

TEENPACT LEADERSHIP SCHOOLS, INC.  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025 AND 2024  
AND  
INDEPENDENT AUDITORS' REPORT

TEENPACT LEADERSHIP SCHOOLS, INC.  
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# Reed, Quinn & McClure

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
TeenPact Leadership Schools, Inc.

### ***Opinion***

We have audited the accompanying financial statements of TeenPact Leadership Schools, Inc. ("TeenPact") which comprise the statement of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TeenPact Leadership Schools, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TeenPact 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 TeenPact'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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in 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 the TeenPact'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 TeenPact'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.

*Reed, Quinn and McClure*

Lawrenceville, Georgia  
October 13, 2025

TEENPACT LEADERSHIP SCHOOLS, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2025 AND 2024

|                                                                   | <u>2025</u>         | <u>2024</u>         |
|-------------------------------------------------------------------|---------------------|---------------------|
| <b>ASSETS</b>                                                     |                     |                     |
| Cash and cash equivalents                                         | \$ 777,172          | \$ 808,638          |
| Accounts receivable                                               | 5,383               | 1,864               |
| Prepaid expenses                                                  | <u>148,261</u>      | <u>81,950</u>       |
| Total current assets                                              | 930,816             | 892,452             |
| Property, plant and equipment, net<br>of accumulated depreciation | 128,217             | 112,070             |
| Other assets                                                      | 2,800               | 2,800               |
| Right of use asset                                                | <u>144,585</u>      | <u>185,526</u>      |
| Total assets                                                      | <u>\$ 1,206,418</u> | <u>\$ 1,192,848</u> |
| <b>LIABILITIES AND NET ASSETS</b>                                 |                     |                     |
| <b>Current Liabilities</b>                                        |                     |                     |
| Accounts payable                                                  | \$ 16,161           | \$ 35,751           |
| Accrued expenses                                                  | 35,913              | 20,024              |
| Current portion of lease obligation                               | 60,600              | 47,738              |
| Deferred revenues                                                 | <u>349,926</u>      | <u>311,720</u>      |
| Total current liabilities                                         | 462,600             | 415,233             |
| Long-term portion of lease obligation                             | <u>115,904</u>      | <u>176,504</u>      |
| Total liabilities                                                 | <u>578,504</u>      | <u>591,737</u>      |
| <b>Net Assets</b>                                                 |                     |                     |
| Without restrictions                                              | 529,061             | 501,151             |
| With restrictions                                                 | <u>98,853</u>       | <u>99,960</u>       |
| Total net assets                                                  | <u>627,914</u>      | <u>601,111</u>      |
| Total liabilities and net assets                                  | <u>\$ 1,206,418</u> | <u>\$ 1,192,848</u> |

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

TEENPACT LEADERSHIP SCHOOLS, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

|                                       | 2025                    |                      |                   | 2024                    |                      |                   |
|---------------------------------------|-------------------------|----------------------|-------------------|-------------------------|----------------------|-------------------|
|                                       | Without<br>Restrictions | With<br>Restrictions | Total             | Without<br>Restrictions | With<br>Restrictions | Total             |
| REVENUES, GAINS AND SUPPORT           |                         |                      |                   |                         |                      |                   |
| State class revenue                   | \$ 1,755,798            | \$ -                 | \$ 1,755,798      | \$ 1,691,445            | \$ -                 | \$ 1,691,445      |
| Alumni class revenue                  | 351,398                 | -                    | 351,398           | 405,917                 | -                    | 405,917           |
| National convention                   | 494,790                 | -                    | 494,790           | 482,220                 | -                    | 482,220           |
| Contributions                         | 466,683                 | 173,117              | 639,800           | 468,048                 | 99,960               | 568,008           |
| Book sales                            | 60,832                  | -                    | 60,832            | 85,618                  | -                    | 85,618            |
| Fundraiser golf tournament            | -                       | -                    | -                 | 14,820                  | -                    | 14,820            |
| Gain(loss) on asset sale              | 7,703                   | -                    | 7,703             | (230)                   | -                    | (230)             |
| Miscellaneous income                  | 5,771                   | -                    | 5,771             | 100                     | -                    | 100               |
| Interest income                       | 37,748                  | -                    | 37,748            | 54,410                  | -                    | 54,410            |
| Total revenues and support            | 3,180,723               | 173,117              | 3,353,840         | 3,202,348               | 99,960               | 3,302,308         |
| Net assets released from restrictions | 174,224                 | (174,224)            | -                 | 32,000                  | (32,000)             | -                 |
| Total revenues, gains and support     | 3,354,947               | (1,107)              | 3,353,840         | 3,234,348               | 67,960               | 3,302,308         |
| EXPENSES AND LOSSES                   |                         |                      |                   |                         |                      |                   |
| Program services                      |                         |                      |                   |                         |                      |                   |
| State Classes                         | 2,021,997               | -                    | 2,021,997         | 2,336,031               | -                    | 2,336,031         |
| Alumni                                | 506,698                 | -                    | 506,698           | 397,225                 | -                    | 397,225           |
| National Convention                   | 508,140                 | -                    | 508,140           | 495,154                 | -                    | 495,154           |
| Total program expense                 | 3,036,835               | -                    | 3,036,835         | 3,228,410               | -                    | 3,228,410         |
| Management and general                | 145,465                 | -                    | 145,465           | 214,197                 | -                    | 214,197           |
| Fundraising                           | 144,737                 | -                    | 144,737           | 183,715                 | -                    | 183,715           |
| Total expenses and losses             | 3,327,037               | -                    | 3,327,037         | 3,626,322               | -                    | 3,626,322         |
| INCREASE (DECREASE) IN NET ASSETS     | 27,910                  | (1,107)              | 26,803            | (391,974)               | 67,960               | (324,014)         |
| NET ASSETS - BEGINNING OF YEAR        | 501,151                 | 99,960               | 601,111           | 893,125                 | 32,000               | 925,125           |
| NET ASSETS - END OF YEAR              | \$ <u>529,061</u>       | \$ <u>98,853</u>     | \$ <u>627,914</u> | \$ <u>501,151</u>       | \$ <u>99,960</u>     | \$ <u>601,111</u> |

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

TEENPACT LEADERSHIP SCHOOLS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2025

|                               | State<br>Classes | Alumni     | National<br>Convention | Total<br>Program | Management<br>and General | Fundraising | Total        |
|-------------------------------|------------------|------------|------------------------|------------------|---------------------------|-------------|--------------|
| Salaries                      | \$ 519,967       | \$ 95,983  | \$ 53,411              | \$ 669,361       | \$ 75,270                 | \$ 106,291  | \$ 850,922   |
| Taxes and benefits            | 73,220           | 13,901     | 11,520                 | 98,641           | 7,683                     | 10,405      | 116,729      |
| Total personnel costs         | 593,187          | 109,884    | 64,931                 | 768,002          | 82,953                    | 116,696     | 967,651      |
| Accounting fees               | -                | -          | -                      | -                | 45,486                    | -           | 45,486       |
| Auto and van expenses         | 17,705           | 3,543      | 4,989                  | 26,237           | 1,381                     | -           | 27,618       |
| Bank charges/credit card fees | 73,512           | 14,713     | 20,716                 | 108,941          | 221                       | -           | 109,162      |
| Board meetings                | 4,624            | 925        | 1,303                  | 6,852            | 857                       | 857         | 8,566        |
| Books/material/store expense  | 104,531          | 14,973     | 23,426                 | 142,930          | -                         | -           | 142,930      |
| Class director                | 56,550           | 10,100     | 15,200                 | 81,850           | -                         | -           | 81,850       |
| Communications                | 11,469           | 2,295      | 3,232                  | 16,996           | 944                       | 944         | 18,884       |
| Depreciation                  | 20,358           | 4,074      | 5,737                  | 30,169           | 1,588                     | -           | 31,757       |
| Fund raising                  | 2,254            | 451        | 635                    | 3,340            | -                         | 10,202      | 13,542       |
| Subscriptions                 | 8,037            | 1,608      | 2,265                  | 11,910           | 26                        | 26          | 11,962       |
| Insurance                     | 14,326           | 2,867      | 4,037                  | 21,230           | 5,307                     | -           | 26,537       |
| Location/camp fees            | 576,960          | 221,534    | 293,817                | 1,092,311        | -                         | -           | 1,092,311    |
| Meals                         | 261,501          | 48,936     | 7,138                  | 317,575          | -                         | -           | 317,575      |
| Miscellaneous                 | 30,898           | 1,092      | 1,553                  | 33,543           | -                         | -           | 33,543       |
| Occupancy                     | 28,118           | 5,627      | 7,924                  | 41,669           | 5,209                     | 5,209       | 52,087       |
| Postage/shipping              | 2,227            | 446        | 627                    | 3,300            | 471                       | 943         | 4,714        |
| Printing and copying          | 7,038            | 1,409      | 1,983                  | 10,430           | 652                       | 1,956       | 13,038       |
| Professional Services         | 25,514           | 5,106      | 7,190                  | 37,810           | -                         | 6,672       | 44,482       |
| Supplies                      | -                | -          | -                      | -                | -                         | -           | -            |
| Telephone                     | 4,488            | 898        | 1,265                  | 6,651            | 370                       | 370         | 7,391        |
| Travel                        | 178,700          | 56,217     | 40,172                 | 275,089          | -                         | 862         | 275,951      |
| Total expenses                | \$ 2,021,997     | \$ 506,698 | 508,140                | \$ 3,036,835     | \$ 145,465                | \$ 144,737  | \$ 3,327,037 |

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

TEENPACT LEADERSHIP SCHOOLS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2024

|                               | State<br>Classes | Alumni     | National<br>Convention | Total<br>Program | Management<br>and General | Fundraising | Total        |
|-------------------------------|------------------|------------|------------------------|------------------|---------------------------|-------------|--------------|
| Salaries                      | \$ 568,709       | \$ 93,701  | 55,885                 | \$ 718,295       | \$ 107,277                | \$ 122,336  | \$ 947,908   |
| Taxes and benefits            | 54,627           | 9,022      | 5,364                  | 69,013           | 10,494                    | 11,754      | 91,261       |
| Total personnel costs         | 623,336          | 102,723    | 61,249                 | 787,308          | 117,771                   | 134,090     | 1,039,169    |
| Accounting fees               | -                | -          | -                      | -                | 32,106                    | -           | 32,106       |
| Auto and van expenses         | 19,801           | 4,752      | 5,645                  | 30,198           | 1,589                     | -           | 31,787       |
| Bank charges/credit card fees | 71,341           | 17,121     | 20,339                 | 108,801          | 1,120                     | -           | 109,921      |
| Board meetings                | 8,441            | 2,026      | 2,407                  | 12,874           | 1,609                     | 1,609       | 16,092       |
| Books/material/store expense  | 6,312            | -          | 1,451                  | 7,763            | -                         | -           | 7,763        |
| Class director                | 64,522           | 8,637      | 10,691                 | 83,850           | -                         | -           | 83,850       |
| Communications                | 253              | 61         | 72                     | 386              | 21                        | 12,046      | 12,453       |
| Convention                    | 2,730            | 655        | 778                    | 4,163            | -                         | -           | 4,163        |
| Depreciation                  | 12,472           | 2,993      | 3,556                  | 19,021           | 1,001                     | -           | 20,022       |
| Equipment rental              | 239              | 57         | 68                     | 364              | -                         | -           | 364          |
| Golf fundraiser               | -                | -          | -                      | -                | -                         | 6,381       | 6,381        |
| Insurance                     | 11,323           | 2,717      | 3,228                  | 17,268           | 4,317                     | -           | 21,585       |
| Location/camp fees            | 789,765          | 130,944    | 258,632                | 1,179,341        | -                         | -           | 1,179,341    |
| Meals                         | 239,724          | 29,891     | 8,564                  | 278,179          | 96                        | 96          | 278,371      |
| Miscellaneous                 | 179,845          | 29,413     | 49,624                 | 258,882          | 42,254                    | 14,216      | 315,352      |
| Newsletter/publications       | 591              | 142        | 169                    | 902              | -                         | 301         | 1,203        |
| Occupancy                     | 27,611           | 6,626      | 7,872                  | 42,109           | 5,264                     | 5,264       | 52,637       |
| Postage/shipping              | 7,037            | 1,689      | 2,006                  | 10,732           | 826                       | 1,202       | 12,760       |
| Printing and copying          | 17,621           | 4,229      | 5,024                  | 26,874           | 1,680                     | 5,039       | 33,593       |
| Supplies                      | 19,645           | 4,715      | 5,601                  | 29,961           | 3,525                     | 1,762       | 35,248       |
| Telephone                     | 4,376            | 1,050      | 1,248                  | 6,674            | 371                       | 371         | 7,416        |
| Travel                        | 229,046          | 46,784     | 46,930                 | 322,760          | 647                       | 1,338       | 324,745      |
| Total expenses                | \$ 2,336,031     | \$ 397,225 | 495,154                | \$ 3,228,410     | \$ 214,197                | \$ 183,715  | \$ 3,626,322 |

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

TEENPACT LEADERSHIP SCHOOLS, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024  
Increase (Decrease) in Cash

|                                                                                                   | <u>2025</u>              | <u>2024</u>              |
|---------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES                                                              |                          |                          |
| Increase (decrease) in net assets                                                                 | 26,803                   | (324,014)                |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities |                          |                          |
| Realized loss (gain) on sale of donated stock                                                     | 596                      | 230                      |
| Realized loss (gain) on sale of property and equipment                                            | (8,300)                  | -                        |
| Non-cash contributions                                                                            | (17,405)                 | (35,055)                 |
| Depreciation                                                                                      | 30,591                   | 20,022                   |
| Accounts receivable                                                                               | (3,519)                  | 97,276                   |
| Prepaid expenses                                                                                  | (66,311)                 | (18,493)                 |
| Right of use asset                                                                                | 40,941                   | 38,461                   |
| Accounts payable                                                                                  | (19,590)                 | (5,538)                  |
| Accrued expenses                                                                                  | 15,888                   | (8,084)                  |
| Lease obligations                                                                                 | (47,738)                 | (38,947)                 |
| Deferred revenues                                                                                 | 38,206                   | 177,375                  |
| Net cash provided (used) by operating activities                                                  | <u>(9,838)</u>           | <u>(96,767)</u>          |
| CASH FLOWS FROM INVESTING ACTIVITIES                                                              |                          |                          |
| Proceeds from sale of donated stock                                                               | 16,809                   | 34,825                   |
| Proceeds from sale of property and equipment                                                      | 8,300                    | -                        |
| Purchase of property and equipment                                                                | <u>(46,737)</u>          | <u>(88,153)</u>          |
| Net cash provided (used) by investing activities                                                  | <u>(21,628)</u>          | <u>(53,328)</u>          |
| INCREASE (DECREASE) IN CASH                                                                       | (31,466)                 | (150,095)                |
| Cash - beginning of the year                                                                      | <u>808,638</u>           | <u>958,733</u>           |
| Cash - end of year                                                                                | \$ <u><u>777,172</u></u> | \$ <u><u>808,638</u></u> |
| Non-cash Investing Activities                                                                     |                          |                          |
| Stock contributions                                                                               | \$ <u><u>17,405</u></u>  | \$ <u><u>35,055</u></u>  |

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

TEENPACT LEADERSHIP SCHOOLS, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024

**1. NATURE OF ACTIVITIES**

TeenPact Leadership Schools, Inc. (formerly known as Family Resource Network, Inc.) provides a dynamic, student-led leadership school for Christian youth ages 8-19. The TeenPact mission is one of intentional growth, education, and encouragement to build up the next generation of Christian leaders. TeenPact programs are available in 45 states and reach over 6,000 students a year.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Financial Statement Presentation*

TeenPact adopted the Financial Accounting Standards Update (ASU) No. 2016-14 – *Not for Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit-Entities*. Accordingly, net assets are reported as net assets without donor restrictions and net assets with donor restrictions.

*Fair Value of Financial Instruments*

Fair value is defined as an exit price, representing the amount 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. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, FASB ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels used to measure fair value are as follows:

Level 1 Quoted prices in an active market for identical assets or liabilities.

Level 2 Observable inputs other than quoted market prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data;

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities; this includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

Cash and cash equivalents, accounts receivable, and accounts payable are stated at cost, which approximates fair value due to their short-term maturity.

*Estimates*

Financial statements prepared in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

TEENPACT LEADERSHIP SCHOOLS, INC.  
NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2025 AND 2024

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

*Contributions*

All contributions and unconditional promises to give are recorded as without donor restriction or with donor restriction depending on the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to unrestricted upon satisfaction of the time or purpose restriction and reported on the statement of activities as net assets released from restrictions. When the donor restrictions are satisfied within the same reporting period as the restricted contribution is made, the restricted contribution is reported as without restriction.

*Revenue Recognition*

The Organization has adopted Accounting Standards Codification (ASC) No 606 *Revenue Recognition from Contracts with Customers*. The new standard requires the Organization to recognize revenue from fees from classes as an exchange transaction based on the benefits received and contribution revenue for the difference. The benefits received by the attendees are equal to the amount of the fees paid. Program and meeting fees are recognized as revenue in the period that the programs and meetings are held and recorded in deferred revenues if received in advance of the program or meeting.

*Donated Services and Non-Monetary Assets*

Contributions of nonmonetary assets are recorded at fair value at the date of receipt, contributions of services that can be a) measured by the creation or enhancement of a nonfinancial asset or b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not contributed. No amounts have been reflected in the financial statements for contributed services.

*Functional allocation of expenses*

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited, as reflected in the statements of functional expenses.

*Income Taxes*

TeenPact Leadership Schools, Inc. is a qualified tax-exempt organization under Internal Revenue Code Section 501(c)(3). The IRS has determined that TeenPact is not a private foundation. Accordingly, no provision for income taxes is necessary.

*Cash and Cash Equivalents*

For purposes of reporting on the statement of cash flows, cash and cash equivalents include cash, certificates of deposit, and investments with an initial maturity of three months or less.

*Investments*

Investments are reported at fair value (Level 1). Unrealized gains and losses arising from changes in the fair value of the investments are reported in the statements of activities as increases or decreases in net assets as appropriate.

TEENPACT LEADERSHIP SCHOOLS, INC.  
NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2025 AND 2024

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

*Property and Equipment*

TeenPact capitalizes all property and equipment with a cost of \$2,000 or more, if purchased and fair value of \$2,000 or more, at the date of donation if received by contribution. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Repairs and maintenance are expensed as incurred, and any betterments that extend the useful life of an asset are capitalized.

*Leases*

TeenPact has adopted Accounting Standard Codification (ASC) 842 *Lease Accounting* for leases with a term greater than one year. The standard requires a right of use asset and a lease obligation to be recorded on the statement of financial position (See Notes 5 and 6).

*Subsequent Events*

In preparing these financial statements, TeenPact has evaluated events and transactions for potential recognition or disclosure through October 13, 2025, the date the financial statements were available to be issued.

**3. CONCENTRATIONS OF CREDIT RISK**

TeenPact maintains its cash balances in high credit quality institutions. These balances are insured by the FDIC up to \$250,000 for interest-bearing accounts, per financial institution. On June 30, 2025 and 2024, TeenPact had \$0 and \$0, respectively in excess of FDIC limits.

Cash held under the Extended Insurance Sweep Deposit Account (ESDA) at brokerage accounts are insured up to an aggregate of \$500,000. At June 30, 2025 and 2024, TeenPact had \$277,171 and \$579,727, respectively in excess of ESDA limits.

**4. PROPERTY, PLANT, AND EQUIPMENT**

On June 30, property, plant, and equipment consisted of the following:

|                                    | 2025       | 2024       |
|------------------------------------|------------|------------|
| Leasehold improvements             | \$ 9,576   | \$ 9,576   |
| Furniture, fixtures, and equipment | -          | 1,166      |
| Vehicles                           | 299,593    | 251,689    |
| Total property and equipment       | 309,169    | 262,431    |
| Less accumulated depreciation      | (180,952)  | (150,361)  |
| Net property and equipment         | \$ 128,217 | \$ 112,070 |

TEENPACT LEADERSHIP SCHOOLS, INC.  
NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2025 AND 2024

**5. RIGHT OF USE ASSET**

TeenPact recognized a right of use asset based on the present value of future lease payments (See Note 6). This asset is amortized over the life of the lease and is considered rent expense. Total rent expense for the year ended June 30, 2025 and 2024 was \$40,941 and \$38,461, respectively.

**6. LEASE OBLIGATIONS**

TeenPact leases office space under a non-cancellable operating lease that ended in January 2023. TeenPact extended its lease through July 2028 and received six (6) months of free rent in addition to an improvement allowance of \$17,500.

The lease obligation is recorded at the present value of future payments using an incremental borrowing rate of 5% at the inception of the lease. At June 30, 2025 and 2024 the balance of the lease obligation was \$176,504, and \$224,242, respectively.

Future minimum lease payments at June 30, 2025, are as follows:

| <u>Year</u> | \$ <u>Lease<br/>Liability</u> | \$ <u>Discount</u> | \$ <u>Required<br/>Payments</u> |
|-------------|-------------------------------|--------------------|---------------------------------|
| 2026        | 52,191                        | 8,409              | 60,600                          |
| 2027        | 56,948                        | 5,420              | 62,368                          |
| 2028        | 62,028                        | 2,161              | 64,189                          |
| 2029        | 5,337                         | 24                 | 5,361                           |
|             | <u>\$ 176,504</u>             | <u>\$ 16,014</u>   | <u>\$ 192,518</u>               |

**7. NET ASSETS WITH RESTRICTIONS**

TeenPact receives contributions with restrictions to defray the costs of classes in several states in the subsequent years. The amounts received at June 30, 2025 and 2024 were \$173,117 and \$99,960, respectively.

Amounts released from restrictions for the years ended June 30, 2025 and 2024 were \$174,224 and \$32,000, respectively. These amounts were released after the purpose restriction was met.

TEENPACT LEADERSHIP SCHOOLS, INC.  
NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2025 AND 2024

**8. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY**

TeenPact strives to maintain liquid financial assets sufficient to cover general expenditures. The following table reflects TeenPact's financial assets as of June 30:

|                                                                                           | <u>2025</u>       | <u>2024</u>       |
|-------------------------------------------------------------------------------------------|-------------------|-------------------|
| Cash and cash equivalents                                                                 | \$ 777,172        | \$ 808,638        |
| Accounts receivable                                                                       | 5,383             | 1,864             |
| Less: Donor restricted funds                                                              | <u>(98,853)</u>   | <u>(99,960)</u>   |
| Financial assets available to meet cash needs<br>for general expenditures within one year | <u>\$ 683,702</u> | <u>\$ 710,542</u> |