle Lee Teacher Award: The Rochelle Lee Teacher Award (“RLTA”) is named in honor of Rochelle Lee, CPS educator and librarian who inspired generations of students to be impassioned readers. Rochelle Lee Teacher Awardees are CPS teachers who embody the same drive as Rochelle Lee to develop their students into people who will foster a life-long relationship to learning and reading. The competitive essay-based application process draws CPS teacher applicants across subject matters in grades pre-kindergarten through eighth. Teachers apply either as a potential individual awardee or part of a study group. Teachers may be selected to participate in RLTA for a maximum of four years. The first two years can be as an individual participant; the last two must be as a member of a study group. Teachers attend self-selected literacy workshops during WITS’ Summer Institute and receive accredited continuing professional development hours for each completed workshop. Once teachers complete the required number of workshop hours, they are awarded book grants to purchase new books for their classroom libraries.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

To conform with the provisions of generally accepted accounting principles for nonprofit organizations, WITS is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. WITS is considered a voluntary health and welfare organization since it receives its support primarily from the general public to be used for specific community services.

- *Net Assets Without Donor Restrictions:* Net assets available to finance the general operations of WITS. The only limits on the use of without donor restrictions net assets are the broad limits resulting from the nature of WITS, the environment in which it operates and the purposes specified in their articles of incorporation.
- *Net Assets With Donor Restrictions:* Net assets subject to donor or grantor imposed restrictions. 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, wherein donors stipulate that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At June 30, 2025 and 2024, WITS had \$10,000 in net assets with perpetual donor restrictions and \$232,785 and \$502,005, respectively, in net assets with temporary donor-imposed restrictions.

Cash and Cash Equivalents

Cash and cash equivalents consist of checking and highly liquid interest bearing accounts.

Promises to Give

Unconditional promises to give are recognized as revenue in the period that the promises are received. Because the promises to give include amounts that will be collected over a period longer than one year, amounts have been discounted to determine their present value. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible. No allowance was considered necessary at June 30, 2025 and 2024.

Investments

Investments of WITS are reported at fair value. The fair value of a financial instrument is the amount that would be received to sell that asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date (the exit price).

Purchases and sales of the investments are reflected on a trade-date basis.

Dividend income is recorded on the ex dividend date. Interest income is recorded on the accrual basis.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are carried at cost or, if donated, fair value at time of donation. Major additions are capitalized while replacements, maintenance, and repairs which do not improve or extend the lives of the respective assets are expensed. Depreciation is computed using the straight-line method over estimated useful lives of three to five years.

Property and equipment consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Furniture and equipment	\$ 17,040	\$ 13,993
Leasehold improvements	<u>16,539</u>	<u>16,539</u>
	33,579	30,532
Less: accumulated depreciation and amortization	<u>(20,214)</u>	<u>(17,927)</u>
Property and equipment, net	<u>\$ 13,365</u>	<u>\$ 12,605</u>

Depreciation and amortization expense totaled \$8,752 and \$8,462 for the years ended June 30, 2025 and 2024, respectively. During the year ended June 30, 2025, furniture and equipment of with a net book value of \$2,313 was retired by WITS.

Leases

WITS determines if an arrangement is or contains a lease at inception. Leases are included in operating right of use ("ROU") assets and operating lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets may also include prepaid or accrued rent. For operating leases, WITS uses an incremental monthly borrowing rate of 50 basis points over the weighted average lease term. Operating lease expense is recognized on a straight-line basis over the lease term. WITS does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Revenue and Support

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor imposed restrictions.

Donor restricted support, is reported as an increase in with donor restrictions. When the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), with donor restrictions are reclassified to without donor restrictions and is reported in the statements of activities as satisfaction of program restrictions. If a restriction is fulfilled in the same period in which the contribution is received, WITS reports the support as without donor restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-kind Contributions

Contributed nonfinancial assets include donated professional services, donated property and equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and detailed in the statement of functional expenses. Expenses which are directly associated with a particular program or supporting service are charged directly to that functional category. Certain operating expenses directly identifiable with a functional area are charged to that area, and where these expenses affect more than one area, they are allocated on a basis of time and effort as determined by management.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2024 financial statements have been reclassified for comparative purposes to conform to the 2025 presentation with no effect on previously reported change in net assets.

NOTE 3 - LIQUIDITY AND AVAILABILITY

WITS has a liquidity policy to maintain financial assets less current liabilities at a minimum of 90 days operating expenses. To achieve this target, WITS forecasts its future cash flows and monitors its liquidity regularly. During the years ended June 30, 2025 and 2024, the level of liquidity and reserves was managed within the policy requirements.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, WITS considers all expenditures related to its ongoing programs, as well as the conduct of services undertaken to support those activities, to be general expenditures. Financial assets available for general expenditures within one year at June 30, 2025 and 2024 comprise the following:

	<u>2025</u>	<u>2024</u>
Financial assets		
Cash and cash equivalents	\$ 444,574	\$ 527,727
Promises to give, net due within one year	117,004	238,426
Accounts receivable		
Investments, at fair value	<u>832,486</u>	<u>247,911</u>
Total Financial Assets Available Within One Year	1,394,064	1,014,064
Less amounts unavailable for use within one year due to:		
Net assets with perpetual donor restrictions	<u>(10,000)</u>	<u>(10,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,384,064</u>	<u>\$ 1,004,064</u>

WITS has certain donor-restricted net assets that are available for general expenditures within one year, because the restrictions on the net assets are expected to be met by conducting the normal activities of its programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year. In addition to financial assets available to meet general expenditures over the next 12 months, WITS operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

NOTE 4 - REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue Disaggregation

In accordance with ASU 2014-09, the WITS disaggregates revenue from contracts with customers into major revenue streams and the timing of recognizing revenue. Revenue from contracts with customers disaggregated by category for the years ended June 30, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Revenue recognized at a point in time:		
Special events, direct benefit	\$ 60,026	\$ 18,667

Contract Balances

There were no contract assets at June 30, 2025, 2024, and 2023. WITS' contract liabilities include deferred revenue arising from annual special event revenue received in advance of the event. Deferred revenue was as follows at June 30:

	<u>2025</u>	<u>2024</u>
Deferred revenue, beginning of year	\$ 9,600	\$ 17,600
Revenue recognized during the year	(9,600)	(17,600)
Revenue deferred until next year	<u>9,600</u>	<u>9,600</u>
Deferred revenue, end of year	<u>\$ 9,600</u>	<u>\$ 9,600</u>

Significant Judgment

Significant judgment is required to be made by management to determine the appropriate approach to applying the revenue recognition criteria. Significant judgment was also required when determining whether revenue from contracts with customers was earned at a point in time or over time.

NOTE 5 - CONCENTRATION OF CASH

Cash consists of monies held in checking and highly liquid interest bearing accounts without significant withdrawal restrictions. WITS places its cash with financial institutions deemed to be creditworthy. Balances are insured up to \$250,000 per financial institution. Balances may at times exceed insured limits. Management believes this credit risk to be minimal.

NOTE 6 - TAX STATUS

WITS has been advised by the Internal Revenue Service that it is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is, therefore, not subject to tax under present income tax laws. WITS is not considered to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require WITS to evaluate tax positions taken by WITS and recognize a tax liability if WITS has taken an uncertain position that more likely than not would not be sustained upon examination by tax authorities. WITS is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

See independent auditors' report.

NOTE 7 - PROMISES TO GIVE

Promises to give that cover multiple years have been discounted using a discount rate ranging from 3.79% to 4.87% as of June 30, 2025 and 2024. The following presents a summary of multi-year promises to give as of June 30:

	<u>2025</u>	<u>2024</u>
Promises to give in less than one year	\$ 117,004	\$ 238,426
Promises to give in one to five years	<u>133,500</u>	<u>207,196</u>
	250,504	445,622
Discount for present value	<u>(17,719)</u>	<u>(26,516)</u>
Total	<u>\$ 232,785</u>	<u>\$ 419,106</u>

NOTE 8 - CONDITIONAL GRANT

During the year ended June 30, 2023, WITS was awarded a \$150,000 grant, which was conditional on WITS achieving certain goals and conditions at the grantor's discretion over the grant period ending December 2025. Of the total grant amount, the entire balance is withheld from payment contingent upon WITS meeting performance objectives. WITS recognized \$50,000 associated with the grant during each of the years ended June 30, 2025 and 2024.

NOTE 9 - INVESTMENTS

Investments consisted of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Mutual Funds	\$ 713,065	\$ 222,098
Money market funds	<u>119,421</u>	<u>25,813</u>
	<u>\$ 832,486</u>	<u>\$ 247,911</u>

Net investment return for the years ended June 30, 2025 and 2024 is summarized as follows:

	<u>2025</u>	<u>2024</u>
Interest and dividend income	\$ 14,068	\$ 6,249
Unrealized gain on investments	31,034	24,495
Realized gain on investments	<u>1,875</u>	<u>67</u>
	<u>\$ 46,977</u>	<u>\$ 30,811</u>

WITS invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, currency and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and any such changes could materially affect the amounts reported in the statements of financial position.

See independent auditors' report.

NOTE 10 - FAIR VALUE MEASUREMENTS

The *Fair Value Measurements and Disclosures* Topic of the FASB Accounting Standards Codification established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. The fair values of the mutual funds are determined by reference to the funds' underlying assets, which are principally marketable equity and fixed income securities. Shares held in mutual funds and common stocks are traded on national securities exchanges and are valued at the net asset value on the last business day of each period presented.

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly. Money market funds are valued at cost, which approximates their fair value.

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. At June 30, 2025 and 2024, WITS had no Level 3 investments.

The following tables set forth WITS' investments measured at fair value on a recurring basis and the basis of measurement at:

	June 30, 2025			
Investments:	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds				
Fixed income	\$ 349,015	\$ 349,015	\$	\$
Equities	<u>364,050</u>	<u>364,050</u>	_____	_____
	713,065	713,065		
Money market funds	<u>119,421</u>	_____	<u>119,421</u>	_____
	<u>\$ 832,486</u>	<u>\$ 713,065</u>	<u>\$ 119,421</u>	<u>\$</u>
	June 30, 2024			
Investments:	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds				
Fixed income	\$ 71,852	\$ 71,852	\$	\$
Equities	<u>150,246</u>	<u>150,246</u>	_____	_____
	222,098	222,098		
Money market funds	<u>25,813</u>	_____	<u>25,813</u>	_____
	<u>\$ 247,911</u>	<u>\$ 222,098</u>	<u>\$ 25,813</u>	<u>\$</u>

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions and releases, which consisted of grants and contributions restricted for time or purpose, is summarized below:

	June 30, 2025			
	<u>Perpetual in Nature</u>	<u>Time Restricted</u>	<u>Purpose Restricted</u>	<u>Total</u>
Net Assets - Beginning of year	\$ 10,000	\$ 456,605	\$ 45,400	\$ 512,005
Releases	<u> </u>	<u>(223,820)</u>	<u>(45,400)</u>	<u>(269,220)</u>
Net Assets - End of year	<u>\$ 10,000</u>	<u>\$ 232,785</u>	<u>\$ </u>	<u>\$ 242,785</u>

	June 30, 2024			
	<u>Perpetual in Nature</u>	<u>Time Restricted</u>	<u>Purpose Restricted</u>	<u>Total</u>
Net Assets - Beginning of year	\$ 10,000	\$ 211,810	\$ 77,400	\$ 299,210
Contributions	<u> </u>	<u>363,352</u>	<u>47,400</u>	<u>410,752</u>
Releases	<u> </u>	<u>(118,557)</u>	<u>(79,400)</u>	<u>(197,957)</u>
Net Assets - End of year	<u>\$ 10,000</u>	<u>\$ 456,605</u>	<u>\$ 45,400</u>	<u>\$ 512,005</u>

Net assets with donor restrictions consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Perpetual in nature	\$ 10,000	\$ 10,000
Time restricted	232,785	456,605
Purpose restricted	<u> </u>	<u>45,400</u>
	<u>\$ 242,785</u>	<u>\$ 512,005</u>

The net assets with perpetual restrictions are restricted in order to continue the tradition of WITS, the income from which is expendable for recruiting, training and transportation expenditures.

NOTE 12 - LEASES

WITS leases office space from Vestmark, Inc. in Chicago, Illinois, under a noncancellable operating lease agreement expiring December 31, 2025. Effective October 10, 2025, WITS entered into a lease agreement for office space with Ridge Development Partners, Inc., with an initial term that extends through November 30, 2030. This lease can be extended for up to two additional five-year terms at the option of WITS. WITS determines if an arrangement is a lease at the inception of a contract and recognizes the operating lease expense on a straight-line basis over the lease term. Rent expense is recognized on a straight-line basis.

For the years ended June 30, 2025 and 2024, the weighted average remaining lease term was 0.5 year and 1.5 years, respectively. At both June 30, 2025 and 2024, the weighted average discount rate was 6.0%.

The maturities of the lease liability as of June 30, 2025 were as follows:

Year ending June 30,	
2026	\$ 33,000
Less: effects of discounting	<u>(569)</u>
	<u>\$ 32,431</u>

Total rent expense for the years ended June 30, 2025 and 2024 was \$69,273 and \$68,991, respectively. During both the years ended June 30, 2025 and 2024, WITS paid cash of \$66,000, which is included in operating cash flows from operating leases.

NOTE 13 - IN-KIND CONTRIBUTIONS

For the years ended June 30, 2025 and 2024, contributed nonfinancial assets were comprised of the following:

	<u>2025</u>	<u>2024</u>
Professional fees	\$ 9,078	\$ 5,382
Donated special events supplies	9,622	29,564
Book awards	475	11,500
Office and program supplies	339	2,001
Employee benefits	<u>2,148</u>	<u>3,925</u>
	<u>\$ 21,662</u>	<u>\$ 52,372</u>

NOTE 13 - IN-KIND CONTRIBUTIONS (Continued)

Contributed professional fees include legal services that are provided by attorneys who advise us on various administrative legal matters. Contributed professional fees are used for management and general activities and are recognized at fair value based on current rates for similar legal services.

Contributed book awards, event supplies, office supplies, program supplies, and employee benefits are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of the contribution. Contributed food and supplies are used in program services and contributed employee benefits are used for staff development.

NOTE 14 - RETIREMENT PLAN

Effective 2023, WITS has a defined contribution plan under Section 401(k) of the Internal Revenue Code covering all qualified employees eligible to participate in the plan. For the years ended June 30, 2025 and 2024, WITS matched up to 3.5% of eligible compensation, as defined by the plan. Contributions totaled \$29,358 and \$29,773 for the years ended June 30, 2025 and 2024, respectively. Participants pay for all costs of the plan's administration.

NOTE 15 - CONTRACTUAL COMMITMENTS

WITS has entered into contracts for services and for future special events. These contracts may include penalty clauses which would require WITS to pay certain amounts if the event were to be canceled.

NOTE 16 - SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 12, 2026, the date the financial statements were available to be issued. There were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein other than the following.

On October 10, 2025, WITS entered into a lease agreement for office space at 160 N. Franklin Street until November 30, 2030 (Note 12).