

STEM Next Opportunity Fund

Financial Statements

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December 31, 2024 and 2023



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Independent Auditors' Report

To the Board of Directors
STEM Next Opportunity Fund
San Diego, California

Opinion

We have audited the accompanying financial statements of STEM Next Opportunity Fund (a nonprofit organization) which comprise the statements 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 accompanying financial statements present fairly, in all material respects, the financial position of STEM Next Opportunity Fund 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 (GAAS). 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 STEM Next Opportunity Fund 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 error or fraud.

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 STEM Next Opportunity Fund's ability to continue as a going concern for one year after the date that the financial statements are 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 error or fraud, 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, 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 STEM Next Opportunity Fund'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 STEM Next Opportunity Fund'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.

Magnus Blue LLP

September 17, 2025
San Marcos, California

STEM Next Opportunity Fund
Statements of Financial Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,085,561	\$ 1,586,194
Accounts receivable	108,413	31,823
Short-term grants receivable	1,066,682	1,478,170
Prepaid expenses	6,505	4,608
Short-term investments	<u>1,263,747</u>	<u>514,902</u>
Total Current Assets	5,530,908	3,615,697
Long-Term Grants Receivable, net	0	368,758
Long-Term Investments	<u>0</u>	<u>2,176,944</u>
	<u><u>\$ 5,530,908</u></u>	<u><u>\$ 6,161,399</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 220,604	\$ 83,523
Short-term grants payable	678,375	1,069,914
Accrued payroll and related liabilities	270,965	220,676
Other accrued expenses	29,897	19,769
Deferred revenue	<u>34,693</u>	<u>0</u>
Total Current Liabilities	1,234,534	1,393,882
Long-Term Grants Payable	<u>0</u>	<u>548,375</u>
Total Liabilities	<u>1,234,534</u>	<u>1,942,257</u>
Net Assets		
Without donor restrictions	473,196	123,620
With donor restrictions	<u>3,823,178</u>	<u>4,095,522</u>
Total Net Assets	<u>4,296,374</u>	<u>4,219,142</u>
Total Liabilities and Net Assets	<u><u>\$ 5,530,908</u></u>	<u><u>\$ 6,161,399</u></u>

See accompanying notes and independent auditors' report.

STEM Next Opportunity Fund
Statements of Activities
For the Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Grant revenue, net	\$ 148,967	\$ 8,410,698	\$ 8,559,665	\$ 0	\$ 6,848,070	\$ 6,848,070
Contributions	163,498	1,058,684	1,222,182	25,312	728,763	754,075
Federal contracts	315,120	0	315,120	31,823	0	31,823
Program fiscal sponsorship	121,110	0	121,110	57,429	0	57,429
Other service revenue	65,307	0	65,307	0	0	0
Investment income, net	161,910	0	161,910	393,727	0	393,727
Total Revenue and Support	975,912	9,469,382	10,445,294	508,291	7,576,833	8,085,124
Net Assets Released from Restriction	9,741,726	(9,741,726)	0	13,069,805	(13,069,805)	0
	10,717,638	(272,344)	10,445,294	13,578,096	(5,492,972)	8,085,124
Expenses						
Program services	8,716,082	0	8,716,082	12,984,919	0	12,984,919
Support services:						
Management and general	873,896	0	873,896	654,331	0	654,331
Fundraising	778,084	0	778,084	613,889	0	613,889
Total Expenses	10,368,062	0	10,368,062	14,253,139	0	14,253,139
Change in Net Assets	349,576	(272,344)	77,232	(675,043)	(5,492,972)	(6,168,015)
Net Assets, Beginning of Year	123,620	4,095,522	4,219,142	798,663	9,588,494	10,387,157
Net Assets, End of Year	\$ 473,196	\$ 3,823,178	\$ 4,296,374	\$ 123,620	\$ 4,095,522	\$ 4,219,142

See accompanying notes and independent auditors' report.

STEM Next Opportunity Fund
Statements of Functional Expenses
For the Years Ended December 31, 2024 and 2023

2024				
	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Personnel expense	\$ 3,330,715	\$ 425,179	\$ 690,500	\$ 4,446,394
Outside services	1,825,010	300,871	60,929	2,186,810
Grant distributions	2,124,800	0	0	2,124,800
Program expense	547,253	0	0	547,253
Event expense	535,481	0	0	535,481
Travel, meals and entertainment	160,893	27,362	8,290	196,545
Office expense	94,540	18,924	3,098	116,562
Legal and professional	0	69,953	0	69,953
IT and computer expense	20,352	13,599	10,803	44,754
Telephone	18,072	9,144	2,800	30,016
Insurance	19,179	5,060	1,664	25,903
Charitable contributions	25,000	0	0	25,000
Occupancy expense	14,787	3,804	0	18,591
Total Expenses	\$ 8,716,082	\$ 873,896	\$ 778,084	\$ 10,368,062

2023				
	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Grant distributions	\$ 6,416,531	\$ 0	\$ 0	\$ 6,416,531
Personnel expense	3,004,805	387,786	590,637	3,983,228
Outside services	2,307,772	102,528	15,538	2,425,838
Event expense	783,130	0	0	783,130
Travel, meals, and entertainment	177,609	39,945	6,028	223,582
Program expense	120,929	0	0	120,929
Office expense	82,994	7,161	0	90,155
Charitable contributions	50,000	0	0	50,000
Legal and professional	0	48,272	0	48,272
IT and computer expense	20,106	26,038	16	46,160
Telephone	12,021	13,166	0	25,187
Insurance	8,995	12,408	1,670	23,073
Occupancy expense	27	17,027	0	17,054
Total Expenses	\$ 12,984,919	\$ 654,331	\$ 613,889	\$ 14,253,139

See accompanying notes and independent auditors' report.

STEM Next Opportunity Fund
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ 77,232	\$ (6,168,015)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Net realized and unrealized investment gains	(77,627)	(285,062)
(Increase) decrease in operating assets:		
Accounts receivable	(76,590)	(23,588)
Pledges receivable	0	60,010
Grants receivable	780,246	1,288,939
Prepaid expenses	(1,897)	67
Increase (decrease) in operating liabilities:		
Accounts payable	137,081	(77,214)
Grants payable	(939,914)	1,428,689
Accrued payroll and related liabilities	50,289	(181,238)
Other accrued expenses	10,128	(8,535)
Deferred revenue	34,693	0
Net Cash Used in Operating Activities	(6,359)	(3,965,947)
Cash Flows from Investing Activities:		
Purchase of investments	(2,506,870)	(1,966,997)
Sale of investments	4,012,596	5,336,800
Net Cash Provided by Investing Activities	1,505,726	3,369,803
Net Increase (Decrease) in Cash and Cash Equivalents	1,499,367	(596,144)
Cash and Cash Equivalents, Beginning of Year	1,586,194	2,182,338
Cash and Cash Equivalents, Ending of Year	\$ 3,085,561	\$ 1,586,194

See accompanying notes and independent auditors' report.

STEM Next Opportunity Fund
Notes to Financial Statements
December 31, 2024 and 2023

Note 1: Nature of Organization

Founded in 2016 as a 501(c)(3) nonprofit charity organization, STEM Next Opportunity Fund's national initiatives lean into existing infrastructure to infuse science, technology, engineering, and mathematics (STEM) into local afterschool and summer programs nationally and reach millions of young people every year.

Informed by years of experience, research, and a proven track record building the field of STEM in out-of-school time, STEM Next Opportunity Fund (the Organization) sparks innovation to create a stronger, more sustainable STEM ecosystem for all.

The Organization's three primary strategic initiatives to Engage Learners Everywhere are:

- **Growing STEM Leaders:** Raising awareness, building skills, and connecting problem-solvers across communities. This includes afterschool and summer educators and system leaders, as well as through our Flight Crew program for young people.
- **Advancing Policy & Research:** Powering lasting change in STEM learning by putting ideas into action. Our Fellows help ensure that STEM is a policy priority in the U.S.
- **Leading Systems Change:** Local, regional, national challenges that create seismic STEM learning shifts for youth and educators, like through our Institute for a STEM Ready America and industry-focused Centers of Excellence.

Note 2: Summary of Significant Accounting Policies

Financial Statement Presentation – Financial statement presentation follows the recommendations of generally accepted accounting principles for not-for-profit organizations. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, based on the following criteria:

- *Net assets without donor restrictions* represent net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.
- *Net assets with donor restrictions* consist of contributed funds subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization held no perpetual net assets at December 31, 2024 and 2023.

When a restriction is met or expires, net assets are released from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Note 2: Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents – The Organization considers all highly liquid investments available for current uses with an initial maturity of three months or less to be cash equivalents. Other highly liquid investments are defined as investments due to their nature as a short-term investment.

Accounts Receivable – The Organization generally does not require collateral or other security to support accounts receivable. Management closely monitors outstanding receivables and charges to expense all amounts that are determined to be uncollectible. Management assesses the collectability of customer accounts by considering factors such as historical experience, credit quality, the age of the accounts receivable balances, and current economic conditions that may affect a customer's ability to pay. Management considers all accounts receivable collectible; therefore, no allowance for credit losses has been provided as of December 31, 2024 and 2023.

Pledges and Grants Receivable – Pledges receivable are carried at the original amount and are considered receivable within one year of the financial statement date. Grants receivable may include amounts granted over a period of one to three years. The Organization records a discount to reflect the present value of grants receivable using approximate market rates applicable to the years in which the grant is included in revenue. There were no pledges receivable as of December 31, 2024 and 2023. Management considers all grants receivable collectible; therefore, no allowance for uncollectible accounts has been provided as of December 31, 2024 and 2023.

Investments – Investments in equity securities with readily determinable fair market values and all debt securities are reported at fair market value with gains and losses included in the statement of activities. Marketable securities are recorded at fair market value. Realized gains or losses on the sale of marketable securities are calculated using the specific-identification method. Unrealized gains and losses represent the change in the fair market value of individual investments for the year or since the acquisition date if acquired during the year. Unrealized gains and losses are recorded as a component of net assets without donor restrictions or with donor restrictions until appropriated, unless required by the donor to be held in perpetuity.

The Organization's investment policy provides guidance for investment activities including cash, fixed income (domestic and foreign), and equity (domestic and foreign). The Organization contracts a professional investment management firm to provide investment management and consulting services. The Organization's investment policy emphasizes low-cost, passive, short-term investments.

Investments acquired by gift are recorded at fair market value at the date of the gift. The Organization's policy is to liquidate all contributed investments as soon as practicable considering market conditions.

Note 2: Summary of Significant Accounting Policies (Continued)

Contributions and Grant Revenue – Contributions and grants are recognized when cash, securities, other assets, or unconditional promises to give are received. When an unconditional promise to give spans multiple years, the total amount of the contribution or grant for all years is recognized as revenue on the date of the unconditional promise. Conditional promises to give with measurable performance-related barriers or a right of return are not recognized until the conditions on which they depend have been substantially met and the promise becomes unconditional.

All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Pledges or grants expected to be collected in the same fiscal year as the date of the unconditional promises are considered to be available for unrestricted use unless restricted by donor stipulation for a specific purpose. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as contributions or grants with donor restrictions. Contributions which are perpetual in nature are reported at their original value at the time of the gift. Realized and unrealized gains and losses on these assets are recorded as with donor restrictions until appropriated for expenditure by the Organization and do not impact the original principal of the permanently restricted assets.

In-Kind Contributions – Contributions of non-cash assets are recorded at their fair value in the period received. Contributions of public stock are recorded at the mean of the quoted market price on the date of donation. The Organization received no in-kind contributions during the years ending December 31, 2024 and 2023.

Federal Grant Awards – Revenue on conditional cost-reimbursement grant awards from federal agencies is recognized as the Organization incurs and submits documentation for qualifying expenses, thus meeting the conditions of the grants. Expenditures under conditional federal grant awards totaled \$422,022 during the year ending December 31, 2024. See Note 9.

Service Revenue – The following provides information about the Organization's composition of revenue recognized from contracts with customers, the performance obligations under those contracts, and the significant judgements made in accounting for those contracts under Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*.

- **Federal Contracts:** The Organization has mobility assignment agreements with several federal agencies under the Intergovernmental Personnel Act (IPA). The Organization temporarily places its Fellows into positions of meaningful service within these government agencies. Revenues under these conditional cost-reimbursement contracts are recognized over time as performance obligations are satisfied and costs are incurred in accordance with the terms of the agreements. Expenditures under federal contracts totaled \$315,120 during the year ending December 31, 2024.

Note 2: Summary of Significant Accounting Policies (Continued)

- **Fiscal Sponsorship:** Program fiscal sponsorship service revenues are recognized over time as the Organization satisfies its performance obligations as fiscal agent and convening partner. See Note 6.
- **Other Service Revenue:** Other revenue from program service agreements is recognized over time when services are provided.

Total expenditures under federal contracts and federal grant awards were \$737,142 during the year ending December 31, 2024, not exceeding the threshold requiring a Single Audit under the Uniform Guidance, 2 Code of Federal Regulations (CFR) Part 200.

Income Taxes – The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization has analyzed its tax positions taken for filings with the Internal Revenue Service and the State of California. The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any tax assets or liabilities, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2024 and 2023.

All tax-exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. Currently there are no audits of the Organization's returns in process.

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 disclosures 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 due to risks and uncertainties.

Note 2: Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses – The Organization allocates its expenses on a functional basis among its various programs and support services. Expenditures which can be identified with a specific program or support service are allocated directly according to their natural expenditure. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by the Organization's management.

Expenses that are allocated include the following:

Expense	Method of Allocation
Personnel expense	Time and effort
Outside services	Management estimate
Office expense	Management estimate
Travel, meals, and entertainment	Management estimate
IT and computer expense	Time and effort
Telephone	Management estimate
Insurance	Management estimate
Occupancy expense	Management estimate

Management's Review of Subsequent Events – The Organization has evaluated subsequent events through the audit report date, which is the date the financial statements were available to be issued, and noted the following:

- Effective August 13, 2025, the Organization renewed the line of credit (LOC) agreement in the amount of \$1,000,000 with a commercial bank. Advances bear interest at 4.938% plus the Secured Overnight Financing Rate (SOFR). Interest-only payments on any outstanding balance are due monthly. All unpaid principal and accrued interest is due in full on August 13, 2026. See Note 7.

Note 3: Liquidity and Funds Available

The Organization receives contributions with donor restrictions to be used in accordance with the purpose restrictions. In addition, the Organization receives support without donor restrictions; such support generally supports annual programming needs to advance the Organization's mission, as well as general expenditures. The Organization considers service revenue, investment income without donor restrictions, contributions without donor restrictions, and contributions with donor restrictions for use in current programs which are ongoing, major, and central to annual operations to be available to meet cash needs for general expenditures.

STEM Next Opportunity Fund
Notes to Financial Statements
December 31, 2024 and 2023

Note 3: Liquidity and Funds Available (Continued)

General expenditures include administrative and general expenses, fundraising expenses, and grant commitments expected to be paid in the subsequent year. A majority of donor-restricted assets are designated for operational and programmatic purposes and, therefore, are available for use for general expenditures within one year. Furthermore, board-designated funds are intended to fund special board initiatives and grantmaking considered in the annual operating budget; amounts can be made available for general expenditures, if necessary, under board discretion.

The Organization manages its liquidity and reserves following these guiding principles:

- Operating with a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets to maintain near-term operating needs, and
- Maintaining sufficient reserves to provide reasonable assurance that long-term grant commitments and obligations with donor restrictions will continue to be met.

The Organization regularly monitors the availability of the resources required to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, receivables, and marketable securities.

As part of the Organization's liquidity management, cash in excess of daily requirements is invested in short and long-term investments to maximize available funds. Investments are evaluated on a monthly basis and may be drawn upon, if necessary, to meet liquidity needs.

The following table presents financial assets available for general expenditures within one year at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financial assets		
Cash and cash equivalents	\$ 3,085,561	\$ 1,586,194
Accounts receivable	108,413	31,823
Grants receivable	1,066,682	1,846,928
Investments	<u>1,263,747</u>	<u>2,691,846</u>
Financial assets, end of year	5,524,403	6,156,791
Less those unavailable for general expenditure within one year due to:		
Long-term grants receivable, net	0	(368,758)
Cash reserve	<u>(160,000)</u>	<u>0</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 5,364,403</u></u>	<u><u>\$ 5,788,033</u></u>

STEM Next Opportunity Fund
Notes to Financial Statements
December 31, 2024 and 2023

Note 4: Grants Receivable

Grants receivable at December 31, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Receivable in less than one year	\$ 1,066,682	\$ 1,478,170
Receivable in one to five years	<u>0</u>	<u>400,000</u>
	1,066,682	1,878,170
Less discount to net present value at 3.79%	<u>0</u>	<u>(31,242)</u>
	<u>\$ 1,066,682</u>	<u>\$ 1,846,928</u>

Note 5: Investment and Fair Value Disclosures

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. 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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income, or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.
- Level 2 inputs (other than quoted prices included within level 1) are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable for the asset or liability and rely on management's own estimates about the assumptions that market participants would use in pricing the asset or liability. (The observable inputs should be developed based on the best information available in the circumstances and may include the Organization's own data.)

Money market mutual funds are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency.

STEM Next Opportunity Fund
Notes to Financial Statements
December 31, 2024 and 2023

Note 5: Investment and Fair Value Disclosures (Continued)

Marketable securities including publicly traded investments such as domestic and foreign equity, mutual funds, and government and corporate obligations that trade on an active exchange are classified within Level 1.

The following table presents the Organization's Level 1 investments by fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2024 and 2023. There were no Level 2 nor 3 financial instruments as of December 31, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Cash equivalents		
Money market fund	\$ 1,263,747	\$ 314,902
US treasury bonds	0	200,000
Equity mutual funds		
Large cap	0	725,006
Small/mid cap	0	350,952
Foreign equity	0	350,471
Real estate	0	90,322
Fixed income		
Intermediate term bond	0	305,725
Short term bond	0	85,930
High yield	0	94,447
Other	0	174,091
	<u>\$ 1,263,747</u>	<u>\$ 2,691,846</u>

Note 6: Contract-Related Liabilities

Contract-related liabilities may result from timing differences between cash receipts from the customer and the recognition of revenue. Deferred revenue as of December 31, 2024 related to unearned service fees was \$34,693 and is expected to be recognized as revenue within one year upon satisfaction of performance obligations. There were no contract-related liabilities as of December 31, 2023.

Note 7: Line of Credit

Effective August 12, 2024, the Organization entered into a line of credit (LOC) agreement in the amount of \$1,000,000 with a commercial bank, expiring August 12, 2025. Advances bear interest at 5.912% plus the Secured Overnight Financing Rate (SOFR). Interest-only payments on any outstanding balance are due monthly. All unpaid principal and accrued interest is due in full upon termination, currently extended through August 13, 2026, as discussed in Note 2. The Organization has not drawn advances, and there was no balance due as of December 31, 2024.

STEM Next Opportunity Fund
Notes to Financial Statements
December 31, 2024 and 2023

Note 8: Fiscal Sponsor Project

Imagine Science Collaboration – The Organization serves as fiscal agent and convening partner under a collaboration agreement effective January 1, 2021 with programmatic partners Boys and Girls Clubs of America, National 4-H Council, Girls Inc., and YMCA of the USA, four of the nation’s largest and most experienced youth development organizations. The Organization originates funding proposals for grant awards, leads fundraising efforts, and disburses project funds as incurred. All of the contributions and grants received by the Organization under the terms of the agreement are devoted to the purposes of the Project, and as discussed in Note 2, are recorded as with donor restrictions. The Organization’s role is to ensure that funds disbursed are used for the intended charitable purposes of the Project. The Organization receives an administrative fee of 15% of the charitable funds received on behalf of the Project.

The changes in fiscal sponsor project net assets with donor restrictions for the years ending December 31, 2024 and 2023 follow:

	<u>2024</u>	<u>2023</u>
Imagine Science net assets with donor restrictions, beginning of year	\$ 518,424	\$ 808,710
Support		
Grant revenue, net	208,000	100,000
Contributions	<u>190,716</u>	<u>314,736</u>
Total support	398,716	414,736
Less expenses:		
Program services		
Outside services	(545,232)	(590,593)
Program expense	(236,497)	(57,000)
Management and general		
Administrative fee	<u>(121,110)</u>	<u>(57,429)</u>
Restrictions released	<u>(902,839)</u>	<u>(705,022)</u>
Change in net assets	<u>(504,123)</u>	<u>(290,286)</u>
Imagine Science net assets with donor restrictions, end of year	<u>\$ 14,301</u>	<u>\$ 518,424</u>

STEM Next Opportunity Fund
Notes to Financial Statements
December 31, 2024 and 2023

Note 9: Conditional Federal Grant Awards

The Organization received two conditional cost-reimbursement grant awards from federal agencies during the year ending December 31, 2024:

- National Science Foundation: \$1,322,853 continuing grant transferred to the Organization on April 15, 2024, and as amended on September 11, 2024, to support the Teen Science Café Network initiative. The performance period is February 15, 2024 through August 31, 2026. An additional \$605,211 award is contingent on the availability of funds and scientific progress, expected in 2025. Total expenditures under this award were \$360,241 for the year ending December 31, 2024.
- Department of Labor: \$3,484,234 grant awarded on September 24, 2024 to support the Exploring Career Connections in STEM initiative. The performance period is October 1, 2024 through September 30, 2027. Total expenditures under this award were \$61,781 for the year ending December 31, 2024.

As discussed in Note 2, revenue on reimbursable grants is recognized as the Organization incurs and submits documentation for qualifying expenses, thus meeting the conditions of the grants.

Note 10: Operating Lease

The Organization rents office space under a short-term agreement with an unrelated party at a monthly base rent of \$1,274 as of December 31, 2024. Total rent expense for the years ending December 31, 2024 and 2023 was \$18,591 and \$17,054, respectively.

Note 11: Retirement Plan

The Organization provides a defined contribution 401(k) retirement plan (the “Plan”) for eligible employees. The Plan is administered by a third-party administrator. Substantially all employees who are 21 or older are eligible to participate in the Plan. The Organization makes safe harbor contributions to the Plan annually and at its discretion. The Organization made contributions to the Plan of \$112,130 and \$96,708 for the years ending December 31, 2024 and 2023, respectively.

STEM Next Opportunity Fund
Notes to Financial Statements
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Note 12: Net Assets with Donor Restrictions

Net assets released from donor restrictions upon satisfaction of donor specifications for the years ending December 31, 2024 and 2023 follow:

	<u>2024</u>	<u>2023</u>
Million Girls Moonshot	\$ 3,449,006	\$ 9,412,120
STEM Next Opportunity Fellows	2,892,561	2,718,235
Institute for STEM Ready America	1,407,658	0
Imagine Science	902,839	705,022
Capacity & Sustainability	667,640	0
Teen Science Café Network	360,241	0
Exploring Career Connections in STEM	61,781	0
STEM Mission Drive Grantmaking	0	120,401
New Mexico Out-of-School Time	0	114,027
	<u> </u>	<u> </u>
Total restrictions released	<u>\$ 9,741,726</u>	<u>\$ 13,069,805</u>

Temporarily restricted net assets for the years ended December 31, 2024 and 2023 follow:

	<u>2024</u>	<u>2023</u>
STEM Next Opportunity Fellows	\$ 1,387,784	\$ 2,162,693
Institute for STEM Ready America	1,371,502	0
Capacity & Sustainability	733,200	0
Million Girls Moonshot	298,173	1,414,405
Exploring Career Connections in STEM	18,218	0
Imagine Science	14,301	518,424
	<u> </u>	<u> </u>
Net assets with donor restrictions, end of year	<u>\$ 3,823,178</u>	<u>\$ 4,095,522</u>

Note 13: Unrestricted Board Designated Funds

The Organization held no board designated funds as of December 31, 2024 and 2023.

Note 14: Concentrations

Significant Donors – Approximately 72% and 73% of outstanding promises to give was attributed to three donors as of December 31, 2024 and 2023, respectively. For the year ending December 31, 2024, approximately 30% of the Organization's revenue came from one significant donor. For the year ending December 31, 2023, approximately 31% of the Organization's revenue came from two significant donors.

Note 14: Concentrations (Continued)

Credit Risk – The Organization maintains cash balances at institutions insured by the Federal Deposit Insurance Corporation. At times, balances may exceed federally insured limits. Uninsured cash balances at institutions totaled \$2,835,555 as of December 31, 2024. The Organization has not experienced any losses of cash in such accounts. Management believes that the Organization is not exposed to any significant credit risk with respect to its cash and cash equivalents.

The Organization invests in various types of marketable securities and money market funds. The Organization has established guidelines relative to diversification and maturities that target certain safety and liquidity risk levels. These guidelines are periodically reviewed and modified to take advantage of trends in yields and interest rates. Investment securities, in general, are subject to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the financial statements.