



**SKILLUP COALITION**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2025 AND 2024**



## 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, 2025 and 2024 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, 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 (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.

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*

August 7, 2026

**SKILLUP COALITION**  
**STATEMENTS OF FINANCIAL POSITION**

**Assets**

|                                                             | December 31,        |                     |
|-------------------------------------------------------------|---------------------|---------------------|
|                                                             | 2025                | 2024                |
| Current assets:                                             |                     |                     |
| Cash and cash equivalents                                   | \$ 6,414,010        | \$ 4,485,388        |
| Grants receivable                                           | 1,445,967           | 3,940,392           |
| Prepaid expenses                                            | 29,113              | 31,227              |
| Total current assets                                        | 7,889,090           | 8,457,007           |
| Grants receivable, less current portion and net of discount | 274,661             | 629,003             |
| Intangible assets, net                                      | 779,167             | -                   |
|                                                             | <u>\$ 8,942,918</u> | <u>\$ 9,086,010</u> |

**Liabilities and Net Assets**

|                            |                     |                     |
|----------------------------|---------------------|---------------------|
| Current liabilities:       |                     |                     |
| Accounts payable           | \$ 151,163          | \$ 136,077          |
| Accrued liabilities        | 1,260               | 10,789              |
| Refundable advance         | 150,000             | -                   |
| Total current liabilities  | 302,423             | 146,866             |
| Net assets:                |                     |                     |
| Without donor restrictions | 6,854,515           | 4,034,750           |
| With donor restrictions    | 1,785,980           | 4,904,394           |
| Total net assets           | 8,640,495           | 8,939,144           |
|                            | <u>\$ 8,942,918</u> | <u>\$ 9,086,010</u> |

**SKILLUP COALITION**  
**STATEMENTS OF ACTIVITIES**

|                                       | Year Ended December 31, 2025  |                            |                     | Year Ended December 31, 2024  |                            |                     |
|---------------------------------------|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
|                                       | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
| Revenue and support:                  |                               |                            |                     |                               |                            |                     |
| Grant and contribution revenue        | \$ 3,657,200                  | \$ 3,052,328               | \$ 6,709,528        | \$ 1,246,594                  | \$ 7,767,673               | \$ 9,014,267        |
| Program service fee revenue           | 300,000                       | -                          | 300,000             | -                             | -                          | -                   |
| Interest income                       | 195,666                       | -                          | 195,666             | 247,446                       | -                          | 247,446             |
| Other income                          | 9,341                         | -                          | 9,341               | 27,627                        | -                          | 27,627              |
| Net assets released from restrictions | <u>6,170,742</u>              | <u>(6,170,742)</u>         | <u>-</u>            | <u>4,651,990</u>              | <u>(4,651,990)</u>         | <u>-</u>            |
| Total revenue and support             | <u>10,332,949</u>             | <u>(3,118,414)</u>         | <u>7,214,535</u>    | <u>6,173,657</u>              | <u>3,115,683</u>           | <u>9,289,340</u>    |
| Functional expenses:                  |                               |                            |                     |                               |                            |                     |
| Program services                      | 6,458,288                     | -                          | 6,458,288           | 6,361,017                     | -                          | 6,361,017           |
| Management and general                | 461,777                       | -                          | 461,777             | 223,851                       | -                          | 223,851             |
| Fundraising                           | <u>593,119</u>                | <u>-</u>                   | <u>593,119</u>      | <u>561,509</u>                | <u>-</u>                   | <u>561,509</u>      |
| Total functional expenses             | <u>7,513,184</u>              | <u>-</u>                   | <u>7,513,184</u>    | <u>7,146,377</u>              | <u>-</u>                   | <u>7,146,377</u>    |
| Change in net assets                  | 2,819,765                     | (3,118,414)                | (298,649)           | (972,720)                     | 3,115,683                  | 2,142,963           |
| Net assets, beginning of year         | <u>4,034,750</u>              | <u>4,904,394</u>           | <u>8,939,144</u>    | <u>5,007,470</u>              | <u>1,788,711</u>           | <u>6,796,181</u>    |
| Net assets, end of year               | <u>\$ 6,854,515</u>           | <u>\$ 1,785,980</u>        | <u>\$ 8,640,495</u> | <u>\$ 4,034,750</u>           | <u>\$ 4,904,394</u>        | <u>\$ 8,939,144</u> |

See accompanying independent auditor's report and notes to financial statements.

**SKILLUP COALITION**

**STATEMENTS OF FUNCTIONAL EXPENSES**

|                           | Year Ended December 31, 2025 |                           |                   |                     | Year Ended December 31, 2024 |                           |                   |                     |
|---------------------------|------------------------------|---------------------------|-------------------|---------------------|------------------------------|---------------------------|-------------------|---------------------|
|                           | Program<br>Services          | Management<br>and General | Fundraising       | Total               | Program<br>Services          | Management<br>and General | Fundraising       | Total               |
| Professional fees         | \$ 2,740,899                 | \$ 221,043                | \$ -              | \$ 2,961,942        | \$ 1,161,698                 | \$ 104,818                | \$ -              | \$ 1,266,516        |
| Salaries and benefits     | 2,097,067                    | 83,726                    | 557,842           | 2,738,635           | 1,969,808                    | 39,768                    | 525,501           | 2,535,077           |
| Marketing                 | 1,171,841                    | 130,205                   | -                 | 1,302,046           | 2,965,396                    | 29,953                    | -                 | 2,995,349           |
| Payroll taxes             | 126,978                      | 5,070                     | 33,777            | 165,825             | 117,098                      | 2,364                     | 31,239            | 150,701             |
| Office expenses           | 138,245                      | 3,318                     | 1,500             | 143,063             | 62,680                       | 681                       | 4,769             | 68,130              |
| Travel and entertainment  | 109,535                      | 14,930                    | -                 | 124,465             | 46,778                       | 46,000                    | -                 | 92,778              |
| Amortization              | 70,833                       | -                         | -                 | 70,833              | -                            | -                         | -                 | -                   |
| Taxes and licenses        | 1,500                        | 3,485                     | -                 | 4,985               | 2,795                        | 219                       | -                 | 3,014               |
| Recruiting                | 1,390                        | -                         | -                 | 1,390               | 4,764                        | 48                        | -                 | 4,812               |
| Grants                    | -                            | -                         | -                 | -                   | 30,000                       | -                         | -                 | 30,000              |
| Total functional expenses | <u>\$ 6,458,288</u>          | <u>\$ 461,777</u>         | <u>\$ 593,119</u> | <u>\$ 7,513,184</u> | <u>\$ 6,361,017</u>          | <u>\$ 223,851</u>         | <u>\$ 561,509</u> | <u>\$ 7,146,377</u> |

See accompanying independent auditor's report and notes to financial statements.

**SKILLUP COALITION**

**STATEMENTS OF CASH FLOWS**

|                                                                                                          | Year Ended December 31, |                     |
|----------------------------------------------------------------------------------------------------------|-------------------------|---------------------|
|                                                                                                          | 2025                    | 2024                |
| Cash flows from operating activities:                                                                    |                         |                     |
| Change in net assets                                                                                     | \$ (298,649)            | \$ 2,142,963        |
| Adjustments to reconcile change in net assets<br>to net cash provided by (used in) operating activities: |                         |                     |
| Amortization                                                                                             | 70,833                  | -                   |
| Change in operating assets and liabilities:                                                              |                         |                     |
| Grants receivable                                                                                        | 2,848,767               | (3,412,000)         |
| Prepaid expenses                                                                                         | 2,114                   | (15,643)            |
| Accounts payable                                                                                         | 15,086                  | (58,483)            |
| Accrued liabilities                                                                                      | (9,529)                 | 5,782               |
| Refundable advance                                                                                       | 150,000                 | -                   |
| Net cash provided by (used in) operating activities                                                      | <u>2,778,622</u>        | <u>(1,337,381)</u>  |
| Cash flows from investing activities:                                                                    |                         |                     |
| Purchase of intangible assets                                                                            | <u>(850,000)</u>        | <u>-</u>            |
| Increase (decrease) in cash and cash equivalents                                                         | 1,928,622               | (1,337,381)         |
| Cash and cash equivalents, beginning of year                                                             | <u>4,485,388</u>        | <u>5,822,769</u>    |
| Cash and cash equivalents, end of year                                                                   | <u>\$ 6,414,010</u>     | <u>\$ 4,485,388</u> |

# **SKILLUP COALITION**

## **NOTES TO FINANCIAL STATEMENTS**

December 31, 2025 and 2024

### **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 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 gains 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 non-degree talent. 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 business, healthcare, tech, skilled trades and manufacturing) that pay a living wage, are in-demand and/or high growth and accessible, as well as explore short-term training programs that cost less than \$10,000, with thousands offered entirely free of charge, and take less than 12-months to upskill; and importantly, do not require a college degree. Users can explore careers, enroll in affiliated training, apply for a job, or leverage hundreds of additional career and life resources, including coaching, 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 and apprenticeships filter. 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.

# SKILLUP COALITION

## NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

### 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

##### *Program service revenue*

The Organization recognized program service fee revenue under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* (ASC 606) which outlines the following steps:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, a performance obligation is satisfied

The Organization's revenue is derived from providing technology implementation, platform development, data integration, and related consulting services through contractual agreements with customers during the year ended December 31, 2025. Revenue is recognized when the Organization satisfies its performance obligations by transferring control of the promised goods or services to the customer in an amount that reflects the consideration to which the Organization expects to be entitled.

Certain contracts contain multiple milestone-based performance obligations consisting of distinct deliverables. Revenue from these arrangements is recognized at a point in time upon completion and customer acceptance of each contractual deliverable, as control transfers to the customer upon acceptance.

Program service fee revenue is generated from services in the United States of America. All program revenue streams are short-term in nature and do not have any significant financing components as payment is received before, at, or shortly after the related event. There were no accounts receivable at December 31, 2025 and 2024.

The Organization did not generate any revenue from contracts with customers during the year ended December 31, 2024.

# SKILLUP COALITION

## NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

### **Note 2 - Summary of significant accounting policies (continued)**

#### **Revenue recognition**

##### *Grants and contributions*

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. Amounts received in advance of satisfying donor-imposed conditions are recorded as a refundable advance liability until the conditions are met.

During the year ended December 31, 2025, the Organization received advance funding under an agreement for which a portion of the qualifying expenditures had not yet been incurred as of year-end. Accordingly, the unspent balance was recorded as a refundable advance at December 31, 2025.

For the year ended December 31, 2024, the Organization did not have any contributions or grants with unmet donor conditions. The Organization did not have any contract liabilities as of January 1, 2024 and December 31, 2024.

#### **Allowance for credit losses**

The Organization measures and records credit losses in accordance with FASB ASC Topic 326, *Financial Instruments - Credit Losses*.

The Organization did not hold accounts receivable at January 1, 2024, December 31, 2024, or December 31, 2025. Accordingly, no accounts receivable were subject to the allowance for credit losses model, and no allowance for credit losses was recorded as of December 31, 2025 and 2024.

#### **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.

A discount rate of either 3.40% or 3.81%, based on the Applicable Federal Rate (AFR), was applied to all multiyear promises to give, depending on the year the contribution was established.

# SKILLUP COALITION

## NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

### **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 when the conditions are substantially satisfied. There were no grants payable as of December 31, 2025 and 2024.

#### **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.

#### **Intangible assets**

Intangible assets consisted of acquired software, which is recorded at cost and amortized on a straight-line basis over its estimated useful life of three years. The Organization reviews the carrying amounts of its intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of an asset exceeds its estimated fair value.

#### **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 its 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, 2022 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, 2021 and after could be subject to examination by state (California) taxing authorities, generally for four years after they are filed.

# SKILLUP COALITION

## NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

### Note 2 - Summary of significant accounting policies (continued)

#### Subsequent events

The Organization has evaluated subsequent events through August 7, 2026, 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, 2025 and 2024, 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, 2025 and 2024, are as follows:

|                                                                          | December 31,        |                     |
|--------------------------------------------------------------------------|---------------------|---------------------|
|                                                                          | 2025                | 2024                |
| Financial assets:                                                        |                     |                     |
| Cash and cash equivalents                                                | \$ 6,414,010        | \$ 4,485,388        |
| Grants receivable                                                        | 1,445,967           | 3,940,392           |
| Total financial assets                                                   | 7,859,977           | 8,425,780           |
| Less:                                                                    |                     |                     |
| Accounts payable and accrued liabilities                                 | (152,423)           | (146,866)           |
| Total financial assets and liquidity resources available within one year | <u>\$ 7,707,554</u> | <u>\$ 8,278,914</u> |

### 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<br>Year Ending<br>December 31,   | Amount            |
|------------------------------------------|-------------------|
| 2027                                     | \$ 333,333        |
| Less: discount for present value         | (58,672)          |
| Net grants receivable due after one year | <u>\$ 274,661</u> |

# SKILLUP COALITION

## NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

### Note 5 - Intangible assets

Intangible assets consisted of the following:

|                                | December 31,      |             |
|--------------------------------|-------------------|-------------|
|                                | 2025              | 2024        |
| Software                       | \$ 850,000        | \$ -        |
| Less: accumulated amortization | (70,833)          | -           |
|                                | <u>\$ 779,167</u> | <u>\$ -</u> |

Software is considered finite-lived and is amortized on a straight-line basis over its estimated useful life of three years.

The expected amortization expense for software for future years is as follows:

| For the<br>Years<br>Ending<br>December | Amount            |
|----------------------------------------|-------------------|
| 2026                                   | \$ 283,334        |
| 2027                                   | 283,333           |
| 2028                                   | <u>212,500</u>    |
|                                        | <u>\$ 779,167</u> |

### Note 6 - Net assets with donor restrictions

Net assets released from donor restrictions by incurring expenses satisfying donor restricted purposes amounted to \$6,170,742 and \$4,651,990 for the years ended December 31, 2025 and 2024, respectively.

Net assets with donor restrictions as of December 31, 2025 and 2024 amounted to \$1,785,980 and \$4,904,394, 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.

# SKILLUP COALITION

## NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

### **Note 7 - Concentrations, risks, 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, 2025, the Organization had four significant grantors that represented 28%, 20%, 19% and 12%, respectively, of total grant and contribution revenue. 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.

At December 31, 2025, the Organization had four significant outstanding receivables from grantors that represented 28%, 25%, 23% and 14% of total grant receivables. At December 31, 2024, the Organization had three significant outstanding receivables from grantors that represented 32%, 21% and 17% respectively, of total grant receivables.