

The Ingenuity Project, Inc.

Financial Statements

Years Ended June 30, 2025 and 2024



The Ingenuity Project, Inc.

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Years Ended June 30, 2025 and 2024

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Independent Auditor's Report

To the Board of Directors
The Ingenuity Project, Inc.
Baltimore, Maryland

Opinion

We have audited the accompanying financial statements of The Ingenuity Project, Inc., which comprise the statements of financial position as of June 30, 2025 and 2024, the related statements of activities and change in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Ingenuity Project, Inc. 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 The Ingenuity Project, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

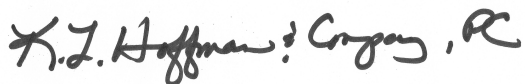
Auditor's Responsibilities for the Audit of the Financial Statements

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

Handwritten signature of K.J. Hoffman in black ink.

CERTIFIED PUBLIC ACCOUNTANT

March 16, 2026

The Ingenuity Project, Inc.

Statements of Financial Position

June 30, 2025 and 2024

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 312,793	\$ 235,160
Investments	957,676	956,262
Accounts receivable	139,850	-
Contributions receivable	682,500	55,000
Prepaid expenses and deposits	42,472	36,746
Furniture and equipment, net	-	2,340
Total assets	<u>2,135,291</u>	<u>1,285,508</u>
LIABILITIES AND NET ASSETS		
Accounts payable	7,338	589
Accrued expenses	<u>52,542</u>	<u>61,533</u>
Total liabilities	<u>59,880</u>	<u>62,122</u>
Net assets:		
Donor undesignated	1,222,911	1,143,386
Donor designated	<u>852,500</u>	<u>80,000</u>
Total net assets	<u>2,075,411</u>	<u>1,223,386</u>
Total liabilities and net assets	<u>\$ 2,135,291</u>	<u>\$ 1,285,508</u>

The Ingenuity Project, Inc.

Statements of Activities and Change in Net Assets

Years Ended June 30, 2025 and 2024

	2025			2024		
	Donor Undesignated	Donor Designated	Total	Donor Undesignated	Donor Designated	Total
Revenues, gains and other support:						
Public support:						
Contributions	\$ 886,267	\$ 852,500	\$ 1,738,767	\$ 383,423	\$ 45,000	\$ 428,423
Donated rent and services	130,017	-	130,017	121,013	-	121,013
	<u>1,016,284</u>	<u>852,500</u>	<u>1,868,784</u>	<u>504,436</u>	<u>45,000</u>	<u>549,436</u>
Special events	44,145	-	44,145	52,383	-	52,383
Revenue from governmental agencies	<u>1,066,025</u>	<u>-</u>	<u>1,066,025</u>	<u>763,008</u>	<u>-</u>	<u>763,008</u>
Other revenue -						
Investment income	<u>92,145</u>	<u>-</u>	<u>92,145</u>	<u>32,088</u>	<u>-</u>	<u>32,088</u>
Net assets released from donor designations	<u>80,000</u>	<u>(80,000)</u>	<u>-</u>	<u>335,000</u>	<u>(335,000)</u>	<u>-</u>
Total revenues, gains and other support	<u>2,298,599</u>	<u>772,500</u>	<u>3,071,099</u>	<u>1,686,915</u>	<u>(290,000)</u>	<u>1,396,915</u>
Expenses:						
Program services -						
Education program	<u>1,805,106</u>	<u>-</u>	<u>1,805,106</u>	<u>1,764,355</u>	<u>-</u>	<u>1,764,355</u>
Supporting services:						
Management and general	236,390	-	236,390	256,670	-	256,670
Fund raising	<u>177,578</u>	<u>-</u>	<u>177,578</u>	<u>174,789</u>	<u>-</u>	<u>174,789</u>
Total supporting services	<u>413,968</u>	<u>-</u>	<u>413,968</u>	<u>431,459</u>	<u>-</u>	<u>431,459</u>
Total expenses	<u>2,219,074</u>	<u>-</u>	<u>2,219,074</u>	<u>2,195,814</u>	<u>-</u>	<u>2,195,814</u>
Change in net assets	79,525	772,500	852,025	(508,899)	(290,000)	(798,899)
Net assets - beginning of year	<u>1,143,386</u>	<u>80,000</u>	<u>1,223,386</u>	<u>1,652,285</u>	<u>370,000</u>	<u>2,022,285</u>
Net assets - end of year	<u>\$ 1,222,911</u>	<u>\$ 852,500</u>	<u>\$ 2,075,411</u>	<u>\$ 1,143,386</u>	<u>\$ 80,000</u>	<u>\$ 1,223,386</u>

The Ingenuity Project, Inc.

Statements of Cash Flows

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 852,025	\$ (798,899)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,340	2,065
Donated securities	(21,014)	-
(Increase) decrease in:		
Accounts receivable	(139,850)	-
Contributions receivable	(627,500)	685,000
Prepaid expenses and deposits	(5,726)	(2,119)
Increase (decrease) in:		
Accounts payable	6,749	(1,133)
Accrued expenses	(8,991)	(25,871)
Net cash provided by (used in) operating activities	<u>58,033</u>	<u>(140,957)</u>
Cash flows from investing activities -		
Purchase of investments and reinvested interest	(52,140)	(831,964)
Sale of investments	<u>71,740</u>	<u>-</u>
Net cash used in investing activities	<u>19,600</u>	<u>(831,964)</u>
Net increase (decrease) in cash and cash equivalents	77,633	(972,921)
Cash and cash equivalents - beginning of year	<u>235,160</u>	<u>1,208,081</u>
Cash and cash equivalents - end of year	<u>\$ 312,793</u>	<u>\$ 235,160</u>

The Ingenuity Project, Inc.
 Statements of Functional Expenses
 Years Ended June 30, 2025 and 2024

	2025				2024			
	Supporting Services				Supporting Services			
	Program	Management	Fund	Total	Program	Management	Fund	Total
	Services	and	Raising		Services	General	Raising	
		General						
Payroll and payroll related	\$ 1,451,865	\$ 137,488	\$ 164,319	\$ 1,753,672	\$ 1,412,850	\$ 185,332	\$ 160,187	\$ 1,758,369
Professional fees	98,338	61,088	2,074	161,500	95,765	43,413	2,466	141,644
Grants to others	15,000	-	-	15,000	15,000	-	-	15,000
Supplies	74,610	4,817	2,179	81,606	47,892	3,855	1,260	53,007
Occupancy	10,281	10,281	5,140	25,702	10,053	10,053	5,027	25,133
Postage, printing and promotion	9,905	978	1,121	12,004	13,968	1,832	1,584	17,384
Dues and publications	3,878	3,181	88	7,147	6,533	1,298	146	7,977
Student recruitment	29,482	-	-	29,482	40,838	-	-	40,838
Miscellaneous	26,806	2,039	2,438	31,283	37,606	4,731	3,931	46,268
Travel	83,003	16,335	-	99,338	82,191	5,938	-	88,129
Depreciation	1,938	183	219	2,340	1,659	218	188	2,065
	<u>\$ 1,805,106</u>	<u>\$ 236,390</u>	<u>\$ 177,578</u>	<u>\$ 2,219,074</u>	<u>\$ 1,764,355</u>	<u>\$ 256,670</u>	<u>\$ 174,789</u>	<u>\$ 2,195,814</u>

The Ingenuity Project, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

NOTE 1 - NATURE OF ORGANIZATION

The Ingenuity Project, Inc. (the "Organization") was formed to prepare highly motivated Baltimore City Public School students to achieve nationally competitive levels in math, science, technology, and related fields. The students enrolled in the Organization are in grades 6 through 12. The Organization also provides materials and training for the teachers using this curriculum. The Organization is funded by the Baltimore City Public Schools (BCPSS), foundations and individual contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. When material, the discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash equivalents to include time deposits, certificates of deposit, and all highly liquid debt instruments purchased with maturities of three (3) months or less.

Investments

Investments consist of government money funds with readily determined fair values and are reported at fair value in the statements of financial position. Interest and dividend income and realized and unrealized gains or losses on investments are recorded in the period in which the investment income or losses occur and are included in the financial statements as undesignated activities unless designated by the donor. If investment income and gains are designated by donor and designations are met in the same reporting period, they are reported as undesignated. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near-term would materially affect the amounts reported in the financial statements.

The Ingenuity Project, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

The Organization capitalizes substantial expenditures for property and equipment having a useful life of three (3) or more years. Expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Assets donated with explicit designations regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor designations. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor designations when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor designations to net assets without donor designations at that time. Depreciation is computed over the estimated useful lives of five (5) to ten (10) years using the straight-line method. The Organization uses the direct expensing method to account for planned major maintenance activities.

Donated Services, Tangible Personal Property and Rent

Donations of services, tangible personal property and rent are recorded as support at their estimated fair value at the date of donation. Such donations are reported as undesignated support unless the donor has designated the donated asset to a specific purpose. Assets donated with explicit designations regarding their use and contributions of cash that must be used to acquire tangible personal property are reported as designated support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor designations when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies donor designated net assets to undesignated net assets at that time.

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. These contributions are used in providing services to students and staff. The contributions are recognized at the item's estimated fair value at the date of donation, using sales prices for items of similar condition and comparable current rates for services. The Organization recognizes donated occupancy at the estimated fair market value of the donated space. The amounts reflected in the accompanying financial statements as donated services and rent are offset by like amounts included in expenses.

Contributions and Revenue

Contributions received are recorded as donor undesignated or donor designated support, depending on the existence and/or nature of any donor designation.

The Ingenuity Project, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and Revenue (continued)

Support that is designated by the donor is reported as an increase in donor undesignated net assets if the designation expires in the reporting period in which the support is recognized. All other donor designated support is reported as an increase in donor designated net assets, depending on the nature of the designation. When a designation expires (that is, when a stipulated time designation ends or purpose designation is accomplished), donor designated net assets are reclassified to donor undesignated net assets and reported in the statement of activities and change in net assets as net assets released from designations. Governmental grant awards are classified as refundable advances until expended for the purpose of the grants since they are conditional promises to give. When grants or other fees are exchange transactions, where the Organization performs services to earn the revenue, the revenue is recognized when services are performed. The timing of funds received from BCPSS related government contracts are received, over the school year.

Leases

The Organization determines if an arrangement is a lease or contains a lease at inception. Operating leases are included as right-of-use assets (ROU) assets and lease liabilities in the statements of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liability represents the Organization's obligation to make lease payments arising from the lease. ROU assets and payables are recognized at the commencement date of the lease based on present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain the Organization will exercise the option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of twelve (12) months or less as expense as incurred and these leases are not included as lease liability or ROU assets on statements of financial position. The Organization has elected to use a risk free discount rate to measure the lease for all leases classified as operating leases. The Organization has no leases that meet the requirements of the lease standard for the years ended June 30, 2025 and 2024.

Cost Allocation

The financial statements report certain categories of expenses that are attributable to program or supporting services. Management's estimate of the allocations of expenses to program service, management and general, and fund raising is based on appropriate allocation factors such as estimated time spent in those areas or square footage used.

The Ingenuity Project, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

NOTE 3 - USE OF ESTIMATES IN FINANCIAL STATEMENTS

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

NOTE 4 - RETIREMENT PLAN

The Organization maintains a 403(b) defined contribution retirement plan ("the Plan"). Employees may contribute to the Plan if they earned at least \$5,000 in one of the previous two years and were reasonably expected to earn \$5,000 in the current year. Employees are able to withhold the maximum limited by current income tax law. The Organization will match the employee's contribution up to 3%. Retirement plan expense was approximately \$32,300 and \$31,200 for the years ended June 30, 2025 and 2024.

NOTE 5 - INCOME TAXES

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (Code) and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization has been classified as a publicly-supported organization which is not a private foundation under Section 509(a) of the Code.

The Internal Revenue Service has not examined (audited) any income tax returns of the Organization thus the previous three (3) years are subject to examination. The Organization has not taken any questionable tax positions with respect to unrelated business income tax or anything that would jeopardize its 501(c)(3) status.

NOTE 6 - CREDIT RISK

The Organization maintains a cash balance at one bank in excess of \$250,000, the amount insured by the Federal Deposit Insurance Corporation; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these balances at June 30, 2025.

The Ingenuity Project, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

NOTE 7 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following unconditional promises to give at June 30,:

	<u>2025</u>	<u>2024</u>
Collectible in less than one (1) year	\$ 432,500	\$ 55,000
Collectible in 1 - 5 years	250,000	-
	<u>\$ 682,500</u>	<u>\$ 55,000</u>

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30,:

	<u>2025</u>	<u>2024</u>
Equipment and software	\$ 172,584	\$ 172,584
Furniture	27,228	27,228
	<u>199,812</u>	<u>199,812</u>
Less accumulated depreciation	<u>199,812</u>	<u>197,472</u>
	<u>\$ -</u>	<u>\$ 2,340</u>

NOTE 9 - DONATED RENT AND SERVICES

Donated rent and services included in the financial statements are as follows:

Office space	\$ 15,000	\$ 15,000
Transportation services	35,000	32,000
Mentors	<u>80,017</u>	<u>74,013</u>
	<u>\$ 130,017</u>	<u>\$ 121,013</u>

The donations are included in professional fees, occupancy, and travel expense in the statements of functional expenses.

The Ingenuity Project, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

NOTE 10 - DONOR DESIGNATED NET ASSETS

Donor designated net assets consisted of the following at June 30,:

	<u>2025</u>	<u>2024</u>
Time	\$ 845,000	\$ 80,000
Girls Stem program	7,500	-
	<u>\$ 852,500</u>	<u>\$ 80,000</u>

NOTE 11 - DONOR DESIGNATED NET ASSETS RELEASED FROM DESIGNATIONS

Donor designated net assets released from designations consisted of the following for the year ended June 30,:

	<u>2025</u>	<u>2024</u>
Time	<u>\$ 80,000</u>	<u>\$ 335,000</u>

NOTE 12 - CONCENTRATIONS

The Organization received approximately 29% and 55% of its revenue from one (1) organization for the years ended June 30, 2025 and 2024. Approximately 90% and 64% of contributions receivable are from two (2) and one (1) organizations for the years ended June 30, 2025 and 2024, respectively.

NOTE 13 - EMPLOYEE RETENTION CREDIT

The Organization is eligible for the Employee Retention Credit (ERC) under the Cares Act. A receivable was recorded in the amount of \$139,850 as of June 30, 2025 for employment taxes and interest for the quarter ending September 30, 2021. The funds were received during the quarter ended December 31, 2025. Total ERC funds recorded for the year ended June 30, 2025 were \$268,530, including interest of \$60.961.

The Ingenuity Project, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

NOTE 14 - FAIR VALUE MEASUREMENTS

The accounting codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets or liabilities fall within different levels of the hierarchy, the classification is based on the lowest level input that is significant to the fair value measurement of the assets or liabilities. The hierarchy requires the use of observable market data when available. The three levels of the fair value hierarchy are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities traded in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities and market-corroborated input.

If the assets or liabilities have a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the assets or liabilities.

Level 3 - Inputs to the valuation methodology are unobservable for the assets or liabilities and are significant to the fair value measurement.

The assets or liabilities' fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization recognized transfers into and out of levels at the end of the reporting period. There were no transfers between levels in the years ended June 30, 2025 and 2024.

The Ingenuity Project, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

NOTE 14 - FAIR VALUE MEASUREMENTS (continued)

Fair values of assets measured on a recurring basis at June 30, 2025 and 2024 are as follows:

		Fair Value Measurements at Reporting Date Using:		
	Fair Value	Quoted Prices in Active Markets for Identical Asset Inputs (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30 2025</u>				
Government money funds	\$ 957,676	\$ -	\$ 957,676	\$ -
<u>June 30, 2024</u>				
Government money funds	\$ 956,262	\$ -	\$ 956,262	\$ -

NOTE 15 - INVESTMENTS

Fair value of investments measured on a recurring basis of quoted prices in an active market at June 30,:

	<u>2025</u>	<u>2024</u>
Government money funds	\$ 957,676	\$ 956,262

Investment income consisted of the following at June 30,:

Interest and dividends	\$ 92,145	\$ 32,088
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The Ingenuity Project, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

NOTE 16 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of June 30, 2025 and June 30, 2024, reduced by amounts not available for general use because of contractual or donor-imposed designations within one year of the statement of financial position date.

	<u>2025</u>	<u>2024</u>
Financial assets at year-end	\$ 2,092,819	\$ 1,246,422
Less those unavailable for general expenditures within one year, due to -		
Donor designations	<u>852,500</u>	<u>80,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,240,319</u>	<u>\$ 1,166,422</u>

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in a money market and investment accounts.

NOTE 17 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date the financial statements were available to be issued on March 16, 2026 and determined there are no material transactions to disclose.