EDUCATION IS FREEDOM

Financial Statements and
Indepenent Auditor's Report

July 31, 2025 and 2024 - Restated

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Independent Auditor's Report

Board of Directors of

Education is Freedom Foundation

Dallas, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Education is Freedom Foundation (the organization), which comprise the statements of financial position as of July 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 the organization as of July 31, 2025 and 2024, and the results of its changes in 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 the organization 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.

Emphasis of Matter

As discussed in Note 16 to the financial statements, the 2024 financial statements have been restated to correct a misclassification between classes of net assets with donor restrictions. Our opinion is not modified with respect to this matter.

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 organization'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 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 the organization'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 organization'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.

JConner PC

JConner PC

Haslet, Texas

February 19, 2026

Education is Freedom Foundation

Statement of Financial Position

As of July 31, 2025 and 2024

	Note	2025	(As Restated) 2024
Assets			
Current Assets			
Current Assets			
Cash and cash equivalents			
Cash		$ 339,083	$ 1,314,205
Receivables		542,633	80,872
Investments, current		2,562,665	1,480,664
Prepaid expenses	10	225,509	128,892
Total Current Assets		3,669,890	3,004,633
Noncurrent Assets			
Property, plant, and equipment	5	149,973	128,230
Right-of-use assets, operating leases	6	260,087	297,965
Total Noncurrent Assets		410,060	426,195
Total Assets		4,079,950	3,430,828
Liabilities and Net Assets			
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities		373,737	202,871
Operating lease liabilities, current	6	33,803	33,803
Deferred Revenue		90,917	941,433
Total Current Liabilities		498,457	1,178,107
Noncurrent Liabilities			
Operating lease liabilities, noncurrent	6	245,451	279,402
Total Noncurrent Liabilities		245,451	279,402
Total Liabilities		743,908	1,457,509
Net Assets	**13**		
Accumulated Excess (Deficit) of Revenues Over Expenses		1,362,723	(152,874)
Net assets without donor restrictions		1,693,791	1,983,160
Net assets with donor restrictions	16	279,528	143,033
Total Net Assets		3,336,042	1,973,319
Total Liabilities and Net Assets		$ 4,079,950	$ 3,430,828

See accompanying notes to the financial statements

Education is Freedom Foundation

Statements of Activities

For the years ended July 31, 2025 and 2024

	2025			2024 (As Restated)		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Operating Activities:						
Revenue and Other Support:						
Program Service Fees	$ (6,026,590)	$ -	$ (6,026,590)	$ (554,813)	$ (4,018,580)	$ (4,573,393)
Contributions and Grants	(3,785,930)	(279,528)	(4,065,458)	(597,561)	(284,000)	(881,561)
In-kind	(345,510)	-	(345,510)	(345,510)	-	(345,510)
Special Events	-	-	-	7,500	-	7,500
Total Revenue and Other Support:	10,158,030	279,528	10,437,558	1,490,384	4,302,580	5,792,964
Operating Expenses:						
Program	8,649,533	-	8,649,533	4,686,905	-	4,686,905
General & Administrative	282,048	-	282,048	232,769	-	232,769
Fundraising	470,088	-	470,088	1,085,761	-	1,085,761
Total Operating Expenses:	9,401,669	-	9,401,669	6,005,435	-	6,005,435
(Decrease) Increase in Net Assets from Operations	756,361	279,528	1,035,889	(4,515,051)	4,302,580	(212,471)
Nonoperating Activities:						
Investment and other income	(76,834)	-	(76,834)	(59,597)	-	(59,597)
Nonoperating Gains and Losses	(250,000)	-	(250,000)	-	-	-
Net Asset Released from Restriction	143,033	(143,033)	-	8,665,743	(8,665,743)	-
Total Nonoperating Activities:	469,867	(143,033)	326,834	8,725,340	(8,665,743)	59,597
(Decrease) Increase in Net Assets	1,226,228	136,495	1,362,723	4,210,289	(4,363,163)	(152,874)
Net Assets, Beginning of Year	1,830,286	143,033	1,973,319	(2,380,003)	4,506,196	2,126,193
Net Assets, End of Year	$ 3,056,514	$ 279,528	$ 3,336,042	$ 1,830,286	$ 143,033	$ 1,973,319

See accompanying notes to the financial statements

Education is Freedom Foundation

Statements of Functional Expenses

For the years ended July 31, 2025 and 2024

	Not-for-Profit funds				
	Program services	General and administrative	Fundraising	Total	(Summarized Totals) 2024
Operating Expenses					
Salaries and wages	$ 5,691,006	$ 185,576	$ 309,294	$ 6,185,876	$ 3,544,425
Employee benefits	547,630	17,857	29,763	595,250	407,300
Payroll taxes	454,957	14,836	24,726	494,519	290,879
Advertising and promotion	81,494	2,657	4,429	88,580	80,627
Office	81,005	2,642	4,403	88,050	99,697
Rent	79,963	2,607	4,346	86,916	55,401
Legal and other professional fees and services	547,118	17,841	29,735	594,694	372,590
Insurance	38,642	1,260	2,100	42,002	18,940
Training	76,246	2,486	4,144	82,876	98,295
Travel and Entertainment	132,645	4,326	7,209	144,180	48,958
Communications and information technology	355,941	11,606	19,345	386,892	116,609
Dues and Subscriptions	45,144	1,472	2,454	49,070	20,241
Total operating expenses	8,131,791	265,166	441,948	8,838,905	5,153,962
Other operating expense					
Depreciation, other operating	28,115	917	1,528	30,560	12,846
Lease amortization, other operating	3,838	125	209	4,172	3,740
Bad debt expense	-	-	-	-	375,060
Other operating expense	167,920	5,475	9,127	182,522	114,317
Total Other operating expense	199,873	6,517	10,864	217,254	505,963
In-Kind Expense	317,869	10,365	17,276	345,510	345,510
Total Operating Expenses	$ 8,649,533	$ 282,048	$ 470,088	$ 9,401,669	$ 6,005,435

See accompanying notes to the financial statements

Education is Freedom Foundation

Statement of Cash Flows

For the years ended July 31, 2025 and 2024

	2025	(As Restated) 2024
Cash Flows From Operating Activities		
Increase (Decrease) in Net Assets	$ 1,362,723	$ (152,874)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation and amortization	30,560	12,846
Reduction in the carrying amount of ROU assets	37,878	(14,718)
Total Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities	68,438	(1,872)
(Increase) decrease in operating assets, net of effects of businesses acquired		
Accounts receivable	(498,324)	55,537
Other receivables	36,563	(20,607)
Investments held for trading	(2,558)	(14)
Prepaid expenses	(96,617)	(123,765)
Other assets	-	4,584
Increase (decrease) in operating liabilities, net of effects of businesses acquired		
Accounts payable and accrued expenses	170,866	(61,948)
Deferred Revenue	(850,516)	841,430
Operating lease obligations	(33,951)	18,458
Net Cash Provided by (Used in) Operating Activities	156,624	558,929
Cash Flows from Investing Activities		
Purchase of property, plant, and equipment	(52,303)	(122,283)
Purchases of certificates of deposit	(2,471,896)	(1,342,453)
Proceeds from maturity of certificates of deposit	1,392,453	50,000
Net Cash Provided by (Used in) Investing Activities	(1,131,746)	(1,414,736)
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	(975,122)	(855,807)
Cash, cash equivalents, and restricted cash at beginning of year	1,314,205	2,170,012
Cash, Cash Equivalents, and Restricted Cash at End of Year	339,083	1,314,205
Reconciliation of Cash, Cash Equivalents, and Restricted Cash		
Cash and cash equivalents	339,083	1,314,205
Supplemental Cash Flow Information		
Cash Paid During the Year for		
Interest	$ -	$ 149

See accompanying notes to the financial statements

Notes to the Financial Statements

Education is Freedom Foundation

Notes to the Financial Statements

For the years ended July 31, 2025 and 2024

1. Nature of the organization

Foundation

Education is Freedom Foundation (The "Organization") is a nonprofit foundation incorporated under the laws of the State of Texas and Section 501(c)(3) of the Internal Revenue Code. The Foundation is dedicated to enhancing the quality of life in the community by offering professional Foundation, innovative education, and community outreach. The Foundation's mission is to create an innovative, diverse Foundation that builds community through fostering empathy and dialogue.

Program Services

High Schools and Middle Schools - comprehensive, local, school-based programs and activities designed to improve the college going orientation of students by providing full-time campus based Higher Education Advisors (HEAs) available throughout the school day to assist students with activities related to their future education. In addition to daily interaction with and guidance to students, HEAs facilitate student and parent activities throughout the year, including the annual financial aid workshops, manage The Foundation's Scholars program, and commemorate the students' hard work and success at the end of each school year by supporting National Decision Day where students share their college plans with classmates and family and celebrate their decision to continue their education. The Middle School curriculum helps students explore options leading to high school graduation.

Intern Programs – to further The Foundation's vision of developing a skilled and educated workforce intern programs offer high school students summer jobs and the opportunity to intern at some of the largest and most respected corporations and non-profit foundations. Before beginning the intern program students go through workforce readiness training to prepare them with the skills necessary to be successful in their jobs and internships.

The primary sources of revenue and support are program service fees and contributions. A significant source of program service fees is annually renewable local school districts contracts which provided approximately 58% and 78% of total support and revenue for the year ended July 31, 2024 and 2023, respectively.

2. Summary of significant accounting policies

Nature of business/basis of preparation

The accounting policies of the organization are in accordance with accounting principles generally accepted in the United States of America applied on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant.

2. Summary of significant accounting policies (Continued)

Basis of presentation

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities, in accordance with current recommendations of the American Institute of Certified Public Accountants for Not-for-Profit Organizations and the Financial Accounting Standards Board (FASB) in the FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles.

Measure of operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Education is Freedom's ongoing college and career advising programs. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and cash equivalents

The organization considers all highly liquid investments, which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired to be cash equivalents. At July 31, 2025 and 2024, management believes that the carrying amount of cash equivalents approximates fair value because of the short maturity of these financial instruments.

Receivables

The organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Deferred revenue

Amounts received prior to revenue recognition are recorded as deferred revenue. Amounts expected to be recognized as revenue within the 12 months following the statement of financial position date are classified as deferred revenue within current liabilities in the accompanying condensed consolidated statements of financial position.

Amounts not expected to be recognized as revenue within the 12 months following the statement of financial position date are classified as deferred revenue—noncurrent. Amounts recognized as revenue, but not yet received or invoiced are generally recognized as contract assets in the Other current assets line item in the statements of financial position.

During the years ended July 31, 2025 and 2024, the organization, recognized approximately $5.9 million $5.3 million in revenue that was not included in the deferred revenue balance as of August 1, 2024 and August 1, 2023, respectively.

2. Summary of significant accounting policies (Continued)

Prepaid expenses

The organization, recognizes amounts paid in advance for goods or services to be received or consumed in a future period as Prepaid Expenses on the Statement of Financial Position. Prepaid expenses are recorded at cost and subsequently expensed on a straight-line basis over the period to which the payment relates, in accordance with the matching principle of accounting.

Property, plant and equipment

The organization records property and equipment additions over $3,000 at cost, or if donated, at fair value on the date of donation.

Capitalization

Major additions and expenditures that substantially increase useful lives of property are capitalized. Maintenance and repairs which do not substantially increase the life of the property are expensed as incurred.

When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

The organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended July 31, 2025 and 2024.

Depreciation rates

Depreciation is computed using the straight-line method over estimated useful lives as follows:

Machinery and equipment	3-5 years
Furniture and fixtures	5 years
Vehicles	5 years

2. Summary of significant accounting policies (Continued)

Net Assets (Deficit)

In accordance with current accounting guidance, under which the organization is required to report information regarding its financial position and activities according to classes of net assets as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Education is Freedom's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Education is Freedom or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the activities.

As permitted by accounting principles generally accepted in the United States of America, the Organization has elected to report donor-restricted contributions whose restrictions are met in the same reporting period as the revenue is recognized as support within net assets without donor restrictions.

Revenue Recognition

Contributions and Support

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the activities as net assets released from restrictions.

2. Summary of significant accounting policies (Continued)

Revenue Recognition (Continued)

Revenue from Contracts with Customers

Program service fees, consisting mainly of advising activities for students of local school districts, are recognized as income under Accounting Standards Update (ASC) 2014-09 Revenue from Contracts with Customers Topic 606 when the contracted service are performed by the Foundation. Program service fees are due and normally paid shortly after the services are performed.

At contract inception, once the contract is determined to be within the scope of FASB ASC 606, the organization evaluates the performance obligations promised in the contract that are based on services that will be transferred to the customer and determines whether those obligations are both (i) capable of being distinct and (ii) distinct in the context of the contract. Services that meet these criteria are considered distinct performance obligations. If both these criteria are not met, the services are combined into a single performance obligation. The Foundation then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. Arrangements that include rights to additional services that are exercisable at a customer’s discretion are generally considered options. The organization assesses if these options provide a material right to the customer and if so, these options are considered performance obligations. The exercise of a material right is accounted for as a contract modification for accounting purposes.

The organization recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) each performance obligation is satisfied at a point in time or over time, and if over time this is based on the use of an output or input method.

Grants and other funds

Grant and other funds received from third parties in exchange for services or activities not yet performed, as well as refunds due third parties for amounts previously received under such agreements, are recorded as refundable advances in the statement of financial position.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to The organization's program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by U.S. GAAP. Contributed goods are recorded at fair value at the date of donation. Donated professional services and donated rent are recorded at the respective fair values of the services or rent received.

2. Summary of significant accounting policies (Continued)

Contributions receivable

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. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

The organization did not recognize any contributions receivable or unconditional promises to give for the year ended July 31, 2025 As of July 31, 2024.

Advertising cost

The organization uses advertising to promote its programs among the communities it serves. The organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was $88,580 for the years ended July 31, 2025 (2024 - $80,627).

Functional expense allocation

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among services and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

The expenses that are allocated include compensation, which is allocated on the basis of estimated time and effort, and professional services, office expenses, occupancy, insurance, information technology, travel and entertainment, depreciation, and other expenses, which are allocated on the basis of estimates of usage by functional category.

Income taxes

Education is Freedom is organized as a Texas nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as a foundation described in Section 501(c)(3), qualifies for the charitable contribution deduction under Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under Sections 509(a)(1) and (3). The organization is annually required to file a Return of Foundation Exempt from Income Tax (Form 990) with the IRS.

2. Summary of significant accounting policies (Continued)

Income taxes (Continued)

In addition, The organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The organization files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income.

The organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

Financial Instruments and Credit Risk

The organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by The organization to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, The organization has not experienced losses in any of these accounts.

Credit risk associated with promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from board members, individual donors, and foundations supportive of The organization's mission.

Leases in the financial statements of lessees

At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating leases are expensed on a straight-line basis as lease expense over the non-cancelable lease term. Expenses for finance leases are comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method.

2. Summary of significant accounting policies (Continued)

Leases in the financial statements of lessees (Continued)

The organization has made the following accounting policy elections with regard to its lease accounting:

- The organization does not separate lease and nonlease components for all asset classes;
- When the rate implicit in the lease is not determinable, rather than use the organization's incremental borrowing rate, the organization uses a risk-free discount rate for the initial and subsequent measurement of lease liabilities for all asset classes;
- The organization does not apply the recognition requirements to all leases with an original term of 12 months or less, for which the organization is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term;
- The organization accounts for its property and equipment leases using the portfolio approach; as such, leases that have similar commencement dates, length of terms, renewal options or other contract terms have been combined into a lease portfolio whereby the resulting accounting at the portfolio level does not differ materially from that at the individual lease level.

Recently issued accounting standards

Any new accounting pronouncements issued but not yet effective have been deemed not to be relevant to the operations of the organization, therefore the effects of such undisclosed new accounting pronouncements will have no effect on the organization.

Subsequent events

Management evaluated all activity of the organization through Feb 19, 2026 and concluded that no subsequent events have occurred that would require recognition in the organization's financial statements or disclosure in the related notes to the organization's financial statements.

3. Liquidity and availability of resources

The following reflects the organization's financial assets as of July 31, 2025 and 2024, reduced by amounts not available for general use within one year of July 31, 2025 and 2024 due to contractual or donor-imposed restrictions:

	2025	(As Restated) 2024
Financial assets at end of year:		
Cash and cash equivalents	$ 339,083	$ 1,314,205
Accounts Receivable	498,324	
Other Receivables	44,309	80,872
Certificates of deposit	2,521,895	1,442,453
Investments	40,770	38,211
Total financial assets at end of year:	3,444,381	2,875,741
Less amounts not available to be used within one year:		
Less net assets with purpose restrictions to be met in less than a year	(279,528)	(143,033)
Financial assets available to meet general expenditures over the next twelve months	$ 3,723,909	$ 3,018,774

4. Fair value measurement

The Foundation reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

4. Fair value measurement (Continued)

Assets and liabilities carried at fair value are classified and disclosed based on the following three-level hierarchy for fair value measurements:

Level 1	Quoted prices in active markets for identical assets or liabilities.
Level 2	Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
Level 3	Unobservable inputs, where there is little or no market activity for the asset or liability. These inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability, based on the best information available.

The following table summarizes the organization's financial assets and liabilities measured at fair value at July 31, 2025 and 2024:

For the period ended:	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
July 31, 2025				
Mutual Funds	$ 40,770	$ -	$ -	$ 40,770
Total	40,770	-	-	40,770
July 31, 2024				
Mutual Funds	38,211	-	-	38,211
Total	$ 38,211	$ -	$ -	$ 38,211

5. Property, plant and equipment

Property, plant and equipment consist of the following:

	2025	2024
Cost		
Machinery and equipment	$ 240,586	$ 188,282
Furniture and fixtures	91,305	91,305
Vehicles	38,000	38,000
Total	369,891	317,587
Accumulated depreciation		
Machinery and equipment	(90,613)	(62,539)
Furniture and fixtures	(91,305)	(91,520)
Vehicles	(38,000)	(35,298)
Total	(219,918)	(189,357)
Net		
Machinery and equipment, net of accumulated depreciation	149,973	125,743
Furniture and fixtures, net of accumulated depreciation	-	(215)
Vehicles, net of accumulated depreciation	-	2,702
Total	$ 149,973	$ 128,230

Depreciation expense was $30,560 for the year ending July 31, 2025 (2024 - $12,846).

6. Leases in financial statements of lessees

a. Nature of leases

The organization leases office space under a long-term office operating lease. Under the lease, the minimum monthly rental payments for the twelve-month period beginning February 2023 were $3,128. This amount increased to $3,222 for the twelve-month period beginning February 2024. The payment subsequently increased to $3,319 for the twelve-month period beginning February 2025.

Fiscal Year (FY Ended 07/31)	Applicable Periods	Monthly Lease Payment (Cash Paid)
2024		
	August 2023 - January 2024	$ 3,128
	February 2024 – July 2024	3,222
2025		
	August 2024 - January 2025	3,222
	February 2025 - July 2025	$ 3,319

Right-of-use assets represent the organization's right to use an underlying asset for the lease term, while lease liabilities represent the organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of the organization's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at the organization's sole discretion. The organization regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the organization includes such options in the lease term.

b. Discount rate used

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the organization uses the rate implicit in the lease, or if not readily available, the organization uses a risk-free rate based on U.S. Treasury notes or bond rates for a similar term.

6. Leases in financial statements of lessees (Continued)

c. Right-of-use assets

The organization presents right-of-use assets in the Right-of-use assets, operating leases line on the Statement of Financial Position.

Right-of-use assets are assessed for impairment in accordance with the organization's long-lived asset policy. The organization reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment.

d. Significant assumptions and judgments

The organization makes significant assumptions and judgments in evaluating its leases. In particular, the organization:

- Evaluates whether a contract contains a lease, by considering factors such as whether the organization obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights;
- Determines whether contracts contain embedded leases;
- Evaluates leases with similar commencement dates, lengths of term, renewal options or other contract terms, which therefore meet the definition of a portfolio of leases, whether to apply the portfolio approach to such leases;
- Determines for leases that contain a residual value guarantee, whether a payment at the end of the lease term was probable and, accordingly, whether to consider the amount of a residual value guarantee in future lease payments;

The organization does not have any material leasing transactions with related parties.

e. Operating leases

The following table summarizes the lease right-of-use assets and lease liabilities as of July 31, 2025, and 2024:

	2025	2024
Right-of-use assets:		
Operating leases	$ 260,087	$ 297,965

6. Leases in financial statements of lessees (Continued)

e. Operating leases (Continued)

		2025		2024
Lease liabilities:				
Current operating lease liabilities		33,803		33,803
Long-term operating lease liabilities		245,451		279,402
Total lease liabilities	$	(279,254)	$	(313,205)

Below is a summary of expenses incurred pertaining to leases during the years ended July 31, 2025, and 2024:

		2025		2024
Operating lease expense	$	43,269	$	43,269
Total lease expense	$	43,269	$	43,269

The following table presents supplemental information related to leases as of July 31, 2025, and 2024:

	2025	2024
Weighted average remaining lease term (in years):		
Operating leases	6	7

	2025	2024
Weighted average discount rate:		
Operating leases	1.81	1.81

6. Leases in financial statements of lessees (Continued)

e. Operating leases (Continued)

The table below summarizes the organization's scheduled future minimum lease payments for years ending after July 31, 2025:

		Operating Leases
Years ending :		
2025+1	$	40,422
2025+2		43,100
2025+3		45,633
2025+4		46,545
2025+5		47,476
Thereafter		76,954
Total lease liabilities		300,130
Less current portion		(33,803)
Long-term lease liabilities	$	266,327

The following table includes supplemental cash flow and noncash information related to the leases for the years ended July 31, 2025, and 2024:

		2025		2024
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	$	(37,827)	$	(38,082)
Right-of-use assets obtained in exchange for lease liabilities:				
Operating leases	$	393,128	$	393,128

7. Donated Facilities, Professional Services, and Materials

The organization records the estimated fair market value of donated goods or facilities at the time of receipt when there is an objective basis available to measure their value. Donated services are recognized as contributions at the estimated fair market value at the time of receipt when there is an objective basis available to measure their value, and the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by persons with those skills, and would otherwise need to be purchased by the organization. The organization received donated facilities as follows during the years ended July 31, 2025 and 2024:

Period ending July 31,	Program Services	Management and General	Fundraising	Total
2025				
Rent	$ 317,869	$ 10,365	$ 17,276	$ 345,510
Total	317,869	10,365	17,276	345,510
2024				
Rent	345,510	-	-	345,510
Total	$ 345,510	$ -	$ -	$ 345,510

A number of unpaid volunteers have made significant contributions of their time to develop The organization's programs. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

8. Contingencies and Commitments

Grants

Grants and bequests require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill the conditions could result in the return of funds to the grantor. Although that remains a possibility, the Board deems such contingency remote since by accepting the gifts and their terms, the Organization has, in essence, accommodated the provisions of the gift. The Organization has received grants and tax abatements through the Paycheck Protection Program, Shuttered Venue Operators' grants and the Employee Retention Tax Credit. All are subject to audit and could result is possible refunds of amounts paid to the Organization. Management believes there is not likelihood of repayment.

8. Contingencies and Commitments (Continued)

Leases

The Foundation leases office space under noncancelable operating leases expiring through 2027. The office space lease agreement was entered on February 01, 2022.

Retirement Plan

The organization has a Savings Incentive Match Plan for Employees Individual Retirement Account (SIMPLE IRA) covering substantially all employees that provides for employer matching contributions of 100% of the employee's elective deferrals, which may be up to 3% of the employee's compensation.

9. Concentration Risk

Contributed support and revenue

In the current year, a significant amount of contributions were provided by a few major contributors. It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the near term.

Dependence on key customers

Approximately 58% (2024 - 78%) of the organization's revenue is from contracts with school districts. The loss of a material amount of revenue from school districts or donors could have a material adverse effect on operations.

Geographic

The organization s market is concentrated in the Dallas/Fort, Worth Texas geographical area.

10. Prepaid expenses

Prepaid expenses consist primarily of costs paid under annual software licensing agreements. Since payments are often made in the current Fiscal Year (FY) for services spanning into the subsequent FY, an allocation process is required at the fiscal year-end:

Capitalization: Payments made within the current FY for licenses that cover services extending beyond the current fiscal year-end date are capitalized as a current asset.

10. Prepaid expenses (Continued)

Amortization: The capitalized amount is subsequently charged to Software Expense (or the relevant operating expense account) in the period the service is consumed. For multi-year agreements, a portion may be classified as a non-current asset if the benefit extends beyond 12 months from the reporting date, though for annual agreements, the balance is usually current.

The expense recognized during the current fiscal year amounted to approximately $190,000.

Prepaid expenses consist of the following at July 31, 2025 and 2024:

		2025		2024
Other prepaid expenses	$	225,509	$	128,892
Total	$	225,509	$	128,892

11. Compensated Abscences

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. The organization's policy is to recognize these costs when actually paid.

12. Cybersecurity Loss

During March 2024, the organization experienced a cybersecurity breach that resulted in a casualty and theft loss of approximately $357,000. The amount of the loss is not covered by the organization’s insurance.

13. Net assets

Net assets with donor restrictions

Net assets with donor restrictions as of July 31, 2025 and 2024 consist of the following:

		2025		2024
Subject to expenditure for specified purpose:				
Education is Freedom Mobile Initiative and Invest in My Education Learning	$	279,528	$	
Education is Freedom Scholarships				143,033
Total purpose restrictions		279,528		143,033
Total net assets with donor restrictions	$	279,528	$	143,033

13. Net assets (Continued)

Net assets with donor restrictions (Continued)

The sources of net assets released from restrictions are as follows for the years ended July 31, 2025 and 2024:

	2025	2024
Operational support	$ 143,033	$ 8,665,743

Net assets without donor restrictions

Description	2025	2024
Undesignated	$ 1,474,510	$ 1,830,286

14. Transfer of Net Assets from Education Opens Doors, Inc.

On September 20, 2024, the Organization received a transfer of net assets from Education Opens Doors, Inc. (EOD), a Texas nonprofit corporation, pursuant to a Grant Agreement. The EOD Board of Directors approved the dissolution of EOD and determined that transferring its remaining assets to EIF, which shares a similar charitable mission, was in the best interest of its mission.

The transfer of net assets was a nonreciprocal transaction and has been accounted for under the Carryover Method, consistent with FASB ASC 958-805, *Not-for-Profit Entities — Business Combinations*. Accordingly, the transferred assets were recognized by EIF at their pre-combination carrying amounts (book values) as of the transfer date.

Assets Received and Statement of Activities Effect

The transfer of net assets resulted in the recognition of contribution revenue without donor restrictions on the Statement of Activities for the fiscal year ended July 31, 2025.

1. Initial Transfer (September 20, 2024)

The initial net assets transferred by EOD on the effective date of the agreement were as follows:

Asset Classification	Book Value
Cash and Cash Equivalents	$ 850,000
Program Data and Digital Files*	
Total	$ 850,000

14. Transfer of Net Assets from Education Opens Doors, Inc. (Continued)

*The book value of EOD Program Data and Digital Files is assumed to be nominal or zero, consistent with typical nonprofit accounting for internally developed data, and is carried over at that value.

2. Final Contingent Transfer

In connection with EOD's plan of dissolution, the agreement provided for a final grant of any remaining funds on or before March 31, 2025. As of the balance sheet date of July 31, 2025, this contingency has been satisfied and the final amount of $850,000 was received.

Total Net Assets Recognized = Initial Transfer Amount + Final Contingent Funds Amount

This amount is reported as Contribution Revenue Without Donor Restrictions on EIF's Statement of Activities. This classification assumes that neither the dissolving organization (EOD) nor EOD's original donors placed specific time or purpose restrictions on the transferred funds that extend beyond EIF's general charitable mission.

Commitments

As consideration for the transfer, EIF agreed to use the acquired assets consistent with its charitable mission to ensure all students receive an excellent and equitable education. EIF assumed no liabilities or debt obligations of EOD in connection with this transfer.

15. Reclassifications

Certain reclassifications have been made to the 2025 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

For the year ended July 31, 2024, Certificates of Deposit were previously presented to include accrued interest income within the investment's carrying value. To ensure consistency and compliance with accounting standards (ASC 320), $51,512 of accrued interest has been reclassified from Certificates of Deposit to a separate line item, Interest Receivable.

This reclassification had no effect on total assets, net assets, or the results of operations previously reported for the year ended July 31, 2024.

16. Prior Period Restatement

During the fiscal year ended July 31, 2025, the Organization identified an error in the classification of certain net assets with donor restrictions. An amount of $143,033, previously reported as restricted in perpetuity (permanently restricted/endowment), was determined to be purpose-restricted for scholarships based on a re-evaluation of the original donor gift instruments.

The Organization has restated its 2024 comparative financial statements to reflect the correct classification of these net assets. This restatement had no impact on the previously reported total change in net assets, total net assets, or the total "Net Assets with Donor Restrictions" line item reported on the Statement of Financial Position; the adjustment relates solely to the internal sub-classification of those restricted funds to reflect their availability for scholarship expenditures.

16. Prior Period Restatement (Continued)

The following table summarizes the effect of the restatement on the components of net assets as of July 31, 2025:

Net Asset Category	As previously reported	Adjustment 2025	As Restated (2024)
Net Assets With Donor Restrictions:			
Restricted by Purpose (Scholarships)	$ -	$ 143,033	$ 143,033
Restricted in Perpetuity (Endowment)	143,033	(143,033)	-
Total Net Assets With Donor Restrictions	$ 143,033	$ -	$ 143,033