HIGHER ACHIEVEMENT PROGRAM, INC.
(a nonprofit organization)

FINANCIAL STATEMENTS

Year Ended August 31, 2025
(with Summarized Comparative Information
for the year ended August 31, 2024)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Higher Achievement Program, Inc.
Washington, District of Columbia

Opinion

We have audited the accompanying financial statements of Higher Achievement Program, Inc. ("Higher Achievement"), which comprise the statement of financial position as of August 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 Higher Achievement as of August 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Higher Achievement 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Higher Achievement's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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Report on Summarized Comparative Information

We have previously audited Higher Achievement's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 18, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Renner and Company, CPA, P.C.

Alexandria, Virginia
July 23, 2026

HIGHER ACHIEVEMENT PROGRAM, INC.

STATEMENTS OF FINANCIAL POSITION
August 31, 2025 (with Comparative Information as of August 31, 2024)

ASSETS

	2025	2024
CURRENT ASSETS		
Cash and cash equivalents	$ 1,841,541	$ 2,118,341
Grants receivable, net of allowance for doubtful accounts	254,169	982,377
Contributions receivable, net	658,119	802,020
Prepaid expense	30,966	34,351
TOTAL CURRENT ASSETS	2,784,795	3,937,089
PROPERTY AND EQUIPMENT, at cost, net	2,043,142	2,102,524
OTHER ASSETS		
Right-of-use asset - operating	107,355	171,785
Contributions receivable, net of current, net of discount	275,624	346,200
Investments	3,486,301	1,781,651
Security deposit	2,878	2,878
TOTAL OTHER ASSETS	3,872,158	2,302,514
TOTAL ASSETS	$ 8,700,095	$ 8,342,127

LIABILITIES AND NET ASSETS

	2025	2024
CURRENT LIABILITIES		
Accounts payable	$ 79,454	$ 140,444
Accrued expenses	453,012	385,927
Deferred revenue	3,000	175,255
Operating lease liability	68,358	109,590
Note payable	17,667	19,507
TOTAL CURRENT LIABILITIES	621,491	830,723
LONG-TERM LIABILITIES		
Operating lease liability, net of current portion	41,231	63,968
Note payable, net of current portion	542,014	557,085
TOTAL LONG-TERM LIABILITIES	583,245	621,053
TOTAL LIABILITIES	1,204,736	1,451,776
NET ASSETS		
With donor restriction	1,074,458	2,393,163
Without donor restriction	3,409,917	2,948,654
Without donor restriction - board designated	3,010,984	1,548,534
TOTAL NET ASSETS	7,495,359	6,890,351
TOTAL LIABILITIES AND NET ASSETS	$ 8,700,095	$ 8,342,127

See Notes to Financial Statements.

HIGHER ACHIEVEMENT PROGRAM, INC.

STATEMENT OF ACTIVITIES
Year Ended August 31, 2025 (with Summarized Comparative Information for the year ended August 31, 2024)

	2025			2024
	Without Donor Restriction	With Donor Restriction	Total	Total
REVENUE AND SUPPORT				
Grants and contributions, net of discount on long term pledges	$ 1,028,805	$ 1,794,585	$ 2,823,390	$ 4,480,662
Individual and corporate contributions	2,212,935	-	2,212,935	1,402,637
Governmental grants	1,078,573	-	1,078,573	1,332,882
In-kind donations	438,818	-	438,818	280,284
Investment income	269,939	-	269,939	270,653
Other income	132,368	-	132,368	190,119
Contract revenue	-	-	-	212,750
Net assets released from restrictions	3,113,290	(3,113,290)	-	-
TOTAL REVENUE AND SUPPORT	8,274,728	(1,318,705)	6,956,023	8,169,987
EXPENSES				
Program	3,773,505	-	3,773,505	4,638,224
General and administrative	1,462,141	-	1,462,141	1,258,543
Fundraising	1,115,369	-	1,115,369	1,315,560
TOTAL EXPENSES	6,351,015	-	6,351,015	7,212,327
CHANGE IN NET ASSETS	1,923,713	(1,318,705)	605,008	957,660
NET ASSETS, beginning of year	4,497,188	2,393,163	6,890,351	5,932,691
NET ASSETS, end of year	$ 6,420,901	$ 1,074,458	$ 7,495,359	$ 6,890,351

See Notes to Financial Statements.

HIGHER ACHIEVEMENT PROGRAM, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended August 31, 2025 (with Summarized Comparative Information for the year ended August 31, 2024)

	2025				2024
	Program	General and Administrative	Fundraising	Total	Total
Payroll	$ 2,339,991	$ 711,956	$ 782,846	$ 3,834,793	$ 4,536,762
Fringe benefits and payroll taxes	467,239	152,519	166,799	786,557	973,044
In-kind consulting fees	184,355	205,000	-	389,355	199,003
Occupancy	134,104	16,505	19,943	170,552	153,479
Information technology	108,611	13,367	16,153	138,131	145,308
Insurance	90,440	11,131	13,450	115,021	67,358
Special events	43,776	-	67,722	111,498	122,113
Dues and subscriptions	17,766	35,978	24,450	78,194	73,791
Depreciation	-	74,633	-	74,633	73,953
Field trips	70,363	-	-	70,363	65,682
Bad debt	-	67,001	-	67,001	-
In-kind legal	-	49,463	-	49,463	81,281
Electives	48,455	-	-	48,455	64,378
Consulting fees	27,250	10,816	4,325	42,391	127,710
Transportation	35,638	-	-	35,638	154,518
Payroll processing fees	26,366	3,245	3,921	33,532	32,252
Copying and printing	25,327	3,117	3,766	32,210	28,967
Audit fees	-	25,193	-	25,193	23,687
Travel expense reimbursement	14,710	6,592	1,206	22,508	15,234
Interest	-	21,628	-	21,628	22,318
Bank service charges	16,241	1,998	2,415	20,654	15,323
Professional development	16,130	4,264	-	20,394	20,477
Training	10,478	6,749	500	17,727	12,226
Telephone	4,506	10,375	-	14,881	18,602
College trips	13,404	-	-	13,404	12,036
Meeting and activity	5,886	5,752	977	12,615	9,760
Recognition	6,479	4,885	1,105	12,469	17,211
Incentives	12,182	-	-	12,182	18,510
Electronic equipment	11,166	659	-	11,825	976
Educational supplies	10,880	-	-	10,880	19,445
Promotional materials	1,749	-	5,063	6,812	94
Job posting	-	6,325	-	6,325	6,429
Miscellaneous	2,356	3,825	-	6,181	3,725
Tuition Reimbursement	508	5,601	-	6,109	1,000
Scholar meals	5,472	-	-	5,472	25,206
Parent activities	5,214	-	-	5,214	5,823
Office supplies	4,008	1,078	-	5,086	5,722
Licenses and fees	3,799	467	565	4,831	4,604
Mentor activities	4,321	-	-	4,321	3,862
Clearence services	2,196	807	-	3,003	3,479
Postage	-	1,212	163	1,375	3,370
Curriculum supplies	1,349	-	-	1,349	2,928
Center security and maintenance	622	-	-	622	40,504
Program meetings	168	-	-	168	177
TOTAL EXPENSES	$ 3,773,505	$ 1,462,141	$ 1,115,369	$ 6,351,015	$ 7,212,327

See Notes to Financial Statements.

HIGHER ACHIEVEMENT PROGRAM, INC.

STATEMENT OF CASH FLOWS
Year Ended August 31, 2025 (with Comparative Information for the year ended August 31, 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations		
Government grants, fees, contributions received	$ 6,998,428	$ 6,689,068
Interest income	133,228	72,974
Total cash received from operations	7,131,656	6,762,042
Cash disbursed by operations		
Payments to employees and suppliers	(5,805,995)	(6,908,885)
Interest paid	(21,628)	(23,687)
Total cash paid by operations	(5,827,623)	(6,932,572)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,304,033	(170,530)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(15,251)	-
Sale of investments	268,114	353,406
Purchase of investments	(1,816,785)	(431,215)
NET CASH USED BY INVESTING ACTIVITIES	(1,563,922)	(77,809)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on note payable	(16,911)	(16,222)
NET DECREASE IN CASH	(276,800)	(264,561)
CASH AND CASH EQUIVALENTS, beginning of year	2,118,341	2,382,902
CASH AND CASH EQUIVALENTS, end of year	$ 1,841,541	$ 2,118,341
NONCASH INVESTING ACTIVITIES		
Unrealized and realized gain in fair value of investments	$ (155,979)	$ (209,838)
Increase in fair value of investments	155,979	209,838
Acquisition of operating right-of-use asset	-	96,344
Operating lease liability assumed	-	(96,344)
	$ -	$ -

See Notes to Financial Statements.

HIGHER ACHIEVEMENT PROGRAM, INC.

STATEMENT OF CASH FLOWS
Year Ended August 31, 2025 (with Comparative Information for the year ended August 31, 2024)

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2025	2024
CHANGE IN NET ASSETS	$ 605,008	$ 957,660
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Depreciation	74,633	73,953
Realized and unrealized gains on investments	(155,979)	(209,838)
NET ADJUSTMENTS	(81,346)	(135,885)
CHANGES IN ASSETS AND LIABILITIES AFFECTING NET CASH FLOWS FROM OPERATING ACTIVITIES		
ASSETS		
Grants receivable, net of allowance for doubtful accounts	728,208	(530,634)
Pledges receivable, net of discount	214,477	(445,104)
Prepaid expense	(63,969)	(7,512)
Right-of-use asset - operating	64,430	(32,386)
NET CHANGES IN ASSETS	943,146	(1,015,636)
LIABILITIES		
Accounts payable	(60,990)	(126,258)
Accrued expenses	67,085	59,092
Deferred revenue	(172,255)	57,915
Operating lease liability	3,385	32,582
NET CHANGES IN LIABILITIES	(162,775)	23,331
NET CHANGES IN ASSETS AND LIABILITIES	780,371	(992,305)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 1,304,033	$ (170,530)

See Notes to Financial Statements.

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE

Organization

The Higher Achievement Program, Inc. (Higher Achievement) is a 501(c)(3) nonprofit organization incorporated in 1985 under the laws of the District of Columbia. In Baltimore, DC Metro, and Richmond, Higher Achievement steps up to support middle school scholars in systemically under-resourced communities with the tools and encouragement to reach their highest potential for academic performance and community leadership. Higher Achievement's programs are supported primarily through grants and contributions.

Program Descriptions

Higher Achievement delivers academic enrichment through a holistic approach grounded in social justice principles. Higher Achievement's afterschool program for 5th-8th grade scholars combines small-group, high-impact tutoring with social-emotional skill building, culminating in placement in college preparatory high schools.

Classes of Net Assets

In accordance with U.S. GAAP, Higher Achievement's net assets are classified into two categories: without donor restriction and with donor restriction. Net assets without donor restriction are available for the general operations of Higher Achievement or are designated by the Board for future use or a particular purpose. Net assets with donor restriction are subject to donor-imposed stipulations as to their use for specific programs conducted by Higher Achievement or are held in perpetuity.

Net Assets Without Donor Restrictions

Higher Achievement includes operating net assets that are available for the general operations as net assets without donor restriction as well as Board-designated net assets set aside for future use or a particular purpose.

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)

Classes of Net Assets (Continued)

Net Assets With Donor Restrictions

Higher Achievement reports gifts of cash and other restricted support if they are received with donor stipulations that limit the use of donated assets as net assets with donor restriction. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Investment gains and losses earned on donor restricted funds held by Higher Achievement are recorded as an increase or decrease in net assets with donor restriction.

Basis of Accounting

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

Summarized Comparative Information

The financial statements include certain summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, such information should be read in conjunction with Higher Achievement's financial statements for the year ended August 31, 2024, from which the summarized information was derived.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash consists of checking accounts. Higher Achievement considers all highly liquid debt instruments with an initial maturity of 90 days or less and money market funds held with investment brokers to be cash equivalents.

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)

Grants Receivable

Grants receivable are stated at unpaid balances, less an allowance for doubtful accounts and a discount on long-term grants receivable. Higher Achievement provides for losses on grants receivable using the allowance method. The allowance is based on the reserve method using management's judgment and Higher Achievement's approved policy. Higher Achievement utilizes an allowance method for amounts past due. A balance is considered past due 30 days after the invoice date. When all collection efforts have been exhausted, the receivable is written off against the related reserve. No allowance was recorded for the years ended August 31, 2025 and 2024, respectively.

Contributions Receivable

Contributions receivable are recognized as support in the period the contribution is made. Conditional contributions receivable are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Contributions receivable are carried at the original amount promised less any estimates made for doubtful contributions based on a review of all outstanding promises on a monthly basis. Management determines the allowance for doubtful contributions by regularly evaluating individual contributions and considering the prior history of the donor and proven collectability of past donations. Contributions receivable are written off when deemed uncollectible. Recoveries of contributions receivable previously written off are recorded when received. Contributions due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 4%.

Property and Equipment

Buildings and related improvements, furniture, equipment and software are stated at cost and are depreciated using the straight-line method over their estimated useful lives, with no salvage value. The estimated useful lives used for depreciating fixed assets range from three to five years for furniture, equipment, and software, to 30 years for buildings. Building improvements are depreciated over the shorter of the remaining life of the building or the life of the improvements. Expenditures for major repairs and improvements are capitalized; conversely, expenditures for minor repairs and maintenance costs are expensed when incurred. All acquisitions greater than $5,000 with expected useful lives greater than one year are capitalized.

Deferred Revenue

Deferred revenue represents revenue collected in advance for future services.

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)

Fair Value Measurements

Higher Achievement applies U.S. GAAP for fair value measurements of financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis.

In-kind Contributions

Donated services and goods are recorded at the estimated fair market value on the date of the receipt. Donated services are recognized in the financial statements at their fair value if the services require specialized skills and if they would typically need to be purchased if not donated. In-kind contributions for donated consulting and legal services were $438,818 and $280,284 for the years ended August 31, 2025 and 2024, respectively. In-kind contributions are reported in the statement of activities as both revenue and expense. If a donated asset is provided that does not allow Higher Achievement to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

Revenue Recognition from Contributions

Higher Achievement recognizes all unconditional contributed support in the period in which the commitment is made. When a donor restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished) net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released

Revenue from government grants is recognized on the basis of allowable direct and indirect costs incurred. Revenue from government grants earned but not collected by year-end is included in grants and contribution receivable in the accompanying statement of financial position.

Income Taxes

Higher Achievement is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for federal income taxes has been recorded except as may be determined for unrelated business income.

In accounting for uncertainty in income taxes, accounting standards require an entity to recognize the financial statement impact of a tax position when it is more-likely-than-not that the position will not be sustained upon examination. Management evaluated Higher Achievement's tax position and concluded there are no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the guidance.

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)

Allocated Expenses

Direct costs associated with specific programs are recorded as program expenses. Administrative staff and staff working on multiple programs use time sheets to capture actual hours devoted to project areas.

Higher Achievement's policy is to allocate allocable general operating expenses and management expenses to certain programs based on the direct costs. Allocated management and general expenses not reimbursed by grant programs are borne by Higher Achievement.

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs, such as payroll, fringe benefits and payroll taxes, consulting fees - in-kind, occupancy, information technology, insurance, special events, dues and subscriptions, consulting fees, transportation, payroll processing fees, copying and printing, bank service charges, professional development, training, telephone, meeting, electronic equipment, educational supplies, promotional materials, job posting, scholar meals, office supplies, licenses and fees, clearence services, and postage have been allocated among the program and supporting services based on level of effort.

Estimates

Management uses estimates and assumptions in preparing the financial statements in accordance with U.S. GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

The significant estimates affecting the financial statements include the estimated fair value of the in-kind professional volunteer services.

Higher Achievement participates in a number of federally assisted programs that are subject to financial and compliance audits by the federal agencies or their representatives. As such, there is a possibility that questioned costs might result from such an audit. Management does not anticipate any significant adjustments as a result of such an audit for the current year costs.

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)

Liquidity and Availability of Assets

Higher Achievement maintains a liquid cash balance in checking and money market accounts in an amount necessary to meet its anticipated expenditures for the next 30 days. Cash in excess of this amount is invested in short-term investments.

Higher Achievement has no secured a line of credit of up to help manage cash flow.

Higher Achievement reconciles the balance of financial assets subject to donor restrictions monthly, based on restricted amounts used and received. Restricted cash and investments are separately identified and monitored as part of the Higher Achievement's monthly financial reporting process.

Higher Achievement's financial assets available within one year to meet cash needs for general expenditures through August 31, 2026 are as follows:

Financial assets:	
Cash and cash equivalents	$ 1,841,541
Grants receivable, net of allowance for doubtful accounts	254,169
Pledges receivable, net	933,743
Investments	3,486,301
Total financial assets	6,515,754
Less: amounts not available within one year	
Restricted net assets	(1,074,458)
Board-designated net assets	(3,010,984)
Total financial assets available to meet cash needs for general expenditures within one year	$ 2,430,312

2. CASH AND CASH EQUIVALENTS

Cash at August 31, 2025, and 2024 consisted of the following:

	2025	2024
Checking	$ 1,722,595	$ 1,754,373
Money market fund	118,946	363,968
	$ 1,841,541	$ 2,118,341

Bank balances in a financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The amounts in excess of the limit of the FDIC coverage as of August 31, 2025 and 2024 were $895,412 and $561,362, respectively.

3. GRANTS RECEIVABLE

Grants receivable as of August 31, 2025 and 2024 consisted of the following:

	2025	2024
Government grants and other	$ 112,900	$ 203,211
Foundation grants	208,270	779,167
Less: allowance for doubtful accounts	(67,001)	-
	$ 254,169	$ 982,377

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable as of August 31, 2025 and 2024 consisted of the following:

	2025	2024
Corporation and individual contributions	$ 949,786	$ 1,164,263
Less: discounts on pledges	(16,043)	(16,043)
	$ 933,743	$ 1,148,220

Contributions receivable at August 31, 2025 and 2024 were due over the following periods:

	2025	2024
Due in less than one year	$ 658,119	$ 802,020
Due in one to five years	291,667	362,242
Less: discounts on pledges	(16,043)	(16,043)
Total	$ 933,743	$ 1,148,220

NOTES TO FINANCIAL STATEMENTS
August 31, 2025 (with Comparative Information as of and for the year ended August 31, 2024)

5. PROPERTY AND EQUIPMENT

Property and equipment as of August 31, 2025 and 2024 consisted of the following:

	2025		
	Cost	Depreciation Expense	Accumulated Depreciation
Building	$ 2,202,654	$ 53,288	$ 921,043
Land	358,400	-	-
Property improvements	633,137	20,665	244,577
Software	66,352	-	66,352
Computers and equipment	25,251	680	10,680
Furniture	87,478	-	87,478
Scholar library	2,442	-	2,442
Closing costs	27,932	-	27,932
	$ 3,403,646	$ 74,633	$ 1,360,504

	2024		
	Cost	Depreciation Expense	Accumulated Depreciation
Building	$ 2,202,654	$ 53,288	$ 867,755
Land	358,400	-	-
Property improvements	633,137	20,665	223,912
Software	66,352	-	66,352
Computers and equipment	10,000	-	10,000
Furniture	87,478	-	87,478
Scholar library	2,442	-	2,442
Closing costs	27,932	-	27,932
	$ 3,388,395	$ 73,953	$ 1,285,871

HIGHER ACHIEVEMENT PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS
August 31, 2025 (with Comparative Information as of and for the year ended August 31, 2024)

6. INVESTMENTS

Investments at August 31, 2025 and 2024 consisted of the following:

	2025		
	Cost	Fair Value	Accumulated Unrealized Gain/(Loss)
Equities	$ 1,317,987	$ 1,372,737	$ 54,750
Mutual funds			
Large growth	197,561	312,053	114,492
Large value	376,133	520,567	144,434
Large blend	301,370	375,613	74,243
Medium value	327,067	307,683	(19,384)
Medium blend	112,972	107,825	(5,147)
Short-term bond	111,657	105,303	(6,354)
Small value	368,690	350,838	(17,852)
Ultra short bond	33,538	33,682	144
	$ 3,146,975	$ 3,486,301	$ 339,326

	2024		
	Cost	Fair Value	Accumulated Unrealized Gain/(Loss)
Equity	$ 11,958	$ 19,964	$ 8,006
Mutual funds			
Small growth	33,469	34,471	1,002
Large blend	281,540	335,370	53,830
Large growth	174,814	272,124	97,310
Large value	326,598	411,749	85,151
Medium value	281,671	259,641	(22,030)
Medium blend	121,777	103,022	(18,755)
Short-term bond	106,318	99,686	(6,632)
Small value	240,977	213,645	(27,332)
Ultra short bond	31,935	31,979	44
	$ 1,611,057	$ 1,781,651	$ 170,594

6. INVESTMENTS (CONTINUED)

Investment income for the years ended August 31, 2025 and 2024 is comprised of:

	2025	2024
Realized and unrealized gain	$ 155,980	$ 209,838
Interest and dividends	133,228	72,974
Less: investment expense	(19,269)	(12,159)
Total investment income	$ 269,939	$ 270,653

7. FAIR VALUE MEASUREMENTS

Higher Achievement records investments based on fair value on a recurring basis. Financial accounting and reporting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. The standard emphasizes that fair value is a market-based measurement, not an entity specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the standards established a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent from the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs utilize unadjusted quoted prices in active markets for identical assets or liabilities that the Center has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets or liabilities in active markets, as well as inputs that are observable for the assets or liabilities (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the assets or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The determination of the fair value level within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Higher Achievement's assessment of the significance of the particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the assets and liabilities.

7. FAIR VALUE MEASUREMENTS (CONTINUED)

The following summarizes investments, measured at fair value on a recurring basis, aggregated by the level in the fair value hierarchy within which those measurements fall, as of August 31, 2025 and 2024:

	2025	
	Fair Value	Level 1
Equities	$ 1,372,737	$ 1,372,737
Mutual funds		
Large growth	312,053	312,053
Large value	520,567	520,567
Large blend	375,613	375,613
Medium value	307,683	307,683
Medium blend	107,825	107,825
Short-term bond	105,303	105,303
Small value	350,838	350,838
Ultra short bond	33,682	33,682
	$ 3,486,301	$ 3,486,301

	2024	
	Fair Value	Level 1
Asset-backed securities	$ 19,964	$ 19,964
Mutual funds		
Small growth	34,471	34,471
Large blend	335,370	335,370
Large growth	272,124	272,124
Large value	411,749	411,749
Medium value	259,641	259,641
Medium blend	103,022	103,022
Short-term bond	99,686	99,686
Small value	213,645	213,645
Ultra short bond	31,979	31,979
	$ 1,781,651	$ 1,781,651

8. NOTE PAYABLE

On October 27, 2021, Higher Achievement further renegotiated the terms of the note payable to (1) extend the maturity date of note to May 31, 2028, (2) change the interest rate provision to 3.75% per annum computed on a 365/360 basis, and (3) change the payment terms to require 79 monthly payments of $3,212 with an estimated balloon payment of $512,949 on May 31, 2028, accordingly. The

Estimated future principal payments due on the note are as follows:

Year Ending August 31,	
2026	$ 17,667
2027	18,350
2028	523,664
	$ 559,681

The interest expense related to the note payable was $21,628 and $22,318 for the years ended August 31, 2025 and 2024, respectively.

9. NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions as of August 31, 2025 and 2024 consisted of the following:

	2025			
	Balance August 31, 2024	Support and Revenue	Net assets released from restriction	Balance August 31, 2025
Program support and other	$ 1,456,496	$ 855,000	$ 1,801,750	$ 509,746
Time restricted	936,667	939,585	1,311,540	564,712
	$ 2,393,163	$ 1,794,585	$ 3,113,290	$ 1,074,458

	2024			
	Balance August 31, 2023	Support and Revenue	Net assets released from restriction	Balance August 31, 2024
Program support and other	$ 563,333	$ 2,700,413	$ 1,807,250	$ 1,456,496
Time restricted	445,659	1,360,001	868,993	936,667
	$ 1,008,992	$ 4,060,414	$ 2,676,243	$ 2,393,163

10. NET ASSETS WITHOUT DONOR RESTRICTION - BOARD DESIGNATED

Board designated net assets without donor restrictions as of August 31, 2025 and 2024 consisted of the following:

	2025			
	Balance August 31, 2024	Additions	Releases	Balance August 31, 2025
Board designated	$ 1,548,534	$ 1,462,450	$ -	$ 3,010,984

	2024			
	Balance August 31, 2024	Additions	Releases	Balance August 31, 2024
Board designated	$ 1,636,934	$ 211,600	$ 300,000	$ 1,548,534

During the year ended August 31, 2025, the board approved $0 of releases from the designation. However, the amount has not been transferred nor has it been used by management in the normal operations of the Organization as of August 31, 2025.

11. ENDOWMENTS

The Higher Achievement Endowment Fund was created in October 2024 in honor of the organization's 50th anniversary. This was established as a quasi-endowment whereby the Board of Directors directs the use and approves disbursements. Higher Achievement's endowment consists of funds established to provide long-term financial stability and support its mission. Because these funds are established through an internal designation by the Board of Directors and are not subject to donor-imposed restrictions, they are classified as net assets without donor restrictions.

The Board of Directors has interpreted the Organization's investment policy and spending objectives to provide for the preservation of the purchasing power of the quasi-endowment assets while providing resources to support current and future operations. The Board of Directors has the authority to modify or remove the designation at its discretion.

The fund is established as a board restricted quasi endowment with a vision to support ongoing programs through investment and long-term financial stewardship. Earnings distributed from the Endowment Fund will be used where most needed. Higher Achievement will consider restricted gifts, but only significant amounts (more than $500,000) and if received, would be managed separately.

11. ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law and Spending Policy

Each year as a part of the board approved budgeting process, assuming Higher Achievement would not be invading the corpus of the endowment, Management may propose withdrawing a portion of the endowment balance, up to 5%, to enable a growing stream of flexible revenue to support operations. The withdrawal of Fund assets will be permitted to the extent that they do not exceed a level that would erode the Fund's real assets over time unless (a) the Board Designated Reserve Fund has been depleted, (b) a super majority of the board has voted to access the corpus of the fund. The quasi-endowment is not subject to the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the District of Columbia, because the funds are not donor-restricted endowment funds. The Board of Directors determines the amount of funds, if any, to be appropriated for use in operations.

Funds with Deficiencies

Higher Achievement does not have any donor-restricted endowment funds for which the fair value of assets is less than the level required by donor stipulations or law.

Investment Return

Investment return from endowment assets is recognized as increases in net assets without donor restrictions unless the use of such return is limited by donor-imposed restrictions. There were no donor-imposed restrictions on the quasi-endowment. Investment return includes interest, dividends, and realized and unrealized gains and losses on investments.

12. SPECIAL EVENTS

Higher Achievement held an annual fundraising events in October 2024 and October 2023. The event activity reflected in the statement of activities was as follows:

	2025	2024
Corporate and individual contributions	$ 518,520	$ 416,250

13. OPERATING LEASES

Higher Achievement entered into a lease agreement for office space in Baltimore, Maryland, which commenced on July 1, 2024, with an initial termination of June 30, 2027. The annual rental payments of $33,884 include a provision for an annual 3% increase of base rent.

Future minimum lease payments under the lease are as follows:

For the fiscal year ended:	
2026	$ 34,731
2027	29,543
	$ 64,274

Higher Achievement entered into a lease agreement for office space in Richmond, Virginia, which commenced on January 1, 2022 with an initial termination of December 31, 2026. The terms of the agreement require annual rental payments of $36,409 for the first year and includes a provision for an annual 2% increase of base rent.

Future minimum lease payments under the lease are as follows:

For the fiscal year ended:	
2026	$ 37,137
2027	12,460
	$ 49,597

A reconciliation of the undiscounted cash payments to the operating lease liability for the year ended August 31, 2025 and 2024, respectively, is as follows:

	2025	2024
Undiscounted future cash flows	$ 113,871	$ 184,164
Less: discount to present value	(4,282)	(10,606)
Operating lease liability	$ 109,589	$ 173,558

Quantitative disclosures related to leases for the year ended August 31, 2025 and 2024 are as follows:

	2025	2024
Total lease cost:		
Operating lease cost	$ 70,755	$ 68,296

13. OPERATING LEASES (CONTINUED)

	2025	2024
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	$ 70,293	$ 68,100
Weighted-average remaining lease term - operating leases	1.6 years	2.6 years
Weighted-average discount rate - operating leases	4.40%	4.40%

14. GIFTS-IN-KIND - DONATED SERVICES

Gifts-in-kind consist of pro bono consulting and legal services. Due to the nature of these nonfinancial assets, the services were all utilized in the period they were received and there were no donor restrictions imposed on them. Inputs used to measure the initial recognition of donated services consist of invoices generated by the contributing consulting or law firm, which are based on current market rates for the services incurred within the area the firm operates. For the years ended August 31, 2025 and 2024, donated services consisted of the following:

	2025	2024
Professional fees (supporting service)		
Consulting and mentorship	$ 389,355	$ 199,003
Legal and business	49,463	81,281
Total	$ 438,818	$ 280,284

15. RETIREMENT PLAN

Higher Achievement has a 403(b) defined contribution plan that is available to all employees. Employees are eligible to participate in the plan immediately and employer contributions are made upon completion of two years of service. The plan requires an annual employer contribution of 5% of each eligible employee's earnings, as defined by the plan, and provides for a one-time matching contribution of up to $3,000. For the years ended August 31, 2025 and August 31, 2024, Higher Achievement incurred estimated expenses of $161,388 and $130,713, respectively, related to this plan.

16. CONCENTRATIONS

Approximately 16% of Higher Achievement's revenue was derived from various grants and contracts awarded by agencies of the United States Department of Education and other governmental entities for the years ended August 31, 2025 and 2024. Higher Achievement has no reason to believe that relationships with these agencies will be discontinued in the foreseeable future apart from the termination of an existing grant period. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect Higher Achievement's ability to finance ongoing operations.

17. SUBSEQUENT EVENTS

In preparing these financial statements, Higher Achievement has evaluated events and transactions for potential recognition or disclosure through July 23, 2026, the date the financial statements were available to be issued.

Sale of Building

Subsequent to the year end, Higher Achievement sold its Columbia Road building for $1,810,000. With the sale of the building, Higher Achievement repaid its note payable totaling $552,541 as of January 22, 2026. No gain on the sale has been recognized on these financial statements.