SKILLUP COALITION

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
SkillUp Coalition
San Francisco, California

Opinion

We have audited the financial statements of SkillUp Coalition (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SkillUp Coalition 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 (GAAS). 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 SkillUp Coalition 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 SkillUp Coalition's ability to continue as a going concern for 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 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 financial statements.

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In performing an audit in accordance with GAAS, 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 SkillUp Coalition'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 SkillUp Coalition'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.

Abbott, Stringham & Lynch

September 2, 2025

SKILLUP COALITION

STATEMENTS OF FINANCIAL POSITION

Assets

	December 31, 2024	December 31, 2023
Current assets:		
Cash and cash equivalents	$ 4,485,388	$ 5,822,769
Grants receivable	3,940,392	789,900
Prepaid expenses	31,227	15,584
Total current assets	8,457,007	6,628,253
Grants receivable, less current portion and net of discount	629,003	367,495
	$ 9,086,010	$ 6,995,748

Liabilities and Net Assets

	December 31, 2024	December 31, 2023
Current liabilities:		
Accounts payable	$ 136,077	$ 194,560
Accrued liabilities	10,789	5,007
Total current liabilities	146,866	199,567
Net assets:		
Without donor restrictions	4,034,750	5,007,470
With donor restrictions	4,904,394	1,788,711
Total net assets	8,939,144	6,796,181
	$ 9,086,010	$ 6,995,748

SKILLUP COALITION

STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2024			Year Ended December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Grant and contribution revenue	$ 1,246,594	$ 7,767,673	$ 9,014,267	$ 5,602,749	$ 2,597,995	$ 8,200,744
Interest income	247,446	-	247,446	87,177	-	87,177
Other income	27,627	-	27,627	19,030	-	19,030
Net assets released from restrictions	4,651,990	(4,651,990)	-	4,551,806	(4,551,806)	-
Total revenue and support	6,173,657	3,115,683	9,289,340	10,260,762	(1,953,811)	8,306,951
Functional expenses:						
Program services	6,361,017	-	6,361,017	4,742,728	-	4,742,728
Management and general	223,851	-	223,851	179,588	-	179,588
Fundraising	561,509	-	561,509	533,852	-	533,852
Total functional expenses	7,146,377	-	7,146,377	5,456,168	-	5,456,168
Change in net assets	(972,720)	3,115,683	2,142,963	4,804,594	(1,953,811)	2,850,783
Net assets, beginning of year	5,007,470	1,788,711	6,796,181	202,876	3,742,522	3,945,398
Net assets, end of year	$ 4,034,750	$ 4,904,394	$ 8,939,144	$ 5,007,470	$ 1,788,711	$ 6,796,181

SKILLUP COALITION

STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2024				Year Ended December 31, 2023			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Marketing	$ 2,965,396	$ 29,953	$ -	$ 2,995,349	$ 2,090,088	$ 15,000	$ -	$ 2,105,088
Salaries and benefits	1,969,808	39,768	525,501	2,535,077	1,740,511	17,580	502,636	2,260,727
Professional fees	1,161,698	104,818	-	1,266,516	676,087	110,062	-	786,149
Payroll taxes	117,098	2,364	31,239	150,701	108,092	1,092	31,216	140,400
Travel and entertainment	46,778	46,000	-	92,778	26,089	26,090	-	52,179
Office expenses	62,680	681	4,769	68,130	21,437	4,252	-	25,689
Grants	30,000	-	-	30,000	77,500	-	-	77,500
Recruiting	4,764	48	-	4,812	-	5,313	-	5,313
Taxes and licenses	2,795	219	-	3,014	2,924	199	-	3,123
Total functional expenses	$ 6,361,017	$ 223,851	$ 561,509	$ 7,146,377	$ 4,742,728	$ 179,588	$ 533,852	$ 5,456,168

SKILLUP COALITION

STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 2,142,963	$ 2,850,783
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Changes in operating assets and liabilities:		
Grants receivable	(3,412,000)	(257,537)
Unbilled grant receivable	-	255,950
Prepaid expenses	(15,643)	76,070
Accounts payable	(58,483)	(120,796)
Accrued liabilities	5,782	(681)
Net cash (used in) provided by operating activities	(1,337,381)	2,803,789
(Decrease) increase in cash and cash equivalents	(1,337,381)	2,803,789
Cash and cash equivalents, beginning of year	5,822,769	3,018,980
Cash and cash equivalents, end of year	$ 4,485,388	$ 5,822,769

Note 1 - Organization

SkillUp Coalition (the "Organization") is a nonprofit public benefit corporation designed to provide low-wage, low-education workers the opportunity to build new skills suited to in-demand jobs with promising career paths. The Organization helps frontline workers by integrating three services: (1) Online Career Navigation tools; (2) Short-term Training Programs from high-quality partners; and (3) Job Opportunities from employer partners. The Organization incorporated under the name Entangled Institute and as a result of a shift in focus due to the COVID-19 pandemic, officially changed its name to SkillUp Coalition.

The Organization's mission is to ensure that every worker gain equity and dignity in the workforce through access to high-opportunity employment. At its core, the Organization acts as a digital intermediary between workers and job seekers looking for a better career connected to employers and systems looking to hire or support job seekers. The Organization does that through a digital platform that selects promising careers with low barriers to entry, but high rewards. The Organization gives users the opportunity to explore careers across numerous industries (including skills trades) that pay a living wage, are in-demand and/or high growth and accessible, cost less than $10,000 and take less than 12-months to upskill; and importantly, don't require a college degree. After users identify their career of interest they can explore and enroll in affiliated training or apply for a job, all vetted by the Organization based on the criteria above. If learning on the job is preferred, users can also explore local jobs through the Organization’s Earn & Learn employer partners. All listed jobs pay at least a living wage, with companies committed to employee development, and do not require a college degree.

Note 2 - Summary of significant accounting policies

Basis of presentation

The Organization prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America (GAAP).

Financial statement presentation

Under GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category are as follows:

> Without donor restrictions - net assets that are not subject to donor-imposed restrictions. This category represents net assets over which the Board of Directors has discretionary control and which are used to carry out the operations of the Organization in accordance with its bylaws.
>
> With donor restrictions - net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Includes resources currently available for use, but expendable only for those operating purposes specified by the donor or funding source.

Note 2 - Summary of significant accounting policies (continued)

Use of estimates

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 the 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. The significant estimates used in preparing these financial statements relate to functional expense allocations. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments and investments with an original maturity of three months or less from time of purchase.

Revenue recognition

The Organization adopted Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* (ASC 606). The Organization did not generate any revenue from contracts with customers during the years ended December 31, 2024 and 2023.

Contributions and grants received or unconditionally promised are recorded as support without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions and grants required to be reported as support with donor restrictions are reclassified to net assets without donor restrictions upon expiration of the restriction.

Conditional contributions and grants are not recognized until they become unconditional, which is when the conditions on which they depend are substantially met. For the years ended December 31,2024 and 2023, the Organization did not have any contributions or grants with unmet donor conditions.

Allowance for credit losses

The Organization measures and records credit losses in accordance with ASC Topic 326, *Financial Instruments - Credit Losses*. The standard was adopted on January 1, 2023.

The Organization has not recorded any allowance for credit losses at December 31, 2024 and 2023 since no revenue was generated from contracts with customers during either year.

Grants receivable

Grants are recognized as receivables when the grantor enters into a funding agreement with the Organization that is, in substance, unconditional. Unconditional grants that are expected to be collected in future years are recognized at fair value based on discounted cash flows. The discount on these amounts is computed using the rate applicable in the year the grants were received. Amortization of the discount is recorded as additional grant revenue in accordance with donor-imposed restrictions, if any.

At December 31, 2024, all but $716,666 of the $4,657,058 receivable balance is expected to be collected in less than one year. A discount rate of 3.40% and 3.81% was applied to all long-term promises to give that were generated during the years ended December 31, 2024 and 2023, respectively. The discount rate used in both years is based on the Applicable Federal Rate (AFR) in the fiscal year in which the promises were received.

Note 2 - Summary of significant accounting policies (continued)

Grant expenses

Grants are recognized when all significant conditions are met by grantees, all due diligence has been completed, and they are approved by staff or board committee. Conditional grants are expensed and considered payable only in the period the conditions are substantially satisfied. There were no grants payable as of December 31, 2024 and 2023.

Fair value of financial instruments

The Organization has adopted fair value accounting guidance for all applicable assets and liabilities to define fair value, establish a framework for measuring fair value, and enhance fair value measurement disclosure.

Allocation to functional expenses

The direct costs of providing various program services, management and general support and fundraising have been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, expenses that apply to more than one functional category have been allocated between program, management and general and fundraising based on estimates by senior management.

Tax-exempt status

The Organization is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of the State of California. Accordingly, no provisions for income taxes or related credits are included in these financial statements. The Organization is not a private foundation under Section 509(a)(i) and 170(b)(a)(vi) of the Internal Revenue Code.

The Organization has adopted the accounting standard related to uncertainties in income taxes. The Organization evaluates uncertain tax positions through its review of the source of revenue to identify unrelated business income and certain other matters, including those which may affect its tax exempt status. Management believes their estimates related to income tax uncertainties are appropriate based on the current facts and circumstances.

The Organization's federal Returns of Organization Exempt from Income Tax (Form 990) for years ended December 31, 2021 and after are subject to examination by the IRS, generally for three years after they are filed. The Organization's state returns (Form 199) for the years ended December 31, 2020 and after could be subject to examination by state (California) taxing authorities, generally for four years after they are filed.

Subsequent events

The Organization has evaluated subsequent events through September 2, 2025, which is the date the financial statements are available to be issued.

Note 3 - Liquidity and availability of resources

The following table reflects the Organization's financial assets as of December 31, 2024 and 2023, reduced by amounts not available for general expenditures within one year from this date. Financial assets are considered to be unavailable when illiquid or not readily convertible to cash within one year.

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2024 and 2023, are as follows:

	December 31,	
	2024	2023
Financial assets:		
Cash and cash equivalents	$ 4,485,388	$ 5,822,769
Grants receivable	3,940,392	789,900
Total financial assets	8,425,780	6,612,669
Less:		
Accounts payable and accrued liabilities	(146,866)	(199,567)
Total financial assets and liquidity resources available within one year	$ 8,278,914	$ 6,413,102

Note 4 - Grants receivable

Grants receivable which will be received more than one year from the date of the pledges are recorded after discounting the future cash flows using a discount rate established in the year of the contribution. Maturities of these receivables are as follows:

For the Year Ending December 31,	Amount
2026	$ 383,333
2027	333,333
	716,666
Less: discount for present value	(87,663)
Net grants receivable due after one year	$ 629,003

Note 5 - Net assets with donor restrictions

Net assets released from donor restrictions by incurring expenses satisfying donor restricted purposes amounted to $4,651,990 and $4,551,806 for the years ended December 31, 2024 and 2023, respectively.

Net assets with donor restrictions as of December 31, 2024 and 2023 amounted to $4,904,394 and $1,788,711, respectively, and are restricted for the purpose of long-term planning and outreach and training programs that will be used to accomplish the Organization's objectives.

Note 6 - Concentrations, risk and uncertainties

The Organization maintains its cash and cash equivalents with financial institutions. The Organization believes its credit policies do not result in significant adverse risk, and historically has not experienced significant credit-related losses.

During the year ended December 31, 2024, the Organization had three significant grantors that represented 33%, 22% and 17%, respectively, of total grant and contribution revenue. During the year ended December 31, 2023, the Organization had two significant grantors that represented 61% and 12%, respectively, of total grant and contribution revenue.

At December 31, 2024, the Organization had three significant outstanding receivables from grantors that represented 32%, 21% and 17% of total grants receivables. At December 31, 2023, the Organization had three significant outstanding receivables from grantors that represented 43%, 35% and 13%, respectively, of total grants receivables.