



EDUCATION PARTNERSHIP OF THE PERMIAN BASIN

Financial Statements

December 31, 2024 and 2023

(With Auditors' Report Thereon)

Independent Auditors' Report

The Board of Directors
Education Partnership of the Permian Basin

Opinion

We have audited the accompanying financial statements of Education Partnership of the Permian Basin 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 financial statements referred to above present fairly, in all material respects, the financial position of Education Partnership of the Permian Basin at December 31, 2024 and 2023 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 Education Partnership of the Permian Basin, 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.

Independent Auditors' Report, continued

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States, 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 Education Partnership of the Permian Basin'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.

Independent Auditors' Report, continued

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 Education Partnership of the Permian Basin'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 Education Partnership of the Permian Basin'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.

C. Marc Mante

Midland, Texas
September 10, 2025

EDUCATION PARTNERSHIP OF THE PERMIAN BASIN

Statements of Financial Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Cash and equivalents	\$ 504,162	688,475
Donor restricted cash and equivalents	892,958	1,308,099
Certificate of deposit	351,406	329,000
Contributions receivable	-	212,414
Prepays and other current assets	1,236	1,236
Operating lease right-of-use asset, net	<u>799</u>	<u>10,316</u>
Total assets	\$ <u>1,750,561</u>	<u>2,549,540</u>
<u>Liabilities and Net Assets</u>		
Accounts payable	\$ 16,368	29,593
Operating lease liability	<u>799</u>	<u>10,316</u>
Total liabilities	<u>17,167</u>	<u>39,909</u>
Net assets:		
Without donor restrictions:		
Undesignated	<u>840,436</u>	<u>1,201,532</u>
	<u>840,436</u>	<u>1,201,532</u>
With donor restrictions:		
Time restricted for future use	<u>892,958</u>	<u>1,308,099</u>
Total net assets	<u>1,733,394</u>	<u>2,509,631</u>
Total liabilities and net assets	\$ <u>1,750,561</u>	<u>2,549,540</u>

See accompanying notes to financial statements

EDUCATION PARTNERSHIP OF THE PERMIAN BASIN

Statements of Activities
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Changes in net assets without donor restrictions:		
Revenue and support:		
Contributions	\$ 210,480	380,608
In-kind contributions	72,181	182,361
Other income	<u>22,406</u>	<u>4,739</u>
Total support and revenues before net assets released from restriction	305,067	567,708
Net assets released from restriction:		
Satisfaction as to purpose	<u>1,308,996</u>	<u>271,901</u>
Total revenue and support	<u>1,614,063</u>	<u>839,609</u>
Expenses:		
Program services	1,837,758	829,413
Management and general	<u>137,401</u>	<u>117,592</u>
Total expenses	<u>1,975,159</u>	<u>947,005</u>
Increase (decrease) in net assets without donor restriction	(<u>361,096</u>)	(<u>107,396</u>)
Changes in net assets with donor restrictions:		
Contributions	893,855	1,580,000
New assets released from restrictions	<u>(1,308,996)</u>	<u>(271,901)</u>
Increase (decrease) in net assets with donor restrictions	(<u>415,141</u>)	<u>1,308,099</u>
Increase (decrease) in net assets	(776,237)	1,200,703
Net assets:		
Beginning of period	<u>2,509,631</u>	<u>1,308,928</u>
End of period	\$ <u>1,733,394</u>	<u>2,509,631</u>

See accompanying notes to financial statements

EDUCATION PARTNERSHIP OF THE PERMIAN BASIN

Statements of Functional Expenses
Years Ended December 31, 2024 and 2023

	<u>2024</u>			<u>2023</u>		
	<u>Program</u> <u>Services</u>	<u>Management</u> <u>And</u> <u>General</u>	<u>Totals</u>	<u>Program</u> <u>Services</u>	<u>Management</u> <u>And</u> <u>General</u>	<u>Totals</u>
<u>Personnel costs:</u>						
Salaries and wages	\$ 425,864	36,338	462,202	388,962	36,874	425,836
Payroll taxes	31,741	2,160	33,901	27,987	2,820	30,807
Benefits	<u>39,989</u>	<u>5,807</u>	<u>45,796</u>	<u>44,940</u>	<u>5,846</u>	<u>50,786</u>
Total personnel costs	<u>497,594</u>	<u>44,305</u>	<u>541,899</u>	<u>461,889</u>	<u>45,540</u>	<u>507,429</u>
<u>Operating costs:</u>						
New Mexico Innovation	105,510	-	105,510	-	-	-
Strategic plan	-	-	-	387	-	387
Texas impact network	-	-	-	19,412	-	19,412
Childcare landscape	-	-	-	5,000	-	5,000
PSP energy pathways	1,202,571	-	1,202,571	317,529	-	317,529
Other initiative costs	23,268	-	23,268	16,458	-	16,458
Professional fees	-	64,175	64,175	-	36,445	36,445
Rent	8,815	785	9,600	8,738	862	9,600
Professional development	-	9,488	9,488	-	3,349	3,349
Office expenses	-	2,690	2,690	-	3,641	3,641
Insurance	-	2,536	2,536	-	2,285	2,285
Marketing and media	-	2,001	2,001	-	14,599	14,599
Other expenses	<u>-</u>	<u>11,421</u>	<u>11,421</u>	<u>-</u>	<u>10,871</u>	<u>10,871</u>
Total operating costs	<u>1,340,164</u>	<u>93,096</u>	<u>1,433,260</u>	<u>367,524</u>	<u>72,052</u>	<u>439,576</u>
Total expenses	\$ <u>1,837,758</u>	<u>137,401</u>	<u>1,975,159</u>	<u>829,413</u>	<u>117,592</u>	<u>947,005</u>

See accompanying notes to financial statements

EDUCATION PARTNERSHIP OF THE PERMIAN BASIN

Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$(776,237)	1,200,703
(Increase) decrease in accounts receivable	212,414	(212,414)
Increase (decrease) in accounts payable	(<u>13,225</u>)	<u>11,879</u>
Net cash (used in) provided by operating activities	(<u>577,048</u>)	<u>1,000,168</u>
Cash flows from investing activities:		
Purchase certificate of deposit	(<u>22,406</u>)	(<u>329,000</u>)
Net cash (used in) investing activities	(<u>22,406</u>)	(<u>329,000</u>)
Cash flows from financing activities:	<u>-</u>	<u>-</u>
Net increase in cash	(599,454)	671,168
Cash and equivalents, beginning of period	<u>1,996,574</u>	<u>1,325,406</u>
Cash and equivalents, end of period	\$ <u><u>1,397,120</u></u>	<u><u>1,996,574</u></u>

See accompanying notes to financial statement

EDUCATION PARTNERSHIP OF THE PERMIAN BASIN

Notes to Financial Statements

December 31, 2024 and 2023

(1) Summary of Significant Accounting Policies

Organization

Education Partnership of the Permian Basin, (the Organization) is a non-profit organization that is focused on supporting and improving the quality of education throughout the Permian Basin.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis. Revenues are recognized when earned or contributed and expenses are recognized when incurred.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by donors, as follows:

Net assets without donor restrictions:

- * Net assets without donor restrictions are resources representing the portion of expendable funds that is available for support of operations.

Net assets with donor restrictions:

- * Net assets with donor restrictions represents resources received for use for designated purposes or for use in future periods.

EDUCATION PARTNERSHIP OF THE PERMIAN BASIN

Notes to Financial Statements

December 31, 2024 and 2023

(1) Summary of Significant Accounting Policies, continued

Income Taxes

The Organization is a charitable organization as defined under Section 501(c)(3) of the Internal Revenue Code and qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii). As such, it is exempt from Federal income taxes on all income except income earned from unrelated business activities. There was no unrelated business income during the years ended December 31, 2024 and 2023. The Organization believes it is no longer subject to income tax examinations for years prior to 2021.

The Organization adheres to accounting standards for uncertain income tax positions, which would require additional disclosure. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include any uncertain tax positions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

EDUCATION PARTNERSHIP OF THE PERMIAN BASIN

Notes to Financial Statements

December 31, 2024 and 2023

(1) Summary of Significant Accounting Policies, continued

Revenue and Revenue Recognition

Contributions and grants are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional and non-reciprocal. Conditional promises to give, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met. The Organization had no conditional promises to give at December 31, 2024 and 2023. The Organization records special events revenue equal to the fair value of direct benefits to donors, and contributions income for the excess received when the event takes place.

The Organization reports gifts of cash or other assets, received with donor stipulations that limit the use of the donated gift, as support without donor restriction if the donor restrictions are satisfied within the same fiscal year the gift is received. If the donor restrictions are not fully satisfied by December 31 of the year in which the gift is received, the entire value of the gift is recorded as net assets with donor restriction and only that portion expended for its intended purpose or satisfying a time restriction is reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

The Organization reports in-kind gifts as support without donor restriction unless explicit donor stipulations specify how the donated assets must be used. Gifts of long lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long lived assets are reported as donor restricted support. Absent explicit donor stipulations about how long those long lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service or the gifts of cash are expended for the purpose intended.

EDUCATION PARTNERSHIP OF THE PERMIAN BASIN

Notes to Financial Statements

December 31, 2024 and 2023

(1) Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers demand deposits, money market accounts and other highly liquid financial instruments available for current use with an original maturity of six months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents, except for account balances donor restricted or board designated for capital improvements or future operations, which are classified as such, since use of such funds is donor restricted or board designated and not available for the Organization's use in current operations.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial position to the sum of the corresponding amounts within the statements of cash flows:

	<u>2024</u>	<u>2023</u>
Cash and equivalents	\$ 504,162	688,475
Donor restricted cash		
and equivalents	<u>892,958</u>	<u>1,308,099</u>
	\$ <u><u>1,397,120</u></u>	<u><u>1,996,574</u></u>

Donated Services

Many individuals volunteer their time and perform a variety of tasks that assist the Organization. The value of non professional volunteer services donated to the Organization is not clearly measurable and, accordingly, is not included as revenues and expenses in the accompanying financial statements. Donated professional computer, legal and accounting fees are recognized in the financial statements in accordance with U.S. generally accepted accounting principles when incurred.

EDUCATION PARTNERSHIP OF THE PERMIAN BASIN

Notes to Financial Statements

December 31, 2024 and 2023

(1) Summary of Significant Accounting Policies, continued

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at estimated 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. 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. An allowance for uncollectible promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. All contributions receivable are expected to be collected within one year. No allowance for uncollectible promises to give is considered necessary at December 31, 2024.

(2) Contingencies and Concentration

The Organization maintains its cash balances at a financial institution that is insured by the Federal Deposit Insurance Corporation for balances up to \$250,000. The Organization had deposits aggregating \$1,542,494 in excess of insured amounts at December 31, 2024.

In 2024, the Organization had contributions from one donor representing approximately 57% of total revenue. A decrease in or loss of contributions from this donor could have a significant effect on operations and cash flows.

The Organization does not record an estimate for accrued vacation earned by employees because accurate information is not available. Management believes the effect of such an accrual would not be material to the financial position or results of operations for the years ended December 31, 2024 and 2023.

EDUCATION PARTNERSHIP OF THE PERMIAN BASIN

Notes to Financial Statements

December 31, 2024 and 2023

(3) Information Regarding Liquidity and Availability

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit and money market funds.

The following table reflects the Organization's financial assets as of December 31, 2024, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations, if any. Amounts not available include any board-designated funds for future use. In the event the need arises to utilize any board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

	<u>2024</u>
Cash and equivalents	\$ 504,162
Donor restricted cash and equivalents	892,958
Certificate of deposit	351,406
Contributions receivable	-
Total financial assets	<u>1,748,526</u>
Donor restricted net assets	(892,958)
Board-designated reserves	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>855,568</u>

EDUCATION PARTNERSHIP OF THE PERMIAN BASIN

Notes to Financial Statements

December 31, 2024 and 2023

(4) Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

The Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) asset represents the Organization's right to use office space for the lease term, and the lease liability represents the Organization's obligation to make lease payments arising from this lease. The ROU asset and lease liability, which arise from an operating lease, were calculated based on the present value of future lease payments over the lease term. The Organization uses the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, we elect to use a risk free rate as allowed in the standard. The risk free rate is determined by using the U.S. Treasury yield for a Treasury maturity consistent with the lease term. The weighted-average discount rate applied to calculate the lease liability as of December 31, 2024 was 1.39%.

For the year ended December 31, 2024, total operating lease cost was \$9,600. As of December 31, 2024, the weighted-average remaining lease term for the Organization's operating lease was one month. The lease was automatically renewed for an additional 12 month period effective February 1, 2025 in accordance with renewal terms in the lease agreement.

EDUCATION PARTNERSHIP OF THE PERMIAN BASIN

Notes to Financial Statements

December 31, 2024 and 2023

(4) Leases, continued

Cash paid for operating leases for the year ended December 31, 2024, was \$9,600. There were no noncash investing and financing transactions related to leasing other than the entry made at lease inception.

Future maturities of lease liabilities are presented in the following table, for the years ending December 31:

2025	\$	<u>800</u>
Total lease payments		800
Less present value discount		(<u>1</u>)
Total lease liability	\$	<u><u>799</u></u>

(5) In-Kind Contributions

The Organization recognized in-kind contributions within revenue including contributed personnel costs. The in-kind contributions did not have donor imposed restrictions. Personnel costs were contributed for the services of the Organization's Executive Director. The Organization valued the in-kind contribution of personnel costs at the rates actually paid to the Executive Director during each year. Various other in-kind donations were received during each year including supplies and minor equipment, which were not valued and management considers not material to these financial statements.

For the years ended December 31, 2024 and 2023, in-kind contributions recognized within the Statements of Activities included:

	<u>2024</u>	<u>2023</u>
Salaries	\$ 56,681	147,496
Payroll taxes	4,489	11,283
Benefits	8,945	23,382
Rent	-	-
	\$ <u><u>70,115</u></u>	<u><u>182,161</u></u>

EDUCATION PARTNERSHIP OF THE PERMIAN BASIN

Notes to Financial Statements

December 31, 2024 and 2023

(6) Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent, which is allocated on a utilization basis, as well as salaries and wages, benefits, and payroll taxes which are allocated on the basis of estimates of time and effort.

(7) Subsequent Events

Subsequent events have been evaluated by management through September 10, 2025, which is the date the financial statements were available to be issued. No subsequent events were identified that required adjustment to or disclosure within the financial statements.

