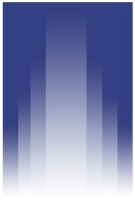


**EDUCATE TOMORROW, CORP.**

FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION AND  
INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED  
SEPTEMBER 30, 2023 AND 2022

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# GUTIERREZ MADARIAGA

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Educate Tomorrow, Corp.  
Miami, Florida

### Report on the Financial Statements

#### ***Opinion***

We have audited the accompanying financial statements of Educate Tomorrow, Corp. (the "Organization") (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities and changes 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 September 30, 2023 and 2022, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### ***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 and *Government 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 and *Government 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 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.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Gutierrez Madariaga, CPA P.A.*

GUTIERREZ MADARIAGA, CPA P.A.

Miami, Florida

June 4, 2024

**EDUCATE TOMORROW, CORP.**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2023 AND 2022**

**ASSETS**

	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>		
Cash, includes donor restricted of \$0 and \$12,272, respectively	\$ 131,522	\$ 101,208
Grants and contributions receivable	376,602	520,161
Investments	27,286	24,312
Prepaid expenses and other assets	3,895	-
<b>TOTAL CURRENT ASSETS</b>	<u>539,305</u>	<u>645,681</u>
Property and equipment, net	7,983	16,373
Grants and contributions receivable, long term, net	12,460	67,166
Operating lease right-of-use assets	40,430	-
<b>TOTAL ASSETS</b>	<u>\$ 600,178</u>	<u>\$ 729,220</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 84,820	\$ 219,958
Deferred revenue	19,627	-
Line of credit	-	250,000
Operating lease liabilities, current portion	17,977	-
<b>CURRENT LIABILITIES</b>	<u>122,424</u>	<u>469,958</u>
<b>CURRENT LIABILITIES</b>		
Operating lease liabilities, net of current portion	<u>24,395</u>	-
<b>LONG-TERM LIABILITIES</b>	24,395	-
<b>TOTAL LIABILITIES</b>	146,819	469,958
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>NET ASSETS</b>		
Without donor restrictions, includes board-designated of \$27,286 and \$24,312, respectively	453,359	246,990
With donor restrictions	-	12,272
<b>TOTAL NET ASSETS</b>	<u>453,359</u>	<u>259,262</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 600,178</u>	<u>\$ 729,220</u>

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

**EDUCATE TOMORROW, CORP.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Government grants	\$ 1,521,395	\$ -	\$ 1,521,395
Contributions and other grant awards	1,102,893	-	1,102,893
Program income	42,578	-	42,578
Fundraising	269,292	-	269,292
Investment gain, net	3,497	-	3,497
Other income	33,187	-	33,187
Net assets released from restrictions	12,272	(12,272)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>2,985,114</u>	<u>(12,272)</u>	<u>2,972,842</u>
<b>EXPENSES</b>			
Program services	2,348,464	-	2,348,464
Fundraising	244,656	-	244,656
General and administrative	185,625	-	185,625
<b>TOTAL EXPENSES</b>	<u>2,778,745</u>	<u>-</u>	<u>2,778,745</u>
<b>CHANGE IN NET ASSETS</b>	206,369	(12,272)	194,097
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>246,990</u>	<u>12,272</u>	<u>259,262</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 453,359</u>	<u>\$ -</u>	<u>\$ 453,359</u>

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

**EDUCATE TOMORROW, CORP.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Government grants	\$ 1,393,826	\$ -	\$ 1,393,826
Contributions and other grant awards	1,215,955	12,272	1,228,227
Program income	43,733	-	43,733
Fundraising	226,123	-	226,123
In-kind contributions	3,000	-	3,000
Investment gain, net	(3,852)	-	(3,852)
Other income	89,890	-	89,890
Net assets released from restrictions	31,467	(31,467)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>3,000,142</u>	<u>(19,195)</u>	<u>2,980,947</u>
<b>EXPENSES</b>			
Program services, includes in-kind of \$3,000	2,672,710	-	2,672,710
Fundraising	269,851	-	269,851
General and administrative	222,615	-	222,615
<b>TOTAL EXPENSES</b>	<u>3,165,176</u>	<u>-</u>	<u>3,165,176</u>
<b>CHANGE IN NET ASSETS</b>	(165,034)	(19,195)	(184,229)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>412,024</u>	<u>31,467</u>	<u>443,491</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 246,990</u></u>	<u><u>\$ 12,272</u></u>	<u><u>\$ 259,262</u></u>

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

**EDUCATE TOMORROW, CORP.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Program Services	Fundraising	General and Administrative	Total
EXPENSES				
Salaries and wages	\$ 1,320,573	\$ 175,233	\$ 85,316	\$ 1,581,122
Benefits and taxes	257,784	34,198	16,667	308,649
Professional fees	1,628	200	43,000	44,828
Rent	79,989	10,354	5,046	95,389
Supplies	17,148	-	1,523	18,671
Postage and shipping	-	-	92	92
Printing	760	-	-	760
Dues, books and subscriptions	199	-	-	199
Marketing	3,736	496	242	4,474
Travel	6,639	-	-	6,639
Conference and seminars	13,262	-	-	13,262
Insurance	12,604	1,672	815	15,091
Utilities	29,054	3,854	1,878	34,786
Information technology	30,998	4,112	2,004	37,114
Special events	-	7,605	-	7,605
Subcontractors	175,247	-	-	175,247
Other program expenses	382,486	-	-	382,486
Licenses and fees	-	6,002	8,844	14,846
Depreciation	7,008	930	453	8,391
Miscellaneous expense	9,349	-	19,745	29,094
<b>TOTAL EXPENSES</b>	<b>\$ 2,348,464</b>	<b>\$ 244,656</b>	<b>\$ 185,625</b>	<b>\$ 2,778,745</b>

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



**EDUCATE TOMORROW, CORP.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Program Services	Fundraising	General and Administrative	Total
EXPENSES				
Salaries and wages	\$ 1,406,121	\$ 197,377	\$ 79,237	\$ 1,682,735
Benefits and taxes	275,453	37,397	16,494	329,344
Professional fees	370	-	57,100	57,470
Rent	90,451	12,437	5,408	108,296
Supplies	8,180	-	1,791	9,971
Postage and shipping	-	-	122	122
Printing	575	299	-	874
Dues, books and subscriptions	1,185	-	-	1,185
Marketing	10,706	1,475	641	12,822
Travel	14,860	-	-	14,860
Conference and seminars	21,040	-	-	21,040
Insurance	14,971	2,062	4,046	21,079
Utilities	6,064	835	363	7,262
Information technology	25,559	3,520	1,531	30,610
Special events	-	5,107	-	5,107
Subcontractors	313,206	-	-	313,206
Other program expenses	469,929	-	-	469,929
Licenses and fees	-	6,877	1,170	8,047
Depreciation	7,006	965	420	8,391
Bad debt expense	-	-	42,548	42,548
In-kind	1,500	1,500	-	3,000
Miscellaneous expense	5,534	-	11,744	17,278
<b>TOTAL EXPENSES</b>	<b>\$ 2,672,710</b>	<b>\$ 269,851</b>	<b>\$ 222,615</b>	<b>\$ 3,165,176</b>

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

**EDUCATE TOMORROW, CORP.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 194,097	\$ (184,229)
Adjustments to reconcile change in net assets to net provided by (used in) operating activities:		
Depreciation	8,390	8,390
Provision for discount	-	4,920
Bad debt expense	-	41,152
Net realized and unrealized gain on investments	(2,974)	4,252
Non-cash lease expense	10,267	-
(Increase) Decrease in assets:		
Grants and contributions receivable	198,265	(220,133)
Prepaid expenses and other assets	(3,895)	-
Increase (Decrease) in liabilities:		
Accounts payable and accrued expenses	(135,138)	106,032
Deferred revenues	19,627	-
Operating lease liabilities	(8,325)	-
Total Adjustments	<u>86,217</u>	<u>(55,387)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>280,314</u>	<u>(239,616)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Payments) Proceeds on line of credit	<u>(250,000)</u>	<u>250,000</u>
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	<u>(250,000)</u>	<u>250,000</u>
NET INCREASE IN CASH	30,314	10,384
CASH AT BEGINNING OF YEAR	<u>101,208</u>	<u>90,824</u>
CASH AT END OF YEAR	<u>\$ 131,522</u>	<u>\$ 101,208</u>
SUPPLEMENTARY INFORMATION:		
Interest paid	<u>\$ 19,918</u>	<u>\$ 9,772</u>

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

**EDUCATE TOMORROW, CORP.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND OPERATIONS**

**Organization**

Educate Tomorrow, Corp. (the "Organization") is a Florida not-for-profit corporation chartered on November 13, 2003. The Organization's purpose is to provide educational opportunities to disadvantaged children. Its primary focus is to have a positive and enduring impact on the academic, personal and professional lives of those it serves, helping them to mature into strong, contributing members of our community. The Organization raises funds in the community through contributions and fund raising events. The Organization also receives funding from The Children's Trust of Miami-Dade County. These contracts are on a cost-reimbursement basis and are renewable on an annual basis.

**Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). Presented below is a summary of significant accounting principles followed in the preparation of the accompanying financial statements.

**Basis of Preparation**

The financial statements have been prepared on the accrual basis of accounting and in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). The Organization is required to report information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions on the use of the net assets. The two net asset categories are as follows:

Net Assets Without Donor Restrictions

The portion of net assets of the Organization that can be used subject to the broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws. In some cases, the use of these resources is also subject to limits resulting from contractual agreements with suppliers, creditors, and others entered into by the Organization in the normal course of business. The Organization has the greatest ability to choose when using these resources. Net assets without donor restrictions generally result from contributions that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions

The portion of net assets of the Organization that is subject to either donor-imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the Organization's choices when using these resources because the Organization has a fiduciary responsibility to its donors to follow the donor's instructions. Net assets with donor restrictions generally result from donor-restricted contributions. As of September 30, 2023 and 2022, net assets with donor restrictions totaled \$0 and \$12,272, respectively.

**Property and Equipment**

Property and equipment are recorded at cost. Depreciation is provided for on the straight-line method over the estimated useful lives of the assets, which range from 3 to 10 years. Cost of major additions and improvements greater than \$250 are capitalized and expenditures for maintenance and repairs which do not extend the useful life of the assets are expensed. Donated equipment greater than \$250 is recorded at fair market value at the date of the gift.

**Leases**

The Organization has operating lease agreements for certain office space under terms ranging up to 3 years, with one to three options to extend the lease generally for one year per option period. The Organization determines if an arrangement is a lease at the inception of the contract. At the lease commencement date, each lease is evaluated to determine whether it will be classified as an operating or finance lease. For leases with a lease term of 12 months or less (a "Short-term" lease), any fixed lease payments are recognized on a straight-line basis over such term, and are not recognized on the combined balance sheet.

Lease terms include the noncancellable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods, termination options and purchase options. Operating lease right-of-use assets also include any prepaid lease payments and lease incentives. The Organization's lease agreements generally contain lease and non-lease components. Non-lease components, which primarily include payments for maintenance and utilities, are combined with lease payments and accounted for as a single lease component. The Organization includes the fixed non-lease components in the determination of the right-of-use assets and operating lease liabilities. The Organization records the amortization of the right of use asset and the accretion of lease liability as a component of rent expense in the statement of income. The Organization uses the risk-free discount rate when the rate implicit in the lease is not readily determinable at the commencement date in determining the present value of lease payments.

**EDUCATE TOMORROW, CORP.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

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NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND OPERATIONS (Continued)

**Grants Receivable**

Grants receivable consists primarily of amounts due from grantors under the Organization's grant agreements. Grants receivable are stated at their estimated net realizable value. No allowance for doubtful accounts were recorded as of September 30, 2023 and 2022.

**Contributions Receivable**

When a donor has unconditionally promised to contribute funds to the Organization in future periods, the Organization recognizes a contribution receivable. Contributions expected to be collected within one year are recorded as support and a receivable at net realizable value. Contributions expected to be collected in future years are recorded as support and a receivable at the present value of expected future cash flows. Discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of discounts is not considered necessary. Conditional promises to give are not included as support until the conditions are substantially met. A provision for doubtful contributions receivable has not been established as management considers all accounts to be collectible based on favorable history over a substantial period of time.

**Revenue Recognition**

*Contributions*

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires because the contributed resources are spent in accordance with the donor's instructions or because of passage of time, net assets with donor restrictions are reclassified to net assets without donor restrictions. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

*Grant revenues*

Grant revenues are recognized in the period expenditures are incurred and paid in compliance with terms of the grant.

	<u>2023</u>	<u>2022</u>
Performance obligations satisfied over time	<u>\$ 1,521,395</u>	<u>\$ 1,393,826</u>
Total	<u>\$ 1,521,395</u>	<u>\$ 1,393,826</u>

**Restricted Contributions Whose Restrictions Are Met in the Same Reporting Period**

Donor restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

**In Kind Contributions**

Support arising from the donation of specific services or materials provided by individuals and businesses for professional services has been recorded as support and expense based on the fair value of the services rendered or the materials donated, as determined by the donor.

Contributed services are recognized in the accompanying financial statements if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Any services that meet the criteria for recognition under GAAP are recorded in the accompanying statement of activities and changes in net assets at the estimated fair value of the services received. Donated material and equipment are reflected as contributions in the accompanying financial statements and are recorded at their fair value at the date of receipt.

**EDUCATE TOMORROW, CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

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NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND OPERATIONS (Continued)

**Income Taxes**

The Organization is exempt from income tax under Section 501(c) (3) of the Internal Revenue Code and therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 (b) (1) (A) and has been classified as an organization other than a private foundation under Section 509 (a) (2).

There are no reserves held for uncertain tax positions at September 30, 2023. Tax years that are open under the statute of limitations remain subject to examination by the IRS. The Organization is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2020.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

**Functional Allocation of Expenses**

The costs of providing programs and other activities have been summarized on a functional basis in the statements of functional expenses. The financial statements report certain categories of expenses that are attributable to the program or supporting function of the Organization, including certain administrative costs, depreciation, interest, and insurance. Allocation of such expenses is based upon the Organization's personnel time and effort. Such estimates are determined by management.

**Adopted Accounting Pronouncements**

The Organization has adopted Accounting Standards Update ("ASU") No. 2014-09 – *Revenue from Contract Customers* (Topic 606), as amended. This ASU introduces a new five-step revenue recognition model in which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

In February 2016, FASB issued ASU No. 2016-02, *Leases* (Topic 842) ("ASC 842") as amended, which requires the recording of operating lease right-of-use assets and lease liabilities and the expanded disclosure for operating and finance leasing arrangements. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. The Organization adopted Accounting Standards Codification (ASC) 842, *Leases* (ASC 842) on October 1, 2022.

Effective January 1, 2023, the Organization adopted Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses*. This ASU introduces a "current expected credit loss" ("CECL") model which requires all expected credit losses for financial instruments held at the reporting date to be based on historical experience, current conditions, and reasonable supportable forecasts. The CECL model replaces the existing incurred loss method and is applicable to the measurement of credit losses of financial assets. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The impact of this ASU adoption was not material to the financial statements and primarily resulted in enhanced financial statement disclosures.

**Subsequent Events**

The Organization has evaluated subsequent events through June 4, 2024, which is the date the financial statements were available to be issued.

**EDUCATE TOMORROW, CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

**NOTE 2 – GRANTS RECEIVABLE AND CONTRACT ASSETS AND LIABILITIES**

Grants receivable, contract assets and liabilities consist of the following amounts as of September 30, 2023 and 2022, respectively:

	<u>2023</u>	<u>2022</u>
<i>Grants receivable</i>		
The Children's Trust	\$ 256,964	\$ 129,319
Other Grants	32,460	345,508
Total	<u>\$ 289,424</u>	<u>\$ 474,827</u>
<i>Contract assets</i>	\$ -	\$ -
<i>Contract liabilities</i>	\$ -	\$ -

**NOTE 3 – GRANTS AND CONTRIBUTIONS RECEIVABLE**

As of September 30, 2023 and 2022, grants and contributions receivable are as follows:

	<u>2023</u>	<u>2022</u>
The Children's Trust Grants	\$ 256,964	\$ 129,319
Other Grants	32,460	345,508
Contributions Receivable	99,638	112,500
	<u>\$ 389,062</u>	<u>\$ 587,327</u>
Contributions Receivable	\$ 103,000	\$ 117,667
Less: unamortized discount at 4.06%	(3,362)	(5,167)
Net contributions receivable	<u>\$ 99,638</u>	<u>\$ 112,500</u>
Amounts due in:		
Less than one year	\$ 13,000	\$ 45,334
One to five years, net	86,638	67,166
	<u>\$ 99,638</u>	<u>\$ 112,500</u>

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment at September 30, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Furniture, fixtures and computer equipment	\$ 84,682	\$ 84,682
Less: accumulated depreciation	(76,699)	(68,309)
Total	<u>\$ 7,983</u>	<u>\$ 16,373</u>

Depreciation expense was \$8,390 for the years ended September 30, 2023 and 2022.

**NOTE 5 – ENDOWMENTS**

In February 2012, the Organization deposited funds with a local non-profit foundation. This foundation, per a written agreement, created The Educate Tomorrow Endowment ("Endowment"), a board-designated endowment fund. The funds held in the Endowment will be invested in the foundation's long-term growth pool which is designed to accept more downside short-term risk to achieve a higher level of long-term growth. Capital appreciation makes up the majority of the pool's return, while dividends and interest play a less prominent role.

**EDUCATE TOMORROW, CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

NOTE 5 – ENDOWMENTS (Continued)

Endowment net asset composition by type of fund as of September 30, 2023 and 2022 was as follows:

	Without Donor Restrictions	With Donor Restrictions			2023 Total
		Original Gift Amount	Accumulated Gains (Losses)	Total With Donor Restrictions	
Board-designated endowment funds	\$ 27,286	\$ -	\$ -	\$ -	\$ 27,286
	\$ 27,286	\$ -	\$ -	\$ -	\$ 27,286

	Without Donor Restrictions	With Donor Restrictions			2022 Total
		Original Gift Amount	Accumulated Gains (Losses)	Total With Donor Restrictions	
Board designated endowment funds	\$ 24,312	\$ -	\$ -	\$ -	\$ 24,312
	\$ 24,312	\$ -	\$ -	\$ -	\$ 24,312

Changes in endowment net assets for the year ended September 30, 2023 were as follows:

	Without Donor Restrictions	With Donor Restrictions			2023 Total
		Original Gift Amount	Accumulated Gains (Losses)	Total With Donor Restrictions	
Endowment net assets, beginning of year	\$ 24,312	\$ -	\$ -	\$ -	\$ 24,312
Investment income including realized and unrealized gains	3,497	-	-	-	3,497
Total investment return	3,497	-	-	-	3,497
Contributions	-	-	-	-	-
Appropriation for expenditure	-	-	-	-	-
Management fees	(523)	-	-	-	(523)
Endowment net assets, end of year	\$ 27,286	\$ -	\$ -	\$ -	\$ 27,286

Changes in endowment net assets for the year ended September 30, 2022 were as follows:

	Without Donor Restrictions	With Donor Restrictions			2022 Total
		Original Gift Amount	Accumulated Gains (Losses)	Total With Donor Restrictions	
Endowment net assets, beginning of year	\$ 28,564	\$ -	\$ -	\$ -	\$ 28,564
Investment income including realized and unrealized gains	(3,852)	-	-	-	(3,852)
Total investment return	(3,852)	-	-	-	(3,852)
Contributions	-	-	-	-	-
Appropriation for expenditure	-	-	-	-	-
Management fees	(400)	-	-	-	(400)
Endowment net assets, end of year	\$ 24,312	\$ -	\$ -	\$ -	\$ 24,312

**EDUCATE TOMORROW, CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 6 – FAIR VALUE MEASUREMENTS**

The Organization classified its investments as of September 30, 2023 and 2022, based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs were not available.

The three-level valuation hierarchy is established for the measurement and disclosure of fair value. The valuation hierarchy is based upon the transparency of inputs used to measure fair value. The three levels are as follows:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical investments that the entity has the ability to access at the measurement date.

Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the assets or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (that is, the inputs are supported by little or no market activity). During the years ended September 30, 2023 and 2022, there were no purchases and issues, and no transfers into or out of such assets.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2023 and 2022.

Fixed income securities - consist primarily of U.S. government securities valued at the closing price reported in the active market in which the individual securities are traded.

Equity securities - consist of equity securities (i.e. common stock) and mutual funds. Equity Portfolio investments are valued at the closing price reported in the active market in which the individual securities are traded.

Alternative assets - consist of hedge funds and hard assets. These securities are evaluated using the closing price reported in active markets in which the individual securities are traded.

Assets	2023 Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed income and cash*	\$ 3,383	\$ 3,383	\$ -	\$ -
Equity securities*	15,198	15,198	-	-
Alternative assets*	8,705	-	4,720	3,985
Total	<u>\$ 27,286</u>	<u>\$ 18,581</u>	<u>\$ 4,720</u>	<u>\$ 3,985</u>

Assets	2022 Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed income and cash*	\$ 3,015	\$ 3,015	\$ -	\$ -
Equity securities*	13,445	13,445	-	-
Alternative assets*	7,852	-	4,182	3,670
Total	<u>\$ 24,312</u>	<u>\$ 16,460</u>	<u>\$ 4,182</u>	<u>\$ 3,670</u>

\*These assets are held by the Miami Foundation pooled investment portfolio.



**EDUCATE TOMORROW, CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

**NOTE 7 – IN-KIND CONTRIBUTIONS**

The Organization’s in-kind contributions are composed of donated services, items, and rent. The Organization’s operations for the years ended September 30, 2023 and 2022 include the following value of such services:

	2023	2022	Usage
Services	\$ -	\$ 3,000	Educational programs
	\$ -	\$ 3,000	

Professional services, donated items and rent in-kind contributions were valued using estimated average US prices of identical or similar products or services using pricing data of similar products or services under a ‘like-kind’ methodology, considering the utility of the services and goods at the time of the contribution. Contributed facilities were valued using like-kind methodology for similar size facilities in the Miami-Dade County region. No in-kind contributions were restricted. The Organization does not sell donated gifts in kind and only uses services, goods and facilities for its own program or supporting service activities.

**NOTE 8 – OPERATING LEASES**

In July 2022, the Organization entered into a real estate lease expiring in July 2024. During fiscal year ended September 30, 2023, the Organization was required to make monthly payments of approximately \$6,000 per month. On February 11, 2023, the Organization entered into a separate real estate lease expiring in Jan 2026. During fiscal year ended September 30, 2023, the Organization was required to make monthly payments of approximately \$1,500 per month.

Maturities of lease liabilities under the noncancellable operating leases with initial or remaining terms of one year or more are as follows:

December 31,	
2024	\$ 19,536
2025	18,792
2026	6,345
Net minimum lease payments	44,673
Less: interest	2,301
Present value of lease liabilities	42,372
Less: current portion	17,977
Lease liabilities, net of current portion	24,395

Total rent expense for all noncancellable operating leases as of December 31, 2023 was approximately \$92,000.

Supplemental cash flow information related to leases was as follows:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	10,267
Average lease terms and discount rates were as follows:	
Weighted-average remaining lease term (in years)	
Operating leases	2.33 years
Weighted-average discount rate (%)	
Operating leases	4.8%

**EDUCATE TOMORROW, CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

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**NOTE 9 – RELATED PARTIES**

Related parties include:

Melanie Damian – Member, Board of Directors  
 Virginia Emmons – President and Chief Business Development Officer  
 Melissa McCarthy – Member, Board of Directors  
 Brett McNaught – Chief Executive Officer (CEO)

Three of the individuals listed above, Melanie Damian, Virginia Emmons and Melissa McCarthy are siblings. Melanie Damian and Melissa McCarthy, as board members, received no compensation during the years ended September 30, 2023 and 2022.

President and Chief Business Development Officer Virginia Emmons is married to Brett McNaught. For the years ending September 30, 2023 and 2022, Virginia Emmons received \$127,464 and \$119,442, respectively, in compensation.

CEO Brett McNaught is married to Virginia Emmons. As CEO, for the years ending September 30, 2023 and 2022, Brett McNaught received \$171,887 and \$161,058, respectively, in compensation.

**NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at September 30, 2023 and 2022, were held in:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 12,272</u>
	<u>\$ -</u>	<u>\$ 12,272</u>

**NOTE 11 – PENSION PLAN**

In fiscal year 2014, the Organization established a Savings Incentive Match Plan for Employees also known as a SIMPLE IRA. This type of plan is designed for smaller organizations with less than 100 employees. The plan allows employees and employers to contribute to a traditional IRA and requires that the employer provide minimum matching funds. Therefore, as part of this plan, the Organization makes a 3 percent matching contribution dollar-for-dollar on employee deferrals up to 3 percent of each employee's compensation. As of September 30, 2023 and 2022, the matching contribution expense to the Organization was \$31,418 and \$43,484, respectively.

**NOTE 12 – LINE OF CREDIT**

The Organization currently has a line of credit of \$500,000 with City National Bank, which expires on June 2025. Interest on outstanding funds is payable monthly at the bank's prime rate and has a floor rate of 7%. At September 30, 2023 and 2022, the amount outstanding on the line of credit for the Organization was \$0 and \$250,000, respectively. The line of credit is secured by a security interest in the assets of the Organization. The Organization's interest expense for the line of credit for the years ended September 30, 2023 and 2022 was \$19,918 and \$9,772, respectively.

**EDUCATE TOMORROW, CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

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**NOTE 13 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following table reflects the Organization’s financial assets as of September 30, 2023 and 2022, reduced by amounts not available for general use within one year respectively because of the contractual or donor-imposed restrictions or internal designations:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash	\$ 131,522	\$ 101,208
Grants and contributions receivable	389,062	587,327
Investments	27,286	24,312
Prepaid expenses and other assets	3,895	-
Total financial assets	<u>551,765</u>	<u>712,847</u>
Less amounts not available to be used within one year:		
Cash	-	12,272
Investments: board-designated	-	24,312
	<u>-</u>	<u>36,584</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 551,765</u>	<u>\$ 676,263</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

SUPPLEMENTARY INFORMATION



# GUTIERREZ MADARIAGA

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

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The Board of Directors of  
Educate Tomorrow, Corp.  
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Educate Tomorrow, Corp. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 4, 2024.

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Gutierrez Madariaga, CPA P.A.*

GUTIERREZ MADARIAGA, CPA P.A.

Miami, Florida

June 4, 2024