The W. Oscar Neuhaus Memorial Foundation

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2024 and 2023

The W. Oscar Neuhaus Memorial Foundation

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Independent Auditors' Report

To Board of Trustees of
The W. Oscar Neuhaus Memorial Foundation:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The W. Oscar Neuhaus Memorial Foundation (Neuhaus), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Neuhaus as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Neuhaus and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to 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 Neuhaus' ability to continue as a going concern for 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 Neuhaus' 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 Neuhaus' 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.

Blazek & Vetterling

April 22, 2025

The W. Oscar Neuhaus Memorial Foundation

Statements of Financial Position as of December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash	$ 526,947	$ 573,085
Contributions receivable, net *(Note 4)*:		
Operating	570,240	598,864
Endowment	19,325	45,232
Prepaid expenses and other assets	241,612	352,899
Investments *(Note 5)*:		
Operating	2,139,954	1,272,198
Designated for coaching and research reserves	728,500	728,500
Endowment	7,945,746	7,435,147
Property and equipment, net *(Note 6)*	1,145,597	1,248,564
TOTAL ASSETS	$ 13,317,921	$ 12,254,489
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 236,481	$ 197,558
Accrued payroll costs	323,862	298,297
Refundable advances for future special events	125,096	123,800
Deferred tuition and educational material sales	434,039	376,147
Total liabilities	1,119,478	995,802
Net assets *(Note 3)*:		
Without donor restrictions	2,944,634	2,789,411
With donor restrictions	9,253,809	8,469,276
Total net assets	12,198,443	11,258,687
TOTAL LIABILITIES AND NET ASSETS	$ 13,317,921	$ 12,254,489

See accompanying notes to financial statements.

The W. Oscar Neuhaus Memorial Foundation

Statement of Activities for the year ended December 31, 2024

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE, GAINS AND SUPPORT:			
Tuition and sale of educational materials *(Note 7)*	$ 5,435,716		$ 5,435,716
Contributions	548,271	$ 1,295,985	1,844,256
Special events	612,897		612,897
Direct donor benefit costs	(82,957)		(82,957)
Net investment return	282,906	837,104	1,120,010
Total revenue, gains and support	6,796,833	2,133,089	8,929,922
Satisfaction of donor restrictions:			
Expenditures for program expenses	1,347,456	(1,347,456)	
Expiration of time restrictions	1,100	(1,100)	
Total	8,145,389	784,533	8,929,922
EXPENSES:			
Educational program services	6,008,847		6,008,847
Management and general	1,269,532		1,269,532
Fundraising	711,787		711,787
Total expenses	7,990,166		7,990,166
CHANGES IN NET ASSETS	155,223	784,533	939,756
Net assets, beginning of year	2,789,411	8,469,276	11,258,687
Net assets, end of year	$ 2,944,634	$ 9,253,809	$ 12,198,443

See accompanying notes to financial statements.

The W. Oscar Neuhaus Memorial Foundation

Statement of Activities for the year ended December 31, 2023

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE, GAINS AND SUPPORT:			
Tuition and sale of educational materials *(Note 7)*	$ 3,372,045		$ 3,372,045
Contributions	435,151	$ 1,254,253	1,689,404
Special events	514,150		514,150
Direct donor benefit costs	(111,486)		(111,486)
Net investment return	452,991	969,104	1,422,095
Total revenue, gains and support	4,662,851	2,223,357	6,886,208
Satisfaction of donor restrictions:			
Expenditures for program expenses	1,628,869	(1,628,869)	
Expiration of time restrictions	91,500	(91,500)	
Total	6,383,220	502,988	6,886,208
EXPENSES:			
Educational program services	5,524,135		5,524,135
Management and general	1,604,780		1,604,780
Fundraising	681,989		681,989
Total expenses	7,810,904		7,810,904
CHANGES IN NET ASSETS	(1,427,684)	502,988	(924,696)
Net assets, beginning of year	4,217,095	7,966,288	12,183,383
Net assets, end of year	$ 2,789,411	$ 8,469,276	$ 11,258,687

See accompanying notes to financial statements.

The W. Oscar Neuhaus Memorial Foundation

Statement of Functional Expenses for the year ended December 31, 2024

EXPENSES	EDUCATIONAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and related expenses	$ 4,013,785	$ 907,379	$ 544,974	$ 5,466,138
Educational materials – cost of sales	696,182			696,182
Professional fees	433,260	170,032	64,967	668,259
IT and equipment rental and maintenance	227,098	117,008	44,315	388,421
Occupancy	121,874	21,168	11,131	154,173
Travel and mileage	129,049	1,934	3,461	134,444
Postage and delivery	78,363	550	3,308	82,221
Conferences and meetings	65,237	1,873	3,972	71,082
Office supplies	54,534	1,198	10,747	66,479
Student scholarships	49,648			49,648
Telephone	28,082	4,415	2,321	34,818
Printing and publications	17,173	1,181	13,949	32,303
Bank fees		25,876		25,876
Total expenses before depreciation	5,914,285	1,252,614	703,145	7,870,044
Depreciation	94,562	16,918	8,642	120,122
Total expenses	$ 6,008,847	$ 1,269,532	$ 711,787	7,990,166
Direct donor benefit costs				82,957
Total				$ 8,073,123

See accompanying notes to financial statements.

The W. Oscar Neuhaus Memorial Foundation

Statement of Functional Expenses for the year ended December 31, 2023

EXPENSES	EDUCATIONAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and related expenses	$ 4,089,776	$ 951,667	$ 520,608	$ 5,562,051
Educational materials – cost of sales	460,620			460,620
Professional fees	364,237	308,270	67,502	740,009
IT and equipment rental and maintenance	48,953	229,562	29,264	307,779
Occupancy	124,076	35,753	11,572	171,401
Travel and mileage	91,255	11,283	3,403	105,941
Postage and delivery	72,280	627	1,767	74,674
Conferences and meetings	74,133	10,159	6,063	90,355
Office supplies	23,111	5,508	7,454	36,073
Student scholarships	31,398			31,398
Telephone	17,954	7,301	1,679	26,934
Printing and publications	24,254	4,405	23,963	52,622
Bank fees		26,550		26,550
Total expenses before depreciation	5,422,047	1,591,085	673,275	7,686,407
Depreciation	102,088	13,695	8,714	124,497
Total expenses	$ 5,524,135	$ 1,604,780	$ 681,989	7,810,904
Direct donor benefit costs				111,486
Total				$ 7,922,390

See accompanying notes to financial statements.

The W. Oscar Neuhaus Memorial Foundation

Statements of Cash Flows for years ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 939,756	$ (924,696)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Contributions restricted for endowment		(30,525)
Depreciation	120,122	124,497
Net realized and unrealized gain on investments	(876,012)	(1,185,876)
Changes in operating assets and liabilities:		
Contributions receivable	28,624	(95,933)
Prepaid expenses and other assets	111,287	342,902
Accounts payable and accrued expenses	38,923	(42,201)
Accrued payroll costs	25,565	32,677
Refundable advances for future special events	1,296	(37,475)
Deferred tuition and educational material sales	57,892	317,065
Net cash provided (used) by operating activities	447,453	(1,499,565)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net change in money market mutual funds held as investments	(612,181)	1,482,992
Proceeds from sales and maturities of investments	382,415	553,417
Purchases of investments	(272,577)	(314,553)
Purchases of property and equipment	(17,155)	(16,000)
Net cash provided (used) by investing activities	(519,498)	1,705,856
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for endowment	25,907	59,986
NET CHANGE IN CASH	(46,138)	266,277
Cash, beginning of year	573,085	306,808
Cash, end of year	$ 526,947	$ 573,085

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

Organization – The W. Oscar Neuhaus Memorial Foundation, doing business as Neuhaus Education Center (Neuhaus), was established in 1980 to provide evidence-based professional learning to educators in public and private schools, provide information and resources to families, and to offer direct services to adult learners. Neuhaus is dedicated to promoting reading success for all. Neuhaus provided in-person, on-site, live virtual, and online learning to 3,846 teachers during 2024 and to 3,118 teachers during 2023. Neuhaus' facilities are located in Houston, Texas.

Neuhaus closely monitors current research being done on reading instruction and reading disorders for findings to be incorporated into its instructional programs. This commitment to providing the most up-to-date, scientifically researched methods is what makes Neuhaus unique in its field and ensures that teachers and students are offered the most effective programs available. The Teacher Professional Development Program consists of approximately thirty classes, in the areas of Phonemic Awareness; Instant Letter Recognition; Sequencing and Decoding Skills; Listening/Reading Comprehension; Scientific Spelling; Multisensory Handwriting, Grammar, Syntax, and Paragraph Structure; and Oral Language Development. Also, teachers are offered classes on how to apply the results of various intervention studies on metacognitive skills, language enrichment, and literacy for their readers.

Federal income tax status – Neuhaus is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(vi).

Cash concentration – Bank deposits exceed the federally insured limit per depositor per institution.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in future years are discounted to estimate the present value of future cash flows. Discounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contribution revenue. An allowance for uncollectible receivables is provided when it is believed balances may not be collected in full. The adequacy of the allowance at the end of each period is determined using a combination of historical loss experience and donor-by-donor analysis of balances.

Investments are reported at fair value. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses. Investment return is reported in the statement of activities as an increase in *net assets without donor restrictions* unless the use of the income is limited by donor-imposed restrictions. Net investment return whose use is restricted by the donor is reported as a change in *net assets with donor restrictions* until expended in accordance with donor-imposed restrictions.

Property and equipment is reported at cost if purchased and at estimated fair value at the date of gift if donated. Neuhaus capitalizes property with a cost or fair value of $3,000 or greater and an estimated useful life of more than one year. Depreciation is computed using the straight-line method over estimated useful lives of 5 to 40 years for buildings and improvements, 3 to 7 years for furniture, fixtures, 3 years for software and equipment, and 5 years for the professional library.

Revenue from contracts with customers is derived primarily from tuition and sale of educational materials to individuals, private and public school districts, and educational agencies in Texas, Alabama, the Northeast and the East Coast regions. Revenue is recognized when the services are provided to a customer in an amount that reflects the consideration that Neuhaus expects to be entitled to receive in exchange for those services. Teacher scholarships reduce the amount of consideration that Neuhaus expects to be entitled to receive, and tuition is presented net of teacher scholarships. Neuhaus awarded scholarships of $5,800 and $12,522 in fiscal years 2024 and 2023, respectively.

School districts and educational agencies are billed for tuition and educational materials at the point in time when the services are provided. Payment is due within 30 days of the invoice date. Educational materials not associated with services are billed at the time of shipment. Neuhaus assesses collectability in estimating the transaction price. Subsequent changes in the estimated transaction price are recognized as adjustments to revenue in the period of change. There were no material adjustments related to subsequent changes in the estimate of the transaction price in 2023 or 2022. Subsequent changes to the consideration Neuhaus expects to receive due to an adverse change in a customer's ability to pay are recognized as credit losses. Management estimates expected credit losses based on historical collection experience adjusted for expectations about current and future economic conditions which indicate that there are no expected credit losses at December 31, 2024 or 2023. Accounts receivable were $53,346, $163,562, and $500,687 at December 31, 2024, 2023, and 2022, respectively.

Revenue from contracts with individuals is collected in advance and is deferred until performance obligations are met. Revenue from contracts with private and public school districts and educational agencies is invoiced on the basis of negotiated contracts for these goods and services. Payments are due 30 days from the invoice date. Any amounts collected in advance are deferred until the services have been provided, which is generally within one year. The nature of these services does not give rise to contract costs or any variable considerations, warranties or other related obligations. Tuition and sale of educational materials collected in advance were $434,039, $376,147 and $59,082 at December 31, 2024, 2023, and 2022, respectively.

Performance obligations related to revenue from contracts with customers for face-to-face tuition, web-based tuition, and consulting services are satisfied over time and the sale of educational materials is satisfied at a point in time. Face-to-face tuition contracts include in-person and virtual classes, as well as mentoring services for a one-year period. Revenue is allocated to the one-year performance obligations based on the input method. Revenue for the in-person and virtual classes is recognized as the classes occur and revenue for the one-year mentoring program is recognized ratably over the one-year period that the participant can access the mentoring services. Web-based instruction tuition revenue is recognized ratably over time for the duration of the web-based instruction subscription. For performance obligations related to the sale of educational materials, revenue is recognized at the point in time when the materials are shipped to the customer.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before the organization is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been met. Funding received before conditions are met is reported as refundable advances.

Special events revenue is the total amount paid by sponsors and attendees of an event and includes elements of both contributions and exchange transactions. Special events revenue is recognized when the event occurs. Amounts received in advance of the event represent conditional contributions and are reported in the statement of financial position as a refundable advance until earned. Direct donor benefit costs represent the cost of goods and services provided to attendees of the special event.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Depreciation and occupancy costs are allocated based on square footage. Information technology, telephone, postage, supplies, and local travel are allocated based on the number of employees.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31 comprise the following:

	2024	2023
Financial assets:		
Cash	$ 526,947	$ 573,085
Accounts receivable	53,346	163,562
Contributions receivable, net	589,565	644,096
Investments	10,814,200	9,435,845
Total financial assets	11,984,058	10,816,588
Less financial assets not available for general expenditure:		
Endowment investments less amounts appropriated for upcoming year	(7,588,742)	(6,997,170)
Board-designated reserve funds:		
Secondary HISD teacher coaching	(450,000)	(450,000)
Research assistants and program evaluation	(278,500)	(278,500)
Contributions receivable restricted for endowment	(19,325)	(45,232)
Contributions receivable not due within one year	(25,000)	(25,000)
Total financial assets available for general expenditure	$ 3,622,491	$ 3,020,686

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Neuhaus considers all expenditures related to its ongoing educational activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

To help manage unanticipated liquidity needs, Neuhaus has authorized a $1,500,000 revolving promissory note from the endowment; the full amount is available to be drawn upon at December 31, 2024. Additionally, Neuhaus has board-designated reserves of $728,500, which could be drawn upon, if necessary.

NOTE 3 – NET ASSETS

Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service. Donor-restricted endowment earnings are released when those earnings are appropriated in accordance with spending policies and are used for the stipulated purpose.

Net assets without donor restrictions

Net assets without donor restrictions are comprised of the following:

	2024	2023
Board-designated for coaching and research	$ 728,500	$ 728,500
Undesignated	1,070,537	812,347
Property and equipment, net	1,145,597	1,248,564
Total net assets without donor restrictions	$ 2,944,634	$ 2,789,411

Net assets with donor restrictions

Net assets with donor restrictions are restricted as follows:

	2024	2023
Subject to expenditure for specified purpose:		
Professional development	$ 655,811	$ 263,612
Adult literacy	279,098	287,685
Strategic planning	200,004	300,000
Other	77,925	61,500
Total subject to expenditure for specified purpose	1,212,838	912,797
Subject to passage of time:		
Contributions receivable that are not restricted by donors, but which are unavailable for expenditures until due	75,900	76,100
Endowments subject to spending policy and appropriation:		
Professional development	2,219,997	2,165,107
Adult literacy	2,185,278	2,037,359
General operations	1,589,713	1,439,934
Parent resources	1,471,429	1,371,778
Other	498,654	466,201
Total endowments	7,965,071	7,480,379
Total net assets with donor restrictions	$ 9,253,809	$ 8,469,276

Endowment funds

Neuhaus has donor-restricted endowment funds to support operations, which are maintained in accordance with explicit donor stipulations and are subject to the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA). TUPMIFA provides guidelines about what constitutes prudent spending and explicitly requires consideration of preservation of the fund. The Board of Trustees (the Board) of Neuhaus has interpreted TUPMIFA as requiring a focus on the entirety of donor-restricted endowment funds, including original gift amounts and net appreciation, allowing Neuhaus' Board to appropriate for expenditure or accumulate as much of an endowment fund as considered prudent for the uses, benefits, purposes, and duration for which the fund was established, subject to explicit donor stipulations.

As a result of this interpretation, Neuhaus classifies contributions to the endowment plus any donor-stipulated accumulations as *net assets with donor restrictions* required to be maintained in perpetuity. This amount is not reduced by investment losses or by appropriation and spending. The portion of the endowment not required to be maintained in perpetuity is classified as *net assets with donor restrictions* until appropriated in accordance with spending policies and used for the stipulated purpose, if any.

Investment and Spending Policies

Neuhaus has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other activities supported by its endowment, including those endowments deemed to be underwater, while seeking to maintain the purchasing power of the endowment. Under Neuhaus' policy, endowment assets are invested in a manner that is intended to produce an annualized real or inflation-adjusted return of at least 5%, although actual returns in any given year may vary from this amount. To satisfy its long-term rate of return objectives, Neuhaus seeks to diversify across asset classes.

Neuhaus has a policy of appropriating for distribution each year 5% of the preceding three-year average of endowment *net assets with donor restrictions*. In establishing this policy, Neuhaus considered the long-term expected return on its endowment and the standards of prudence prescribed by TUPMIFA. Accordingly, over the long term, Neuhaus expects the current spending policy to meet its objective of maintaining the purchasing power of endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition as of December 31:

	2024 WITH DONOR RESTRICTIONS	2023 WITH DONOR RESTRICTIONS
Donor-restricted endowment funds:		
Original donor-restricted gift and amounts required to be maintained in perpetuity	$ 7,533,554	$ 7,408,285
Accumulated net investment gains	1,050,494	694,947
Accumulated investment deficits	(618,977)	(622,853)
Endowment net assets	$ 7,965,071	$ 7,480,379

Accumulated deficits arise when the fair value of the fund's investments falls below the amount required to be maintained in perpetuity because of declines in the fair value of investments and/or continued appropriation and spending in accordance with prudent spending. At December 31, 2024, funds with original gift values of $3,334,152, fair values of $2,715,175, and deficiencies of $618,977 were reported in *net assets with donor restrictions*. At December 31, 2023, funds with original gift values of $3,208,884, fair values of $2,586,031, and deficiencies of $622,853 were reported in *net assets with donor restrictions*.

Changes in endowment net assets are as follows:

	WITH DONOR RESTRICTIONS		
	ACCUMULATED NET INVESTMENT RETURN	REQUIRED TO BE MAINTAINED IN PERPETUITY	TOTAL
Endowment net assets, December 31, 2022	$ (195,359)	$ 7,199,525	$ 7,004,166
Net investment return	790,869	178,235	969,104
Contributions		30,525	30,525
Distributions	(523,416)		(523,416)
Endowment net assets, December 31, 2023	72,094	7,408,285	7,480,379
Net investment return	711,835	125,269	837,104
Distributions	(352,412)		(352,412)
Endowment net assets, December 31, 2024	$ 431,517	$ 7,533,554	$ 7,965,071

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are as follows:

	2024	2023
Contributions receivable	$ 596,891	$ 666,753
Discount to net present value at 7.5%	(7,326)	(22,657)
Contributions receivable, net	$ 589,565	$ 644,096

Contributions receivable at December 31, 2024 are expected to be collected as follows:

2025	$ 491,891
2026	105,000
Total	$ 596,891

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All of Neuhaus' investments are measured at fair value using Level 1 inputs, which are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.

Assets measured at fair value using Level 1 inputs are as follows:

	2024	2023
Investments measured at fair value:		
Equity mutual funds:		
Large blend index fund	$ 4,656,175	$ 4,007,874
International large blend	2,589,854	2,543,833
Fixed-income mutual funds:		
Intermediate-term bond	1,301,620	1,274,338
International bond	796,071	765,552
Short-term bond	522,580	508,529
Money market mutual funds	947,900	335,719
Total assets measured at fair value	$ 10,814,200	$ 9,435,845

Mutual funds are valued at the reported net asset value. This valuation method may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Neuhaus believes its valuation method is appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market, and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2024	2023
Land	$ 479,004	$ 479,004
Buildings and improvements	2,136,918	2,136,918
Furniture, fixtures, and equipment	1,249,909	1,232,754
Software	144,000	144,000
Professional library	81,865	81,865
Total property and equipment, at cost	4,091,696	4,074,541
Accumulated depreciation	(2,946,099)	(2,825,977)
Property and equipment, net	$ 1,145,597	$ 1,248,564

NOTE 7 – TUITION AND SALE OF EDUCATIONAL MATERIALS

Neuhaus disaggregates revenue from contracts with customers by type of services and payor source as this depicts the nature, amount, timing, and uncertainty of cash flows as affected by economic factors. Revenue from contracts with customers consists of the following:

	2024			
	OVER TIME		POINT-IN-TIME	
	LIVE TUITION	ON DEMAND TUITION	SALE OF EDUCATIONAL MATERIALS	TOTAL
Private and public school districts and educational agencies	$ 3,196,447	$ 1,206,536	$ 683,203	$ 5,086,186
Individuals	226,478	40,540	82,512	349,530
Total	$ 3,422,925	$ 1,247,076	$ 765,715	$ 5,435,716

	2023			
	OVER TIME		POINT-IN-TIME	
	LIVE TUITION	ON DEMAND TUITION	SALE OF EDUCATIONAL MATERIALS	TOTAL
Private and public school districts and educational agencies	$ 1,436,144	$ 703,602	$ 817,807	$ 2,957,553
Individuals	215,955	74,196	124,341	414,492
Total	$ 1,652,099	$ 777,798	$ 942,148	$ 3,372,045

NOTE 8 – RETIREMENT PLAN

Neuhaus has a §401(k) plan that covers all employees. Employees may make contributions up to 90% of their compensation as defined by the plan, subject to certain limitations under the Internal Revenue Code. Neuhaus' contributions are discretionary and are reviewed on an annual basis. Neuhaus made contributions of $122,414 and $124,043 during the years ended 2024 and 2023, respectively.

NOTE 9 – CONCENTRATIONS

During 2024, $3.4 million or 62% of total revenue from tuition and the sale of educational materials was received from two school districts and one state educational agency. During 2023, $1.3 million or 40% of revenue from tuition and the sale of educational materials of was received from two school districts.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 22, 2025, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.