Alliance for Choice in Education and Subsidiaries

Consolidated Financial Report
with Supplemental Information
June 30, 2024

Contents

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Independent Auditor's Report

To the Board of Directors
Alliance for Choice in Education
and Subsidiaries

Opinion

We have audited the consolidated financial statements of Alliance for Choice in Education and Subsidiaries (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2024 and 2023 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audits opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 audits conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

To the Board of Directors
Alliance for Choice in Education
and Subsidiaries

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moran, PLLC

December 2, 2024

Alliance for Choice in Education and Subsidiaries

Consolidated Statement of Financial Position

June 30, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	$ 48,431,466	$ 36,446,379
Investments	29,317,609	37,893,242
Promises to give - Current portion	5,802,396	7,401,023
Other receivables	826,685	-
Prepaid expenses	1,051,163	149,440
Total current assets	85,429,319	81,890,084
Promises to Give - Net of current portion and discount	1,524,451	4,201,576
Furniture and Equipment - Net	199,209	96,763
Right-of-use Operating Lease Asset - Net	-	370,407
Total noncurrent assets	1,723,660	4,668,746
Total assets	**$ 87,152,979**	**$ 86,558,830**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 995,859	$ 621,380
Current portion of lease liabilities - Operating	-	130,428
Total current liabilities	995,859	751,808
Lease Liability - Operating	-	354,490
Total liabilities	995,859	1,106,298
Net Assets		
Without donor restrictions	10,534,736	17,580,686
With donor restrictions	75,622,384	67,871,846
Total net assets	86,157,120	85,452,532
Total liabilities and net assets	**$ 87,152,979**	**$ 86,558,830**

Consolidated Statement of Activities and Changes in Net Assets

Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions	$ 1,372,619	$ 53,980,668	$ 55,353,287	$ 7,208,599	$ 47,003,548	$ 54,212,147
Interest and other income	5,568,338	-	5,568,338	1,258,382	-	1,258,382
Net assets released from restrictions	46,230,130	(46,230,130)	-	45,860,148	(45,860,148)	-
Total support and revenue	53,171,087	7,750,538	60,921,625	54,327,129	1,143,400	55,470,529
Expenses						
Program services:						
Primary and secondary scholarships	42,319,441	-	42,319,441	30,706,664	-	30,706,664
Other education support programs	8,949,104	-	8,949,104	4,178,248	-	4,178,248
Total program services	51,268,545	-	51,268,545	34,884,912	-	34,884,912
Support services:						
Fundraising	5,944,751	-	5,944,751	4,984,445	-	4,984,445
General and administrative	1,954,532	-	1,954,532	1,854,142	-	1,854,142
Total support services	7,899,283	-	7,899,283	6,838,587	-	6,838,587
Total expenses	59,167,828	-	59,167,828	41,723,499	-	41,723,499
Change in Net Assets from Operations	(5,996,741)	7,750,538	1,753,797	12,603,630	1,143,400	13,747,030
Nonoperating Loss - Loss on disposal of assets	(1,049,209)	-	(1,049,209)	-	-	-
(Decrease) Increase in Net Assets	(7,045,950)	7,750,538	704,588	12,603,630	1,143,400	13,747,030
Net Assets - Beginning of year	17,580,686	67,871,846	85,452,532	4,977,056	66,728,446	71,705,502
Net Assets - End of year	**$ 10,534,736**	**$ 75,622,384**	**$ 86,157,120**	**$ 17,580,686**	**$ 67,871,846**	**$ 85,452,532**

See notes to consolidated financial statements.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services	Fundraising	General and Administrative	Total
Scholarship expense	$ 42,319,441	$ -	$ -	$ 42,319,441
Wages	3,056,413	3,176,244	1,120,687	7,353,344
Events and awareness	70,507	924,545	-	995,052
Office and general business expenses	162,607	242,361	221,112	626,080
Professional services	1,656,488	252,419	407,931	2,316,838
Travel	186,574	176,511	42,465	405,550
Marketing and communication	779,684	384,434	-	1,164,118
IT	2,680,335	133,733	133,121	2,947,189
Community engagement	323,103	-	-	323,103
Staff expenses	33,393	30,490	26,937	90,820
Governing board	-	33,703	2,279	35,982
Loss from uncollectible promises to give	-	590,311	-	590,311
Total functional expenses	**$ 51,268,545**	**$ 5,944,751**	**$ 1,954,532**	**$ 59,167,828**

Consolidated Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services	Fundraising	General and Administrative	Total
Scholarship expense	$ 30,706,664	$ -	$ -	$ 30,706,664
Wages	2,060,746	2,248,457	1,128,039	5,437,242
Events and awareness	143,358	1,504,764	-	1,648,122
Office and general business expenses	151,641	222,575	174,117	548,333
Professional services	1,194,811	603,456	405,437	2,203,704
Travel	149,152	138,927	37,870	325,949
Marketing and communication	159,528	159,528	-	319,056
IT	125,237	63,773	81,189	270,199
Community engagement	154,706	-	-	154,706
Staff expenses	39,069	22,263	24,988	86,320
Governing board	-	9,822	2,502	12,324
Loss from uncollectible promises to give	-	10,880	-	10,880
Total functional expenses	**$ 34,884,912**	**$ 4,984,445**	**$ 1,854,142**	**$ 41,723,499**

Consolidated Statement of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Increase in net assets	$ 704,588	$ 13,747,030
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation expense	30,084	35,738
Loss from uncollectible promises to give	590,311	10,880
Endowment contributions	(1,000,000)	(2,100,000)
Net investment income	(1,300,689)	(1,104,123)
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Promises to give	3,685,441	8,151,794
Other receivable	(826,685)	5,000
Prepaid expenses	(901,723)	(7,263)
Accounts payable and accrued expenses	374,479	112,819
Right-of-use asset and lease liability - Net	(114,511)	(29,743)
Net cash and cash equivalents provided by operating activities	1,241,295	18,822,132
Cash Flows from Investing Activities		
Purchases of property and equipment	(132,530)	-
Purchases of investments	(8,677,409)	(56,041,452)
Sales of investments	18,553,731	20,287,063
Net cash and cash equivalents provided by (used in) investing activities	9,743,792	(35,754,389)
Cash Flows Provided by Financing Activities - Contributions received for endowment	1,000,000	2,100,000
Net Increase (Decrease) in Cash and Cash Equivalents	11,985,087	(14,832,257)
Cash and Cash Equivalents - Beginning of year	36,446,379	51,278,636
Cash and Cash Equivalents - End of year	**$ 48,431,466**	**$ 36,446,379**
Significant Noncash Transactions - Right-of-use asset and lease liability initial recognition	$ -	$ 464,863

See notes to consolidated financial statements.

Note 1 - Nature of Business

Alliance for Choice in Education (ACE) was incorporated in the state of Colorado on February 3, 2000 and is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. ACE is dedicated to enhancing the quality and diversity of educational choices available to children by promoting greater accessibility to private schools through scholarships.

ACE's vision is that every child has equal access to a quality education. ACE's mission is to advance K-12 educational freedom, with a focus on securing financial support for families so they may access the quality education of their choice. ACE has awarded over 66,000 scholarships worth nearly $212 million over the past 24 years, including 14,090 scholarships worth $42.3 million in the 2023-2024 school year.

In addition to ACE's core scholarship program, ACE is also a program manager for Education Savings Accounts (ESAs). ESAs are funded by state governments so that families can pay tuition for private schools, homeschooling supplies, curriculum materials, or educational therapy services. In November 2023, ACE contracted with the Utah State Board of Education to program manage its state-funded Utah Fits All (UFA) ESA program with 10,000 ESAs, worth $80 million, which was funded in July 2024.

Note 2 - Significant Accounting Policies

Principles of Consolidation

Since 2012, ACE has expanded its programs to several markets outside of Colorado: Kansas, Louisiana, Montana, Texas, Wyoming, Arkansas, Missouri, Utah, New Mexico, Mississippi, and Delaware. ACE generally forms single-member limited liability companies (LLCs), with ACE as the sole member, for each market operation. Each LLC is a disregarded entity for federal income tax purposes, and the LLCs' accounts are included with ACE's accounts (collectively referred to as the "Organization") in these consolidated financial statements. All material intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Note 2 - Significant Accounting Policies (Continued)

Cash Equivalents

The Organization considers all investments with an original maturity of three months or less when purchased to be cash equivalents. The Organization periodically maintains cash balances in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit of $250,000. Excess funds are generally held in money market funds backed by U.S. Treasurys.

Investments

Investments consist of fixed-income bond funds and equities, which are stated at their fair values in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets in the consolidated statement of activities and changes in net assets.

Employee Retention Credit

The Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 introduced the Employee Retention Credit (ERC) as pandemic relief for eligible organizations. The ERC is a refundable credit against certain employment taxes and qualifies as a government grant. Under generally accepted accounting principles, government grants are recognized as revenue in the period in which an entity substantially overcomes all measurable barriers to be entitled to the funding. Management has determined that the measurable barriers that must be overcome for entitlement to the ERC funding are qualifying for the credits based on meeting the threshold for gross receipts decline in 2021 compared to 2019 and incurring eligible payroll expenses. For the year ended June 30, 2024, the Organization determined these conditions have been met and recognized $706,664 of ERC revenue within contributions on the consolidated statement of activities and changes in net assets and recognized a corresponding receivable within other receivables on the consolidated statement of financial position.

The Organization's ERC claim is subject to review by the Internal Revenue Service (IRS) within the applicable statute of limitations. If a portion or all of the ERC is determined to be ineligible upon IRS review, the Organization would be required to return the ineligible portion on demand and could potentially be subject to penalties and interest on unpaid employment taxes.

Promises to Give

Promises to give consist of unconditional pledges of future contributions from donors. The allowance method is used to determine uncollectible unconditional promises to give. The allowance is based on management's analysis of specific pledges. There was no allowance for uncollectible promises to give as of June 30, 2024 and 2023.

Promises to give that are expected to be collected within one year are recorded at their net realizable values. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows (see Note 6).

Concentration of Risk

Of the $7,326,847 of total promises to give at June 30, 2024, approximately $2,333,670 was from three donors. Of the $11,602,599 of total promises to give at June 30, 2023, approximately $6,050,250 was from five donors.

Of the $55,353,287 of total contributions received during 2024, approximately $23,185,987 was from four donors. Of the $54,212,147 of total contributions received during 2023, approximately $22,213,872 was from four donors.

Note 2 - Significant Accounting Policies (Continued)

Furniture and Equipment

The Organization capitalizes all furniture and equipment with a cost or fair value of $5,000 or greater. Furniture and equipment purchased by the Organization are recorded at cost. Donated furniture and equipment are capitalized at fair value at the date of donation. The straight-line method is used for computing depreciation and amortization. Assets are depreciated over their estimated useful lives, which range from three to seven years. The cost of leasehold improvements is amortized over the lesser of the length of the related leases or the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

Leases

The Organization has an operating lease, as described in Note 9. The Organization recognizes expense for the operating lease on a straight-line basis over the lease term. The Organization made a policy election not to separate lease and nonlease components for taxes and insurance. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability.

The Company does not recognize a right-of-use asset or lease liability for short-term leases. Total lease expense under short-term leases was $8,838 for the years ended June 30, 2024 and 2023.

The Company elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate.

Contributions

Unconditional promises to give cash and other assets to the Organization are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. There were no conditional promises to give as of June 30, 2024. The gifts are reported as either without donor restrictions or with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the year in which the contributions are received are reported as unrestricted contributions in the accompanying financial statements.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the consolidated statement of activities and changes in net assets. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses incurred directly for a program service, including professional services, are charged to such service. Wages are allocated on the basis of time and effort. Allocations of certain overhead costs, such as information technology and office and general business expenses, are also allocated services on a pro rata basis of headcount in each department. Events and awareness expenses are allocated primarily to fundraising, as these events are generally geared toward fundraising, but a small portion of the event is allocated for programmatic support and awareness.

Program Services Information Technology (IT) expenses increased from $125,237 for the year ended June 30, 2023 to $2,680,335 for the year ended June 30, 2024. This $2,555,098 increase is due to software development to create a cloud-based application for over 20,000 Utah students to apply for UFA ESAs in the spring of 2024.

Note 2 - Significant Accounting Policies (Continued)

Income Taxes

The Organization is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including December 2, 2024, which is the date the consolidated financial statements were available to be issued.

In July 2024, the Organization received $80 million for use toward the Utah ESA program.

Note 3 - Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date:

	2024	2023
Cash and cash equivalents	$ 48,431,466	$ 36,446,379
Investments	29,317,609	37,893,242
Promises to give - Current portion	5,802,396	7,401,023
Financial assets - At year end	83,551,471	81,740,644
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions - Donor-restricted endowment funds:		
Restricted for scholarships	16,558,378	15,548,142
Restricted for specific markets	51,737,159	40,721,105
Endowed net assets	5,191,070	3,815,448
Financial assets available to meet cash needs for general expenditures within one year	$ 10,064,864	$ 21,655,949

The Organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors.

Over the past few years, the Organization has expanded into new markets. Along with the expansion, the Organization continues to increase available financial assets on hand to meet the current ongoing needs of general expenditures. The Organization will extend short-term loans between markets if necessary. To date, short-term loans have not been required. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments, including money market funds backed by U.S. Treasurys.

The Organization also realizes there could be unanticipated liquidity needs. As discussed in Note 10, the Organization has available borrowings of approximately $4 million in the event of unanticipated liquidity needs.

Note 4 - Investments

The details of the Organization's investments at June 30 are as follows:

	2024	2023
Equities	$ 3,540,453	$ 2,351,103
Fixed-income investments	25,777,156	35,542,139
Total	$ 29,317,609	$ 37,893,242

Note 5 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

The Organization's equities and fixed-income investments are valued based on quoted prices in active markets (Level 1). The Organization does not currently hold any assets with a fair value determined by Level 2 or 3 inputs.

Note 6 - Promises to Give

The following is the detail of unconditional promises to give:

	2024	2023
Due in less than one year	$ 5,802,396	$ 7,401,023
Due in one to five years	1,714,170	4,580,261
Total	7,516,566	11,981,284
Less allowance for net present value discount	(189,719)	(378,685)
Total	7,326,847	11,602,599
Less current portion	(5,802,396)	(7,401,023)
Promises to give - Net of current portion and discount	$ 1,524,451	$ 4,201,576

The discount rates used on long-term promises to give for the years ended June 30, 2024 and 2023 range from 1.13 to 4.65 percent, which represents the prevailing rate at the date of the pledge.

Note 7 - Furniture and Equipment

Furniture and equipment are summarized as follows:

	2024	2023
Computers and software	$ 117,038	$ 125,092
Furniture and fixtures	46,861	56,005
Leasehold improvements	126,250	126,250
Construction in progress	132,530	-
Total cost	422,679	307,347
Less accumulated depreciation and amortization	223,470	210,584
Net furniture and equipment	$ 199,209	$ 96,763

Depreciation expense for 2024 and 2023 was $30,084 and $35,738, respectively.

Note 8 - Net Assets

The net assets with donor restrictions represent the net proceeds of donations that have been restricted by the donors to be used only for scholarship awards, general and administrative expenses, or market-specific use or that have time restrictions placed on them.

Net assets with donor restrictions at June 30, 2024 consisted of the following:

	Scholarships	Market-specific Use	Promises to Give in Support of Future Operations	Total
National	$ -	$ 17,859,706	$ 2,599,406	$ 20,459,112
Colorado	-	16,690,585	2,162,640	18,853,225
Montana	764,022	1,923,553	131,857	2,819,432
Louisiana	13,553,963	-	-	13,553,963
Kansas	2,240,393	105,085	448,695	2,794,173
Texas	-	2,669,161	589,837	3,258,998
Wyoming	-	1,500,675	250,000	1,750,675
Missouri	-	338,087	-	338,087
Arkansas	-	9,371,008	1,044,412	10,415,420
Utah	-	413,710	-	413,710
New Mexico	-	862,785	-	862,785
Mississippi	-	2,804	100,000	102,804
Total	$ 16,558,378	$ 51,737,159	$ 7,326,847	$ 75,622,384

Note 8 - Net Assets (Continued)

Endowed assets in the amount of $5,191,070 are included above in national market-specific use (see Note 12).

Net assets with donor restrictions at June 30, 2023 consisted of the following:

	Scholarships	Market-specific Use	Promises to Give in Support of Future Operations	Total
National	$ -	$ 9,476,275	$ 3,839,167	$ 13,315,442
Colorado	-	14,653,791	3,003,683	17,657,474
Montana	5,103	2,165,413	1,132,676	3,303,192
Louisiana	13,715,276	-	9,995	13,725,271
Kansas	1,827,763	65,266	250,625	2,143,654
Texas	-	3,009,716	599,486	3,609,202
Wyoming	-	1,590,829	150,000	1,740,829
Missouri	-	351,362	-	351,362
Arkansas	-	8,330,328	2,079,467	10,409,795
Utah	-	318,974	250,000	568,974
New Mexico	-	517,202	250,000	767,202
Mississippi	-	241,949	37,500	279,449
Total	$ 15,548,142	$ 40,721,105	$ 11,602,599	$ 67,871,846

Endowed assets in the amount of $3,815,448 are included above in national market-specific use (see Note 12).

Note 9 - Leases

The Organization was obligated under an operating lease for office space, which expired in August 2024. The right-of-use asset and related lease liability were calculated using a discount rate of 2.88 percent. The lease required the Organization to pay taxes, insurance, utilities, and maintenance costs. Cash payments related to this lease were $141,899 and $139,891 for 2024 and 2023, respectively.

In February 2024, the lease was amended to relocate the office space, with the existing space being leased for a short-term six-month lease, with a commencement date for the new space beginning in August 2024. There were no penalties incurred for terminating the old lease, which was originally set to expire in October 2026.

Note 10 - Line of Credit

During the year ended June 30, 2022, the Organization entered into a variable rate line of credit agreement with Citywide Banks. The effective interest rate as of June 30, 2024 and 2023 was 7.31 and 7.33 percent, respectively. The Organization has available borrowings of approximately $4 million with a maturity date of February 2025 and is subject to certain covenants. The Organization has yet to draw borrowings from the line of credit.

Note 11 - Retirement Plans

The Organization sponsors a 401(k) plan (the "Plan") for all employees. In order to participate in the Plan, an employee must be at least 21 years of age. Employees may contribute from 1 percent to 84 percent of their eligible earnings. The Organization matches 100 percent of the employee contribution up to a maximum of a 6 percent contribution, with immediate vesting. Contributions to the Plan totaled $218,660 and $143,540 for the years ended June 30, 2024 and 2023, respectively.

Note 12 - Donor-restricted Endowments

The Organization's endowment includes donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization is subject to the state of Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA). Accordingly, the Organization classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are restricted both as to time and purpose. The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, when reviewing donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gifts amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the applicable gift agreement. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate earnings on donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

	Endowment Net Asset Composition by Type of Fund as of June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	$ -	$ 4,610,000	$ 4,610,000
Accumulated investment income	-	581,070	581,070
Total donor-restricted endowment funds	$ -	$ 5,191,070	$ 5,191,070

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ -	$ 3,815,448	$ 3,815,448
Investment return - Investment income	-	452,898	452,898
Contributions	-	1,000,000	1,000,000
Appropriation of endowment assets for expenditure	-	(77,276)	(77,276)
Endowment net assets - End of year	$ -	$ 5,191,070	$ 5,191,070

Note 12 - Donor-restricted Endowments (Continued)

	Endowment Net Asset Composition by Type of Fund as of June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	$ -	$ 3,610,000	$ 3,610,000
Accumulated investment income	-	205,448	205,448
Total donor-restricted endowment funds	$ -	$ 3,815,448	$ 3,815,448

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ -	$ 1,501,730	$ 1,501,730
Investment return - Investment income	-	213,718	213,718
Contributions	-	2,100,000	2,100,000
Endowment net assets - End of year	$ -	$ 3,815,448	$ 3,815,448

Underwater Endowment Funds

As of June 30, 2024 and 2023, there were no funds with deficiencies.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to achieve a return of 5 percent, net of inflation and investment expenses. The secondary investment objective is to earn a total return, net of expenses, at least equal to the portfolio's composite benchmark, as defined in its investment policy statement. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. As of June 30, 2024 and 2023, $62 and $5,102, respectively, of endowment assets were held in cash and not yet invested in accordance with the above policy.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The endowment fund began accepting donations in January 2022. The Organization has a policy of appropriating a maximum of 4 percent of its endowment fund's market value annually, with any excess returns reinvested for asset growth. In establishing this policy, the Organization considered the long-term expected rate of return on its endowment. Accordingly, the Organization expects the current spending policy to allow its endowment to grow over time. Distributions began in July 2023 and are made annually in July of each year.

Supplemental Information

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Independent Auditor's Report on Supplemental Information

To the Board of Directors
Alliance for Choice in Education
and Subsidiaries

We have audited the consolidated financial statements of Alliance for Choice in Education and Subsidiaries as of and for the years ended June 30, 2024 and 2023 and have issued our report thereon dated December 2, 2024, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information is presented for the purpose of additional analysis rather than to present the financial position, change in net assets, functional expenses, and cash flows of the individual entities and departments and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Plante & Moran, PLLC

December 2, 2024

Departmental Statement of Financial Position

June 30, 2024

	National Office	Colorado	Montana	Louisiana	Kansas	Texas	Wyoming	Missouri	Arkansas	Utah	New Mexico	Mississippi	Eliminating Entries	Total
Assets														
Current Assets														
Cash and cash equivalents	$ 15,289,355	$ 10,758,143	$2,707,841	$ 2,655,660	$2,033,838	$2,690,666	$1,256,366	$ 338,139	$ 9,409,632	$ 413,710	$ 864,185	$ 13,931	$ -	$ 48,431,466
Investments	12,396,375	5,972,725	-	10,449,196	499,313	-	-	-	-	-	-	-	-	29,317,609
Promises to give - Current portion	1,882,253	1,475,721	50,000	-	448,695	595,130	250,000	-	1,050,597	-	-	50,000	-	5,802,396
Other receivables	825,976	709	-	-	-	-	-	-	-	-	-	-	-	826,685
Interorganization receivable	(2)	-	-	469,922	1	177,564	249,342	-	-	-	-	-	(896,827)	-
Prepaid expenses	1,051,163	-	-	-	-	-	-	-	-	-	-	-	-	1,051,163
Total current assets	31,445,120	18,207,298	2,757,841	13,574,778	2,981,847	3,463,360	1,755,708	338,139	10,460,229	413,710	864,185	63,931	(896,827)	85,429,319
Promises to Give - Net of current portion	717,154	686,918	81,857	-	-	(5,293)	-	-	(6,185)	-	-	50,000	-	1,524,451
Furniture and Equipment - Net	199,209	-	-	-	-	-	-	-	-	-	-	-	-	199,209
Total noncurrent assets	916,363	686,918	81,857	-	-	(5,293)	-	-	(6,185)	-	-	50,000	-	1,723,660
Total assets	$ 32,361,483	$ 18,894,216	$2,839,698	$13,574,778	$2,981,847	$3,458,067	$1,755,708	$ 338,139	$ 10,454,044	$ 413,710	$ 864,185	$ 113,931	$ (896,827)	$ 87,152,979
Liabilities and Net Assets														
Current Liabilities														
Accounts payable and accrued expenses	$ 737,853	$ 121,301	$ 14,821	$ 20,815	$ 38,503	$ 23,896	$ 5,167	$ -	$ 26,003	$ -	$ -	$ 7,500	$ -	$ 995,859
Interorganization payable	629,782	(80,310)	5,445	-	149,171	175,173	(134)	52	12,621	-	1,400	3,627	(896,827)	-
Total liabilities	1,367,635	40,991	20,266	20,815	187,674	199,069	5,033	52	38,624	-	1,400	11,127	(896,827)	995,859
Net Assets														
Without donor restrictions	10,534,736	-	-	-	-	-	-	-	-	-	-	-	-	10,534,736
With donor restrictions	20,459,112	18,853,225	2,819,432	13,553,963	2,794,173	3,258,998	1,750,675	338,087	10,415,420	413,710	862,785	102,804	-	75,622,384
Total net assets	30,993,848	18,853,225	2,819,432	13,553,963	2,794,173	3,258,998	1,750,675	338,087	10,415,420	413,710	862,785	102,804	-	86,157,120
Total liabilities and net assets	$ 32,361,483	$ 18,894,216	$2,839,698	$13,574,778	$2,981,847	$3,458,067	$1,755,708	$ 338,139	$ 10,454,044	$ 413,710	$ 864,185	$ 113,931	$ (896,827)	$ 87,152,979

Alliance for Choice in Education and Subsidiaries

Departmental Statement of Activities and Changes in Net Assets

Year Ended June 30, 2024

	National Office	Colorado	Montana	Louisiana	Kansas	Texas	Wyoming	Missouri	Arkansas	Utah	New Mexico	Mississippi	Eliminating Entries	Total
Support and Revenue														
Contributions	$ 9,121,648	$ 14,907,599	$ 2,686,937	$ 8,207,745	$ 2,942,929	$ 5,444,572	$ 709,057	$ 386,900	$ 7,640,454	$ 748,976	$ 1,339,451	$ 1,217,019	$ -	$ 55,353,287
Other	3,245,711	863,540	132,181	691,137	90,078	168,123	70,799	17,621	275,999	-	-	13,149	-	5,568,338
In-kind donations for administrative support	-	-	-	466,526	-	-	-	-	-	-	-	-	(466,526)	-
Shared services revenue	6,317,531	-	-	-	-	-	-	-	-	-	-	-	(6,317,531)	-
Total support and revenue	18,684,890	15,771,139	2,819,118	9,365,408	3,033,007	5,612,695	779,856	404,521	7,916,453	748,976	1,339,451	1,230,168	(6,784,057)	60,921,625
Expenses														
Program services:														
Primary and secondary scholarships	4,188,654	10,174,284	2,338,193	8,663,570	1,928,531	4,098,751	596,820	372,125	6,858,556	847,675	1,158,416	1,093,866	-	42,319,441
Other education support programs	7,835,093	1,350,272	454,103	398,101	193,209	435,751	63,607	17,067	460,122	21,546	31,701	89,193	(2,400,661)	8,949,104
Total program services	12,023,747	11,524,556	2,792,296	9,061,671	2,121,740	4,534,502	660,427	389,192	7,318,678	869,221	1,190,117	1,183,059	(2,400,661)	51,268,545
Support services:														
Fundraising	3,289,456	2,201,566	346,988	201,463	201,790	1,219,481	74,207	15,718	369,519	19,290	29,787	186,622	(2,211,136)	5,944,751
General and administrative	1,758,232	849,266	163,594	273,582	58,958	208,916	35,376	12,886	222,631	15,729	23,964	37,132	(1,705,734)	1,954,532
Total support services	5,047,688	3,050,832	510,582	475,045	260,748	1,428,397	109,583	28,604	592,150	35,019	53,751	223,754	(3,916,870)	7,899,283
Total expenses	17,071,435	14,575,388	3,302,878	9,536,716	2,382,488	5,962,899	770,010	417,796	7,910,828	904,240	1,243,868	1,406,813	(6,317,531)	59,167,828
Change in Net Assets from Operations	1,613,455	1,195,751	(483,760)	(171,308)	650,519	(350,204)	9,846	(13,275)	5,625	(155,264)	95,583	(176,645)	(466,526)	1,753,797
Nonoperating Loss														
In-kind support	(466,526)	-	-	-	-	-	-	-	-	-	-	-	466,526	-
Loss on disposal of assets	(1,049,209)	-	-	-	-	-	-	-	-	-	-	-	-	(1,049,209)
Total nonoperating loss	(1,515,735)	-	-	-	-	-	-	-	-	-	-	-	466,526	(1,049,209)
Increase (Decrease) in Net Assets	97,720	1,195,751	(483,760)	(171,308)	650,519	(350,204)	9,846	(13,275)	5,625	(155,264)	95,583	(176,645)	-	704,588
Net Assets - Beginning of year	30,896,128	17,657,474	3,303,192	13,725,271	2,143,654	3,609,202	1,740,829	351,362	10,409,795	568,974	767,202	279,449	-	85,452,532
Net Assets - End of year	$ 30,993,848	$ 18,853,225	$ 2,819,432	$ 13,553,963	$ 2,794,173	$ 3,258,998	$ 1,750,675	$ 338,087	$ 10,415,420	$ 413,710	$ 862,785	$ 102,804	$ -	$ 86,157,120