New Schools Fund

Financial Statements

December 31, 2025
(With Comparative Totals for 2024)

armanino

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Schools Fund

Opinion

We have audited the accompanying financial statements of New Schools Fund (a California nonprofit corporation) ("Organization"), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, 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 New Schools Fund as of December 31, 2025, 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. 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 New Schools Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 New Schools Fund's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Report on Summarized Comparative Information

We have previously audited New Schools Fund's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 9, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Armanino LLP

St. Louis, Missouri

June 10, 2026

New Schools Fund
Statement of Financial Position
December 31, 2025
(With Comparative Totals for 2024)

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 22,891,882	$ 17,287,542
Contributions receivable	13,229,304	16,017,969
Investments	85,776,515	19,902,000
Interest receivable	423,427	81,888
Other accounts receivable	12,415	193,629
ERC receivable	-	284,216
Prepaid assets	509,975	425,233
Total current assets	122,843,518	54,192,477
Non-current assets		
Property and equipment, net	236,236	336,677
Contributions receivable, net	-	10,572,533
Mission related investments	194,808	194,808
Investment in NewSchools Seed, L.P.	4,400,547	5,176,649
Right-of-use assets	-	436,338
Other assets	30,000	30,000
Total non-current assets	4,861,591	16,747,005
Total assets	$ 127,705,109	$ 70,939,482
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 909,387	$ 890,362
Accrued salaries and wages	513,049	337,394
Grants payable	25,000	-
Lease liability, current	-	487,355
Refundable advances	64,700	-
Total current liabilities	1,512,136	1,715,111
Net assets		
Without donor restrictions	98,494,216	32,634,839
With donor restrictions	27,698,757	36,589,532
Total net assets	126,192,973	69,224,371
Total liabilities and net assets	$ 127,705,109	$ 70,939,482

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

New Schools Fund
Statement of Activities
For the Year Ended December 31, 2025
(With Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Revenues, gains (losses), and other support				
Contributions	$ 79,491,802	$ 16,786,105	$ 96,277,907	$ 39,836,647
Interest income and gains, net of fees	2,143,253	-	2,143,253	1,124,721
Rental income	-	-	-	4,450
Other revenue	259,202	-	259,202	464,184
Other losses	(284,216)	-	(284,216)	-
In-kind contributions	131,914	-	131,914	-
Net assets released from restrictions	25,676,880	(25,676,880)	-	-
Total revenues, gains (losses), and other support	107,418,835	(8,890,775)	98,528,060	41,430,002
Functional expenses				
Venture funding and support	36,310,614	-	36,310,614	31,240,752
Management and general	3,652,837	-	3,652,837	4,084,971
Fundraising	883,905	-	883,905	782,832
Total functional expenses	40,847,356	-	40,847,356	36,108,555
Change in net assets from operations	66,571,479	(8,890,775)	57,680,704	5,321,447
Nonoperating activities				
Gain on mission related investments	-	-	-	17,604
Gain (loss) on equity investment in NewSchools Seed L.P.	(712,102)	-	(712,102)	(57,295)
Loss on disposal of assets	-	-	-	(2,530)
Total nonoperating activities	(712,102)	-	(712,102)	(42,221)
Change in net assets	65,859,377	(8,890,775)	56,968,602	5,279,226
Net assets, beginning of year	32,634,839	36,589,532	69,224,371	63,945,145
Net assets, end of year	$ 98,494,216	$ 27,698,757	$126,192,973	$ 69,224,371

New Schools Fund
Statement of Functional Expenses
For the Year Ended December 31, 2025
(With Comparative Totals for 2024)

	Program Services	Support Services				
	Venture Funding and Support	Management and general	Fundraising	Total Support Services	2025 Total	2024 Total
Grants and contracts	$ 24,829,007	$ -	$ -	$ -	$ 24,829,007	$ 22,226,117
Personnel	7,134,825	1,682,262	802,546	2,484,808	9,619,633	8,821,694
Professional services	1,100,098	763,939	44,379	808,318	1,908,416	819,569
Events and travel	2,953,325	159,096	24,053	183,149	3,136,474	2,511,294
General expenses	293,359	1,047,540	12,927	1,060,467	1,353,826	1,729,881
	$ 36,310,614	$ 3,652,837	$ 883,905	$ 4,536,742	$ 40,847,356	$ 36,108,555

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

New Schools Fund
Statement of Cash Flows
For the Year Ended December 31, 2025
(With Comparative Totals for 2024)

	2025	2024
Cash flows from operating activities		
Change in net assets	$ 56,968,602	$ 5,279,226
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	142,090	86,212
Net realized and unrealized (gain) loss on investments	12,037	547,086
Net gain on mission related investments	-	(17,604)
Net (gain) loss on equity investment in New Schools Seed, L.P.	712,102	57,295
Reduction of right of use asset	436,338	900,957
Donated securities (non cash contribution revenue)	(5,073,933)	(4,953,525)
Change in discount of contribution receivables	(641,771)	(223,287)
Changes in operating assets and liabilities		
Contributions receivable, net	14,002,969	(5,607,273)
Other accounts receivable	181,214	(314,243)
ERC receivable	284,216	-
Prepaid assets	(84,742)	(246,154)
Accounts payable and accrued expenses	19,025	371,475
Accrued salaries and wages	175,655	(26,380)
Grants payable	25,000	(125,000)
Refundable advances	64,700	-
Operating lease liability	(487,355)	(953,259)
Net cash provided by (used in) operating activities	66,736,147	(5,224,474)
Cash flows from investing activities		
Purchase of property and equipment	(41,649)	(178,059)
Purchases of investments	(104,319,944)	(21,889,283)
Proceeds from sales of investments	43,165,786	29,966,075
Liquidation of mission related investments	-	557,079
Distributions from New Schools Seed, L.P.	64,000	-
Net cash provided by (used in) investing activities	(61,131,807)	8,455,812
Net increase in cash and cash equivalents	5,604,340	3,231,338
Cash and cash equivalents, beginning of year	17,287,542	14,056,204
Cash and cash equivalents, end of year	$ 22,891,882	$ 17,287,542

1. NATURE OF OPERATIONS

New Schools Fund, dba NewSchools Venture Fund, ("NewSchools" or the "Organization") is a nonprofit venture philanthropy founded in 1998 under the laws of the State of California. NewSchools is committed to helping all students – especially those from underserved communities – graduate high school prepared and inspired to achieve their most ambitious dreams and plans. To achieve this vision, NewSchools uses charitable donations to support teams of educators, innovators and parent leaders who are reimagining public education. NewSchools also provides management assistance to those ventures and builds the field of visionary leaders in education by organizing events and knowledge-sharing opportunities. NewSchools occasionally serves as the fiscal sponsor to support other education organizations as they launch into new 501(c)(3) organizations. NewSchools receives the majority of its revenue from individual, foundation, and corporate contributions and grants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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

Basis of presentation

The financial statements are reported according to the existence or absence of donor-imposed restrictions. Accordingly, balances and transactions are reported in the following classes of net assets:

- *Net assets without donor restrictions* - Net assets not subject to donor-imposed stipulations and donor-imposed stipulations that are met in the year of the contribution.
- *Net assets with donor restrictions* - Net assets subject to donor-imposed stipulations that will be met by actions of the Organization, and/or the passage of time, or are maintained in perpetuity by the Organization. When the donor-imposed stipulation ends or the Organization satisfies an action, the Organization reclassifies net assets with donor restrictions to net assets without donor restrictions. As of December 31, 2025, the Organization does not have any net assets with donor restrictions that are held in perpetuity.

Contribution revenues are reported as increases in net assets without donor restrictions unless the use of related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. The Organization reports reclassifications between the applicable classes of net assets upon expiration of net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) as releases from restrictions on the statement of activities. Net assets with donor restrictions that are restricted for purposes of timing will be released from restriction on the statement of activities when the cash is received on the outstanding contribution or grant receivable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparative financial information

The financial statements include certain prior-year summarized comparative information. Such information does not include all disclosures required by GAAP. Accordingly, such information should be read in conjunction with the Organization’s prior-year financial statements.

Contributions receivable and revenue

The Organization recognizes contributions when cash, securities, or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return or right of release – are not recognized until the barrier has been overcome and/or the right of return or release has been removed.

Contributions that are promised in one year but are not expected to be collected until after the end of that year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for doubtful contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and current aging of contributions receivable. There was no allowance for doubtful contributions receivable for the year ended December 31, 2025 .

Grants expenses and payable

Unconditional grants made by the Organization are accrued as expenses and are recognized in the year in which final grant agreements are signed. Conditional grant expenditures are not recorded until the conditions - that is, those with a measurable performance or other barrier and a right of return or right of release – have been overcome and/or the right of return or release has been removed.

Cash and cash equivalents

Cash and cash equivalents include cash in bank accounts and money market funds included in a brokerage account. The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be classified as cash equivalents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

The Organization carries investments in corporate or government bonds, commercial paper, money market funds and certificates of deposit that are reported at fair value. Interest income and gains (losses) consist of realized and unrealized gains and losses, interest, dividends, and fees that are recorded in the statement of activities. Investment income restricted by a donor is reported as net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income is recognized.

Mission related investments

Mission-related investments consist of two non-marketable equity securities. These investments are accounted for under the cost method and are reported at historical cost, net of impairment. The Organization's ownership interests are not sufficient to provide control or to exercise significant influence over the investees; accordingly, consolidation and equity method accounting are not applicable.

Under this method, the investments are evaluated for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If it is determined that a decline in value is other than temporary, an impairment loss is recognized in the statement of activities in the period the decline occurs. As of December 31, 2025, management has concluded that no impairment exists based on the available financial information.

Fair value measurements

The Organization carries certain assets at fair value.

Fair value is defined as the price that one would receive by selling an asset or paying to transfer a liability in an orderly transaction among market participants at the measurement date. Management determines the fair value measurement valuation policies and procedures, which are subject to Board assessment and approval. At least annually, management determines if the current valuation techniques used in fair value measurements are still appropriate.

The Organization classifies its financial assets and liabilities using a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

- *Level 1* - Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- *Level 2* - Observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly or indirectly.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

- *Level 3* - Unobservable inputs for the asset or liability that are not corroborated by market data.

Investment in NewSchools Seed, L.P.

The Organization is the only limited partner of an entity, NewSchools Seed, L.P. ("NewSchools Seed"), with an unrelated third party as General Partner. This entity was established to acquire and hold venture capital investments in the entities that were previously part of NewSchools mission related investment portfolio and to make a limited number of new investments. As part of the agreement, limited partners have no control over the entity, therefore they are not required to be consolidated. This investment is accounted for by the equity method, and the Organization's proportionate share of NewSchools Seed's change in net assets is reflected in the Organization's statement of activities.

Financial instruments

Financial instruments, which are included in the Organization's statement of financial position as of December 31, 2025 but not required to be measured at fair value on a recurring basis, consist of cash and cash equivalents, other receivables and assets, and accounts payable. The carrying amounts of these assets and liabilities approximate fair value.

Property and equipment

Property and equipment are stated at cost, or fair value if donated, less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets in the range of three to seven years. Leasehold improvements are depreciated over the shorter of their estimated useful life or the lease term. Purchases of property and equipment over $5,000 are capitalized. Renewals and betterments that extend the economic useful lives of the related assets are capitalized. The Organization expenses as incurred other expenditures for repairs and maintenance.

Leases

The Organization has one operating lease for office space. Operating leases are required to be included in right-of-use (ROU) assets and lease liabilities on the statement of financial position. ROU assets represent the organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. For operating leases with a term of one year or less, NewSchools has elected to not recognize a lease liability or ROU asset on the statement of financial position. Instead, lease payments are recognized as expenses on a straight-line basis over the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract or when the terms of an existing contract are changed. Finance and operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Organization's leases do not provide an implicit rate, the Organization uses the risk free rate commensurate with the lease term based on the information available at commencement date in determining the present value of lease payments. The lease ROU asset also includes any lease payments made and excludes lease incentives. Option periods are included in the ROU asset and liability when it is reasonably certain the option will be exercised. Rent expense for lease payments is recognized on a straight-line basis over the lease term.

For any lease agreements with lease and non-lease components, the Organization has elected to apply the practical expedient that allows equipment leases and their associated maintenance services to be accounted for as a single combined operating lease component. The Organization is a lessee in a lease agreement with third parties that do not contain material restrictions or covenants in their lease agreements, sale-leaseback transactions, land easements or residual value guarantees.

Refundable advances

Refundable advances represent funds received by the Organization for which donor-imposed conditions have not yet been substantially met. These amounts are typically associated with conditional contributions, including grants and contracts, that specify one or more barriers that must be overcome and include a right of return or release of funds.

The Organization records such receipts as refundable advances (liabilities) upon receipt of cash or notification of an award, rather than as contribution revenue, until the conditions specified by the donor or grantor are satisfied.

The Organization evaluates each contribution agreement to determine whether it contains:

- Donor-imposed conditions, including measurable performance-related barriers or other stipulations, and
- A right of return or release, indicating that assets must be returned or the donor is released from its obligation if conditions are not met.

Revenue from these arrangements is recognized only when the conditions have been substantially fulfilled. Conditions are typically met as the Organization incurs qualifying expenses, achieves programmatic milestones, or otherwise satisfies the specified requirements outlined in the agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In-kind contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities. The financial statements do not reflect the value of certain volunteer services because they do not create or enhance non-financial assets or require specialized skills. Contributed professional services, which meet recognition criteria prescribed by generally accepted accounting principles, are recorded at the respective fair values of the services received.

Donated goods or contributions of tangible assets are recognized at fair value when received. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specified purpose. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses.

Functional expenses

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Organization. Expenses that can be identified with a specific program and supporting service are allocated directly according to their natural expenditure classifications. Other expenses are attributable to several functions: therefore, expenses require allocation on a reasonable basis that is consistently applied. The costs of providing various programs and activities have been summarized on a natural and functional allocation basis by the Organization based on management's estimates.

Personnel expenses and professional service expenses are allocated on the basis of estimates of time and effort of the various executive and non-executive employees that cannot be directly attributed to one function.

Measure of operations

The statement of activities presents the changes in net assets of the Organization from operating and nonoperating activities. Operating revenues and expenses related primarily to program services, grant activities, and fiscal sponsorships. The portion of investment return related to the external investment portfolio held at fair value is included in operating revenue. Nonoperating activities primarily consist of investment changes on the mission related investments and the equity investment in NewSchools Seed, L.P.

Income tax status

The Organization has been granted tax-exempt status by the Internal Revenue Service under Internal Revenue Code ("IRC") Section 501(c)(3) and California Revenue and Tax codes and accordingly, is exempt from income taxes on related business income. Contributions to the Organization are deductible for income tax purposes under IRC Section 170(b)(1)(A).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status (continued)

The Organization's current accounting policy is to evaluate uncertain tax positions. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. Management evaluated the Organization's tax positions and concluded that the Organization had maintained its tax-exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. The Organization is no longer subject to income tax examinations by Federal authorities for tax years before 2021 and State tax authorities for tax years before 2020.

Reclassifications

Certain amounts presented in prior year financial statements have been reclassified to conform to current year presentation. Such reclassifications had no effect on total assets, liabilities, net assets, changes in net assets or cash flows from the amounts previously reported.

Subsequent events

The Organization has evaluated subsequent events through June 10, 2026, the date the financial statements were available to be issued. No subsequent events have occurred that would have a material impact on the presentation of the Organization's financial statements.

3. LIQUIDITY AND FUNDS AVAILABLE

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To meet liquidity needs, the Organization's Corporate Cash Investment Policy provides guidelines for the management of cash.

The Organization has short term-investments, which consist of certificates of deposit and U.S. government bonds. All investments are considered short-term as there are no preventative lockups or restrictions and can be readily liquidated to pay for operating needs.

Quarterly, the Finance Committee of the Board of Directors reviews the Organization's statement of financial position and discusses what may be a reasonable cash position to maintain.

3. LIQUIDITY AND FUNDS AVAILABLE (continued)

The following is a quantitative disclosure which describes assets that are available within one year of December 31, 2025 to fund general expenditures and other obligations when they become due:

Cash and cash equivalents	$ 22,891,882
Contributions receivable, current portion	13,229,304
Investments	85,776,515
Interest receivable	423,427
Other accounts receivable	12,415
Mission related investments	194,808
Investment in NewSchools Seed, L.P.	4,400,547
	126,928,898
Less: amounts unavailable for general expenditure within one year	
Mission related investments	(194,808)
Investments in NewSchools Seed, L.P.	(4,400,547)
Net assets restricted for purpose	(21,498,757)
	(26,094,112)
Financial assets available to meet cash needs for general expenditures within one year	$ 100,834,786

In total, the Organization has cash and cash equivalents as well as investments on hand at December 31, 2025 to cover approximately 31 months of operating expenses based on the 2026 monthly budgeted run rate for all program and support services expense. Excluding grants and contracts expense, which consist of 61% of the total budgeted expense, financial assets on hand will cover 79 months of operating expenses.

Additionally, the Organization has liquid net assets without donor restrictions of $93,662,625, as of December 31, 2025, to cover approximately 27 months of operating expenditures.

4. CONTRIBUTIONS RECEIVABLE

As of December 31, 2025, unconditional contributions receivable are expected to be collected within one year, therefore no discount was recorded in the accompanying financial statements.

Contributions receivable consisted of the following:

Receivable in less than one year	$ 13,229,304

4. CONTRIBUTIONS RECEIVABLE (continued)

The Organization's conditional promises to give totaled $25,000,000 as of December 31, 2025. At December 31, 2025, these conditional contributions have not been recognized in the accompanying statement of activities because the conditions on which they depend have not yet been met. Total conditional contributions depend on meeting the project objectives and performance metrics. The Organization considers all contributions to be available for the general programs of the Organization unless the donor stipulates specific restrictions, such as for a specific program area or sponsored project.

5. EMPLOYEE RETENTION TAX CREDIT

The Employee Retention Tax Credit ("ERC"), a refundable tax credit against certain employment taxes allowed to an eligible employer for qualifying wages, was established by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and was subsequently amended through additional legislation. The credit was equal to a percentage of qualified wages paid during eligible periods.

The Organization accounted for the ERC as a conditional contribution in accordance with ASC 958-605 and recognized contribution revenue during the year ended December 31, 2024, upon concluding that the eligibility conditions had been substantially met. Subsequent to the issuance of the Organization’s 2024 financial statements, legislation was enacted in 2025 that modified eligibility criteria for certain ERC claims. As a result of this legislative change, the Organization reassessed its eligibility and determined that the previously recognized ERC related to the applicable quarter no longer qualified under the revised criteria.

Accordingly, during the year ended December 31, 2025, the Organization recorded a reversal of $284,216 of previously recognized ERC revenue. The adjustment has been reflected as other losses in the accompanying statement of activities, and the related receivable has been written off as of December 31, 2025.

Management has concluded that this adjustment represents a change in estimate resulting from new information and changes in circumstances, rather than an error in previously issued financial statements. Therefore, prior period financial statements have not been restated.

6. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following is a description of the valuation methodologies used for assets measured at fair value. During the year, there have been no changes in the methodologies used to derive the fair value of the Organization's assets and liabilities.

Certificates of deposit held for investments that are not debt securities are considered investments and are measured at fair value. Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as short-term investments, and as Level 1 assets. Certificates of deposit with remaining maturities greater than one year are classified as long-term investments, and as Level 2 assets.

6. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

Investments in bonds are a combination of corporate, municipal, and government bonds that derive their value based on the length of the remaining term of the bond, the coupon rate of the bond, and the current interest rate. As these bonds are not publicly traded, they are Level 2 assets. The inputs to measure fair value are observable (interest rate, coupon rate, and term length); these assets qualify as Level 2 assets.

Commercial paper investments are used to manage short-term liquidity and are purchased from highly rated corporate issuers. Commercial paper is measured at fair value on a recurring basis. Fair value is determined using quoted prices for similar instruments in active markets. The inputs to measure fair value are observable (interest rate, coupon rate, and term length); these assets qualify as Level 2 assets.

Money market funds are classified as cash equivalents in the accompanying statement of financial position. These funds are invested in highly liquid instruments with original maturities of three months or less and are readily convertible to known amounts of cash.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2025:

	Level 1	Level 2	Level 3	Fair Value
Commercial paper	$ -	$ 41,392,780	$ -	$ 41,392,780
Agency bonds	-	17,115,703	-	17,115,703
U.S. corporate bonds	-	23,405,675	-	23,405,675
U.S. government bonds	23,472,440	-	-	23,472,440
	$ 23,472,440	$ 81,914,158	$ -	105,386,598
Money market funds				60,980
				$105,447,578

Investments, on the statement of financial position, consisted of the following as of December 31, 2025:

Investments	$ 85,776,515
Cash and cash equivalents (included in commercial paper above)	19,671,063
	$ 105,447,578

As of December 31, 2025, the statement of financial position includes $19,671,063 in cash and cash equivalents comprised of commercial paper investments. These are classified as Level 2 investments in the table above due to their valuation inputs. However, because they have maturities of less than 12 months, they are treated as cash and cash equivalents in accordance with the Organization's policy

7. MISSION RELATED INVESTMENTS

Occasionally, the Organization makes uncollateralized loans and equity investments in nonprofit and for-profit organizations engaged in working to improve public education; and invests in for-profit businesses with a strong potential to improve public education. Investments without readily determinable fair values are reported at historical cost and evaluated for impairment, unless it can reasonably be expected that the Organization will suffer a loss on the disposition of an investment, in which case a provision for the loss is made in the year in which the decline in value occurs.

The Organization's remaining equity investments in two entities have a total carrying value of $194,808 as of December 31, 2025.

8. EQUITY INVESTMENT IN NEWSCHOOLS SEED, L.P.

NewSchools is the sole Limited Partner in NewSchools Seed, L.P. ("NewSchools Seed"), with an unrelated third party as General Partner. NewSchools Seed was established to acquire and hold venture capital investments in the entities that were previously part of NewSchools mission related investment portfolio and to make a limited number of new investments. NewSchools' investment in NewSchools Seed is accounted for as an equity method investment in the statement of financial position.

As of December 31, 2025, NewSchools is the only limited partner of the entity. Based on the agreement signed, 20% of the net income and loss should be allocated to the general partner and 80% should be allocated to the capital accounts of the limited partners in proportion to their respective percentages at the end of a fiscal year or interim period. NewSchools recognized a gain on the equity investment in NewSchools Seed of $712,102 for the year ended December 31, 2025.

Condensed financial information (unaudited) for NewSchools Seed, L.P., as of December 31, 2025 is as follows:

Summary of statement of assets, liabilities, and partners' capital:		
Assets	$	5,254,795
Liabilities		(3,262)
Partners' capital	$	5,251,533
Summary of statement of operations:		
Expenses	$	(40,196)
Realized and unrealized losses on investments		(879,347)
	$	(919,543)

9. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2025:

Software	$ 492,352
Furniture and fixtures	41,650
	534,002
Accumulated depreciation and amortization	(297,766)
	$ 236,236

Depreciation and amortization expense for the year ended December 31, 2025 was $142,090.

10. CONDITIONAL GRANTS PAYABLE

At December 31, 2025, the Organization had grant payments totaling $8,610,000 that are contingent upon grantees meeting specific conditions in the future and have not been recorded in the accompanying statement of financial position or statement of activities.

Future grant payments due during the years ending December 31:

2026	$ 6,071,250
2027	2,538,750
	$ 8,610,000

11. LINE OF CREDIT

The Organization has a $3,000,000 line of credit agreement with a financial institution. Borrowings under the agreement bear interest at a variable rate, which is determined at the time funds are drawn. The line of credit does not have a stated maturity date and is available on a revolving basis.

There were no borrowings outstanding under the line of credit during the year ended December 31, 2025. Accordingly, no amounts were drawn or repaid during the year, and the full $3,000,000 borrowing capacity remained available as of December 31, 2025.

12. LEASE COMMITMENTS

The Organization leased office space, that was classified as an operating lease and matured in October 2025. No additional leases were entered into during the year, therefore no operating right of use asset and lease liability exists as of December 31, 2025.

Operating lease costs (included in general expenses on the statement of functional expense)	$ 447,679

13. NET ASSETS

Net assets consisted of the following at December 31, 2025:

Net assets without donor restrictions	
Undesignated	$ 98,494,216
Net assets with donor restrictions	
Purpose restrictions	21,498,757
Timing restrictions	6,200,000
	27,698,757
	$ 126,192,973

Net assets with donor restrictions released from restriction during the year were as follows:

Timing restrictions	$ 6,217,930
Purpose restrictions	19,458,950
	$ 25,676,880

14. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2025, the Organization recognized total contribution revenue of approximately $4,086,409 from seven members of the Board of Directors.

15. CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash and cash equivalents and investments with various financial institutions, which may at times exceed federally insured limits. During the year ended December 31, 2025, the Organization regularly held cash balances in excess of federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to significant custodial credit risk on these deposits.

The Organization has concentrations of credit risk with respect to its revenue and receivables. For the year ended December 31, 2025, approximately $70,000,000, or 73% of total contribution revenue, was received from a single foundation.

As of December 31, 2025, approximately $11,359,904, or 86% of gross contributions receivable, is due from four donors. Management believes these receivables are collectible based on the creditworthiness of the donors and historical collection experience.

16. RETIREMENT PLAN

The Organization sponsors a 401(k) Plan which allows for the Organization to make discretionary contributions of up to 7% of each employee's eligible compensation. The Organization's contribution was $475,104 for the year ended December 31, 2025.