

# Scholars of Finance

## Financial Statements Together with Independent Auditors' Report

December 31, 2024

# SCHOLARS OF FINANCE

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Scholars of Finance  
St. Louis Park, Minnesota

### Opinion

We have audited the accompanying financial statements of Scholars of Finance (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024 and 2023, 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 Scholars of Finance as of December 31, 2024 and 2023, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Scholars of Finance 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 Scholars of Finance's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' 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 auditors' 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, including omissions, 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 Scholars of Finance'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 Scholars of Finance, 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.

Roseville, Minnesota  
September 24, 2025

*Olsen Thielens & Co., Ltd.*

**SCHOLARS OF FINANCE**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2024 AND 2023**

ASSETS		
	2024	2023
Cash and Cash Equivalents	\$ 561,250	\$ 1,500,419
Investments	787,991	–
Pledges Receivable, Net	1,327,981	1,077,618
Accounts Receivable, Net	–	351
Prepaid Expenses	24,083	20,520
 TOTAL ASSETS	 <b>\$ 2,701,305</b>	 <b>\$ 2,598,908</b>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable and Accrued Liabilities	\$ 38,623	\$ 20,944
Accrued Compensation and Benefits	14,321	21,223
Deferred Revenue	–	51,500
Total Liabilities	52,944	93,667
NET ASSETS:		
Without Donor Restrictions	1,166,145	1,374,018
Board Designated	100,631	–
Total Without Donor Restrictions	1,266,776	1,374,018
With Donor Restrictions	1,381,585	1,131,223
Total Net Assets	2,648,361	2,505,241
 TOTAL LIABILITIES AND NET ASSETS	 <b>\$ 2,701,305</b>	 <b>\$ 2,598,908</b>

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

**SCHOLARS OF FINANCE**  
**STATEMENT OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 952,923	\$ 1,294,591	\$ 2,247,514	\$ 736,560	\$ 1,493,858	\$ 2,230,418
Interest Income	4,419	-	4,419	23,131	-	23,131
Investment Income	39,560	-	39,560	-	-	-
Net Assets Released from Restrictions:	<u>1,044,229</u>	<u>(1,044,229)</u>	<u>-</u>	<u>810,115</u>	<u>(810,115)</u>	<u>-</u>
Total Support and Revenue	<u>2,041,131</u>	<u>250,362</u>	<u>2,291,493</u>	<u>1,569,806</u>	<u>683,743</u>	<u>2,253,549</u>
<b>EXPENSES:</b>						
Program Services:	1,750,755	-	1,750,755	1,379,020	-	1,379,020
Support Services:						
Management and General	117,875	-	117,875	108,001	-	108,001
Fundraising	<u>279,743</u>	<u>-</u>	<u>279,743</u>	<u>188,057</u>	<u>-</u>	<u>188,057</u>
Total Support Services	<u>397,618</u>	<u>-</u>	<u>397,618</u>	<u>296,058</u>	<u>-</u>	<u>296,058</u>
Total Expenses	<u>2,148,373</u>	<u>-</u>	<u>2,148,373</u>	<u>1,675,078</u>	<u>-</u>	<u>1,675,078</u>
CHANGE IN NET ASSETS	(107,242)	250,362	143,120	(105,272)	683,743	578,471
NET ASSETS at Beginning of Year	<u>1,374,018</u>	<u>1,131,223</u>	<u>2,505,241</u>	<u>1,479,290</u>	<u>447,480</u>	<u>1,926,770</u>
NET ASSETS at End of Year	<u>\$ 1,266,776</u>	<u>\$ 1,381,585</u>	<u>\$ 2,648,361</u>	<u>\$ 1,374,018</u>	<u>\$ 1,131,223</u>	<u>\$ 2,505,241</u>

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

**SCHOLARS OF FINANCE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2024**

	<u>2024</u>	<u>2024</u>			<u>Total Expenses</u>
	<u>Program Services</u>	<u>Support Services</u>		<u>Total Support</u>	
	<u>Total Program</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total Support</u>	
Salaries	\$ 766,125	\$ 28,353	\$ 161,664	\$ 190,017	\$ 956,142
Employee Benefits	84,329	2,620	17,795	20,415	104,744
Payroll Taxes	<u>64,315</u>	<u>1,051</u>	<u>13,571</u>	<u>14,622</u>	<u>78,937</u>
Total Personnel Costs	914,769	32,024	193,030	225,054	1,139,823
Information Technology	340,932	29,524	15,474	44,998	385,930
Professional Services	202,685	41,681	29,759	71,440	274,125
Meetings and Conferences	125,386	-	15,598	15,598	140,984
Travel	70,664	-	15,145	15,145	85,809
Marketing	53,023	-	5,889	5,889	58,912
Other	43,296	8,196	2,521	10,717	54,013
Insurance	-	3,430	-	3,430	3,430
Corporate Real Estate	-	3,020	-	3,020	3,020
Dining	<u>-</u>	<u>-</u>	<u>2,327</u>	<u>2,327</u>	<u>2,327</u>
Total Expenses	<u>\$ 1,750,755</u>	<u>\$ 117,875</u>	<u>\$ 279,743</u>	<u>\$ 397,618</u>	<u>\$ 2,148,373</u>

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

## SCHOLARS OF FINANCE

### STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2023</u>			<u>Total Expenses</u>
	<u>Program Services</u>	<u>Support Services</u>		<u>Total Support</u>	
	<u>Total Program</u>	<u>Management and General</u>	<u>Fund-raising</u>		
Salaries	\$ 691,479	\$ 14,636	\$ 101,714	\$ 116,350	\$ 807,829
Payroll Taxes	54,937	1,258	8,081	9,339	64,276
Employee Benefits	<u>66,337</u>	<u>1,582</u>	<u>9,758</u>	<u>11,340</u>	<u>77,677</u>
Total Personnel Costs	812,753	17,476	119,553	137,029	949,782
Professional Services	127,687	42,937	22,977	65,914	193,601
Information Technology	127,012	25,449	18,428	43,877	170,889
Meetings and Conferences	107,960	–	9,629	9,629	117,589
Travel	98,404	–	11,571	11,571	109,975
Other	68,575	8,095	1,151	9,246	77,821
Marketing	36,629	–	4,042	4,042	40,671
Insurance	–	10,339	–	10,339	10,339
Corporate Real Estate	–	3,705	–	3,705	3,705
Dining	–	–	706	706	706
	<u>–</u>	<u>–</u>	<u>706</u>	<u>706</u>	<u>706</u>
Total Expenses	<u>\$ 1,379,020</u>	<u>\$ 108,001</u>	<u>\$ 188,057</u>	<u>\$ 296,058</u>	<u>\$ 1,675,078</u>

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

## SCHOLARS OF FINANCE

### STATEMENT OF CASH FLOWS YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 143,120	\$ 578,471
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:		
Realized and Unrealized Investment Gains	(30,538)	–
Changes in Operating Assets and Liabilities:		
Pledges Receivable, Net	(250,363)	(659,231)
Accounts Receivable, Net	351	(351)
Prepaid Expenses	(3,563)	(10,535)
Accounts Payable and Accrued Liabilities	17,679	(2,480)
Accrued Compensation and Benefits	(6,902)	4,193
Deferred Revenue	(51,500)	16,500
Net Cash Flows From Operating Activities	(181,716)	(73,433)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Investments	(1,190,431)	–
Proceeds from Sale of Investments	442,000	–
Reinvested Interest and Dividend Income	(9,022)	–
Net Cash Flows From Investing Activities	(757,453)	–
NET CHANGE IN CASH AND CASH EQUIVALENTS	(939,169)	(73,433)
CASH AND CASH EQUIVALENTS at Beginning of Year	1,500,419	1,573,852
CASH AND CASH EQUIVALENTS at End of Year	\$ 561,250	\$ 1,500,419

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

# SCHOLARS OF FINANCE

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Activities

Scholars of Finance (the Organization) is an organization on a mission to inspire character and integrity in the finance leaders of tomorrow. We seek to solve the world's largest problems by investing in undergraduate students through leadership development, mentorship, and the active support of hundreds of purpose-driven finance executives and investors. Our members then join top firms, funds, and a life-long support community that empowers them to spend their careers serving the greater good using the biggest lever in the world: finance.

#### Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues, expenses, and net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and related changes are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets without donor restrictions are resources available to support operations over which the Board of Directors has discretionary control. Designated amounts represent those net assets which the Board has set aside for a particular purpose.

Net Assets with Donor Restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

#### Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

#### Subsequent Events

In preparing these financial statements, the Organization has evaluated for recognition or disclosure the events or transactions that occurred through September 24, 2025, the date the financial statements were available to be issued.

#### Cash Equivalents

The Organization considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents are stated at cost, which approximates market value.

# SCHOLARS OF FINANCE

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Investments

Investment securities are stated at fair value, which is determined by quoted market prices in active markets. Realized and unrealized gains and losses are included in the statement of activities. Realized gains and losses are determined using the specific identification method. Interest and dividend income are reported as income when earned.

#### Pledges Receivable and Allowance for Pledge Receivable Losses

Pledges receivable consist of unconditional promises to give and are recognized as revenue in the period made. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted using present values of future cash flows. Amortization of discounts is recorded as additional contribution revenue.

Pledges receivable are assessed individually for collectability based on the surrounding facts and circumstances and past history.

The Organization monitors the credit quality of its pledges receivable balance. Pledges are reviewed periodically, and collectability of pledge balances is assessed. Losses in current and prior years have been insignificant.

#### Revenue Recognition

##### Contributions

Contributions are not subject to ASC 606 and are recorded based on the requirements of ASC 958.

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Conditional promises to give are not recognized until they become unconditional. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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. Donor-imposed contributions are reported as net assets with donor restrictions, even if it is anticipated such restrictions will be met in the current reporting period.

As a practical expedient, the Organization groups similar contracts or similar performance obligations together into portfolios of contracts if doing so does not result in a significant difference from applying this accounting standard to the individual contracts.

Contract liabilities include deferred revenues related to advanced payments for sponsorships by the Organization. These deposits are deferred until the performance obligations are completed.

The Organization's contract liabilities from contracts with donors are as follows:

	<u>2024</u>	<u>2023</u>
Contract Liabilities - Beginning	\$ 51,500	\$ 35,000
Contract Liabilities - Ending	-	51,500

There were no significant contract assets recognized on the financial statements under this standard.

# SCHOLARS OF FINANCE

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Functional Allocation of Expense

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and 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 benefited using a reasonable allocation method that is consistently applied, as follows:

- 1) Salaries and wages, benefits, and payroll taxes are allocated based on the amounts of time spent by employees performing those functions.
- 2) Technology, insurance, and miscellaneous expenses that cannot be directly identified are allocated on the basis of salaries and wages.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Fundraising costs are expensed as incurred, even though they may result in support received in future years.

#### Income Taxes

The Organization is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code therefore, the statements do not include a provision for income taxes but are subject to income tax on net unrelated business income.

The Organization reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. This includes positions that the entity is exempt from income taxes or not subject to income taxes on unrelated business income. The Organization recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on the technical merits of the positions. The Organization has identified no income tax uncertainties. The Organization files information returns as a tax-exempt Organization. Should that status be challenged in the future, all years since inception could be subject to review by the IRS.

#### Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization places its cash with high credit quality financial institutions and, by policy, generally limits the amount of credit exposure to any one financial institution. The Organization had a credit risk concentration as a result of depositing approximately \$308,100 of funds in excess of insurance limits in one bank.

# SCHOLARS OF FINANCE

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fair Value Measurements

Under generally accepted accounting principles, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standards establish a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1 - Observable inputs such as quoted prices in active markets;

Level 2 - Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and,

Level 3 - Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions.

The Organization uses observable market data, when available, in making fair value measurements. Fair value measurements are classified according to the lowest level input that is significant to the valuation.

The Organization holds certain assets that are required to be measured at fair value on a recurring basis. The fair value of the Organization's investment securities were determined based on Level 1 inputs as presented in Note 3.

#### Endowments

The organization follows the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). This provides guidance on the classification of endowment net assets and enhances disclosure for endowment funds. Under UPMIFA all unappropriated funds are considered restricted.

### NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

The Board of Directors meets annually to review and approve the annual budget. The Board of Directors monitors the Organization's health by reviewing quarterly financial reports.

## SCHOLARS OF FINANCE

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

The table below presents liquid financial assets available for general expenditure within one year as of December 31, 2024 and 2023:

	<b>2024</b>	2023
Cash and Cash Equivalents	\$ 561,250	\$ 1,500,419
Investments	787,991	–
Pledges Receivable	1,327,981	1,077,618
Financial Assets Available To Meet General Expenditures Within One Year	<b>2,677,222</b>	2,578,037
Greater Than Those Unavailable for General Expenditures Within One Year, Due to Donor-Imposed Time or Purpose Restrictions	(1,381,585)	(1,131,223)
Board Designated	(100,631)	–
Total Unavailable for General Expenditures	<b>(1,482,216)</b>	(1,131,223)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<b>\$ 1,195,006</b>	\$ 1,446,814

#### NOTE 3 - INVESTMENTS

Investments are stated at fair value at December 31, 2024 and 2023, and consisted of the following:

	<b>2024</b>	2023
U.S. Treasury Securities	\$ 787,991	\$ –
Total Investments	<b>\$ 787,991</b>	\$ –

Net investment income for the year ended December 31, 2024 and 2023 consisted of the following:

	<b>2024</b>	2023
Interest and Dividend Income	\$ 9,022	\$ –
Unrealized Gains on Investments	30,538	–
Total Investment Income	<b>\$ 39,560</b>	\$ –

The fair value of the Organization's investment securities are determined by reference to quoted market prices and other relevant information generated by market transactions. These investments are classified within Level 1 of the valuation hierarchy.

The Organization holds investments in U.S. treasury securities. In general, its investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and such changes could be material to the amounts reported in the statement of financial position.

## SCHOLARS OF FINANCE

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 4 - ENDOWMENTS

The purpose of the endowment funds are to ensure that financial stability by providing a steady stream of investment income which is available for restricted and unrestricted purposes. The Association's endowments consist of a donor-restricted endowment fund and a fund designated by the Board of Directors to function as an endowment. Net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of Scholars of Finance has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the prudent expenditure of donor-restricted endowment funds. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the Organization. In making a determination to appropriate, an organization shall act in good faith with the care that a prudent person would exercise. As a result of this interpretation, the Organization classified as net assets with donor restrictions (perpetual endowments) (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as perpetual endowments is classified as term endowment until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purpose of the Organization and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources of the Organization.
- (7) The investment policies of the Organization.

The Organization has adopted an investment policy and philosophy that concentrates on maximizing total return within reasonable risk parameters. This is accomplished through a strategic plan that strives to maintain and grow the investment corpus and provide annual earnings to support the Organization's mission. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that preserve the inflation-adjusted value of the fund and maximize total return. The Organization targets a diversified asset allocation that places an emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organization considers an endowment fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. There are no funds currently underwater.

## SCHOLARS OF FINANCE

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 4 - ENDOWMENTS (Continued)

The management of the investment strategy is delegated to the Board of Directors and the Executive Leadership team of Scholars of Finance. The board of directors and executive leadership team periodically reviews the investments and recommends the amount to be distributed from endowment assets for the next fiscal year. The Organization has a target drawdown guideline of 5% of the fund's net assets per year. As this fund is a Board-Designated Endowment, the Board of Directors at its discretion may re-purpose a portion of these funds.

Changes in endowment net assets for the years ended December 31, 2024 and 2023 were as follows:

	<u>Board Designated</u>
Endowment Net Assets December 31, 2022	\$ —
Designation	—
Investment Dividends and Interest, Net of Fees	—
Appropriation of Endowment Assets for Expenditure	<u>—</u>
Endowment Net Assets December 31, 2023	—
Designation	<b>100,000</b>
Investment Dividends and Interest, Net of Fees	<b>631</b>
Appropriation of Endowment Assets for Expenditure	<u>—</u>
Endowment Net Assets December 31, 2024	<b><u>\$ 100,631</u></b>

#### NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable consisted of the following at December 31, 2024 and 2023:

	<b>2024</b>	2023
Pledges Receivable - Current	<b>\$ 426,709</b>	\$ 377,531
Pledges Receivable - Long-Term	<b>934,478</b>	735,000
Less Discount on Long-Term Pledges	<u><b>(33,206)</b></u>	<u>(34,913)</u>
Total Pledges Receivable, Net	<b><u>\$ 1,327,981</u></b>	<b><u>\$ 1,077,618</u></b>

Pledges receivable are due as follows for the year ended December 31:

2025	\$ 426,709
2026	529,478
2027	60,000
2028	50,000
2029	50,000
Thereafter	245,000
Discount	<u>(33,206)</u>
Total	<b><u>\$ 1,327,981</u></b>

**SCHOLARS OF FINANCE**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 6 - NET ASSETS**

Net assets with donor restrictions at December 31, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Restricted for Purpose	\$ -	\$ 24,511
Time Restricted	<u>1,381,585</u>	<u>1,106,712</u>
Total Net Assets with Donor Restrictions	<u>\$1,381,585</u>	<u>\$1,131,223</u>

**NOTE 7 - MAJOR SOURCES OF SUPPORT AND REVENUE**

Two donors accounted for 24% and three donors accounted for 46% of recorded revenue during the years ended December 31, 2024 and 2023, respectively. In addition, two donors comprised 52% of pledge receivables as of December 31, 2024.