# Cornerstones Career Learning Center, Inc.
# Review Report
# For the Years Ended
# June 30, 2025 and 2024



**Kinner & Company Ltd**
Certified Public Accountants

**CORNERSTONES CAREER LEARNING CENTER, INC.**
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**JUNE 30, 2025 AND 2024**


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# Kinner & Company Ltd
Certified Public Accountants

## Independent Accountant's Review Report

To the Board of Directors
Cornerstones Career Learning Center, Inc.

We have reviewed the accompanying financial statements of Cornerstones Career Learning Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

**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 of America; this includes 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.

**Accountant's Responsibility**
Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Cornerstones Career Learning Center, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

**Accountant's Conclusion**
Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Kinner & Company Ltd.

Kinner & Company Ltd
Certified Public Accountants
Brookings, South Dakota

January 21, 2026

# CORNERSTONES CAREER LEARNING CENTER, INC.
# STATEMENTS OF FINANCIAL POSITION
## JUNE 30, 2025 AND 2024

| ASSETS | 2025 | 2024 |
|---|---|---|
| Current Assets | | |
| Cash and Cash Equivalents | $ 185,884 | $ 294,866 |
| Accounts Receivable | 21,094 | 10,607 |
| Grants Receivable | 163,986 | 18,426 |
| Prepaid Expenses | 18,037 | 13,007 |
| **Total Current Assets** | 389,001 | 336,906 |
| Fixed Assets | | |
| Property and Equipment | 68,886 | 68,886 |
| Right of Use Assets | 228,218 | 228,218 |
| Accumulated Depreciation & Amortization | (168,964) | (107,956) |
| **Fixed Assets, Net** | 128,139 | 189,147 |
| Intangible Assets | | |
| Software | 26,429 | 26,429 |
| Accumulated Amortization | (26,429) | (26,429) |
| **Intangible Assets, Net** | - | - |
| **TOTAL ASSETS** | **$ 517,140** | **$ 526,053** |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Lease Liability | $ 63,534 | $ 58,464 |
| Accounts Payable | 18,725 | 14,262 |
| Accrued Expenses | 28,883 | 26,376 |
| **Total Current Liabilities** | 111,141 | 99,103 |
| Noncurrent Liabilities | | |
| Lease Liability- Due Beyond One Year | 56,483 | 120,016 |
| Total Liabilities | 167,624 | 219,119 |
| Net Assets | | |
| Without Donor Restrictions | 349,516 | 306,934 |
| **Total Net Assets** | 349,516 | 306,934 |
| **TOTAL LIABILITIES AND NET ASSETS** | **$ 517,140** | **$ 526,053** |

See accompanying notes and independent accountant's review report

# CORNERSTONES CAREER LEARNING CENTER, INC.
## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
## FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

| Revenue and Other Support | Without Donor Restrictions | With Donor Restrictions | 2025 Total | Without Donor Restrictions | With Donor Restrictions | 2024 Total |
|---|---|---|---|---|---|---|
| Programs Grants | $ - | $ 890,500 | $ 890,500 | $ - | $ 746,549 | $ 746,549 |
| Additional Services | 58,318 | - | 58,318 | 128,288 | - | 128,288 |
| Job Development | 35,000 | - | 35,000 | 17,699 | - | 17,699 |
| Rent | 1,225 | - | 1,225 | 2,100 | - | 2,100 |
| Interest Income | 7 | - | 7 | 9 | - | 9 |
| In Kind Donations | 37,093 | - | 37,093 | 21,809 | - | 21,809 |
| Donations | 75 | - | 75 | 5 | - | 5 |
| Other Revenue | - | 30,500 | 30,500 | - | 34,450 | 34,450 |
| Gain (Loss) on Disposal of Asset | - | - | - | 3,850 | - | 3,850 |
| Net Assets Released from Restriction | 921,000 | (921,000) | - | 780,999 | (780,999) | - |
| Total Revenue and Other Support | 1,052,719 | - | 1,052,719 | 954,758 | - | 954,758 |
| **Expenses** | | | | | | |
| Program Services | 885,747 | - | 885,747 | 878,340 | - | 878,340 |
| Management and General | 124,391 | - | 124,391 | 101,481 | - | 101,481 |
| Total Expenses | 1,010,138 | - | 1,010,138 | 979,821 | - | 979,821 |
| Change in Net Assets | 42,581 | - | 42,581 | (25,063) | - | (25,063) |
| Net Assets Beginning of Year | 306,934 | - | 306,934 | 331,997 | - | 331,997 |
| Net Assets End of Year | $ 349,516 | $ - | $ 349,516 | $ 306,934 | $ - | $ 306,934 |

See accompanying notes and independent accountant's review report

# CORNERSTONES CAREER LEARNING CENTER, INC.
## STATEMENTS OF FUNCTIONAL EXPENSES
## FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

| OPERATING EXPENSES | 2025 Total | Program Services | Management & General | 2024 Total | Program Services | Management & General |
|---|---|---|---|---|---|---|
| Personal Services | $ 619,791 | $ 539,372 | $ 80,419 | 595,868 | $ 533,980 | $ 61,888 |
| Employee Benefits | 156,330 | 144,048 | 12,282 | 136,737 | 127,735 | 9,002 |
| Travel | 13,805 | 13,667 | 138 | 41,493 | 41,078 | 415 |
| Contractual Expense | 41,930 | 38,575 | 3,354 | 34,980 | 32,182 | 2,798 |
| Telephone & Internet | 10,486 | 8,913 | 1,573 | 8,976 | 7,629 | 1,346 |
| Rent & Utilities | 97,292 | 82,698 | 14,594 | 100,114 | 85,097 | 15,017 |
| Insurance | 12,554 | 10,671 | 1,883 | 12,689 | 10,786 | 1,903 |
| Promotions & Advertising | 993 | 844 | 149 | 1,172 | 996 | 176 |
| Professional Fees | 5,850 | 4,973 | 878 | 5,000 | 4,250 | 750 |
| Dues & Memberships | 2,911 | 2,474 | 437 | 2,582 | 2,195 | 387 |
| Service Agreements | 20,329 | 17,279 | 3,049 | 18,846 | 16,019 | 2,827 |
| Repairs & Maintenance | 939 | 798 | 141 | 3,470 | 2,949 | 520 |
| Miscellaneous | 310 | 263 | 46 | 791 | 672 | 119 |
| Office Supplies | 7,267 | 6,177 | 1,090 | 3,789 | 3,220 | 568 |
| Instructional Supplies | 10,932 | 9,292 | 1,640 | 3,767 | 3,202 | 565 |
| Postage | 994 | 845 | 149 | 64 | 54 | 10 |
| Supplies Expense | 158 | 134 | 24 | 635 | 539 | 95 |
| Board Expense | 644 | 548 | 97 | 1,397 | 1,188 | 210 |
| Equipment Expense | 801 | 681 | 120 | 385 | 328 | 58 |
| Depreciation & Amortization | 5,824 | 3,494 | 2,330 | 7,067 | 4,240 | 2,827 |
| **Total Operating Expenses** | **$ 1,010,138** | **$ 885,747** | **$ 124,391** | **979,821** | **$ 878,340** | **$ 101,481** |

See accompanying notes and independent accountant's review report

# CORNERSTONES CAREER LEARNING CENTER, INC.
## STATEMENTS OF CASH FLOWS
### FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

| | 2025 | 2024 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Change in Net Assets | $ 42,581 | $ (25,063) |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities: | | |
| Depreciation & Amortization Expense | 5,824 | 7,067 |
| Operating lease expense | 55,184 | 53,564 |
| Change in Assets and Liabilities: | | |
| (Increase) Decrease in Accounts Receivable | (10,487) | 7,826 |
| (Increase) Decrease in Grants Receivable | (145,560) | 153,586 |
| (Increase) Decrease in Prepaid Expenses | (5,030) | 919 |
| Increase (Decrease) in Accounts Payable | 4,462 | 2,020 |
| Increase (Decrease) in Accrued Expenses | 2,507 | (2,677) |
| Increase (Decrease) in Operating Lease Liability | (58,464) | (49,737) |
| **Net Cash Provided (Used) by Operating Activities** | **(108,983)** | **147,504** |
| **Cash Flows from Financing Activities** | | |
| Cash Outflows: | | |
| To Purchase Equipment | - | (6,225) |
| **Net Cash Provided (Used) by Financing Activities** | **-** | **(6,225)** |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | **(108,983)** | **141,279** |
| Cash and Cash Equivalents at Beginning of Year | 294,866 | 153,586 |
| **Cash and Cash Equivalents at End of Year** | **$ 185,884** | **$ 294,866** |
| **Noncash Transactions:** | | |
| Donations of Contract Services | 37,093 | 21,809 |
| Disposal of Obsolete Fully Depreciated Property and Equipment | - | 61,851 |
| Right-of-use Assets Obtained in Exchange for New Lease Liabilities | - | 101,423 |

See accompanying notes and independent accountant's review report

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Business

Cornerstones Career Learning Center, Inc. (Organization) is a nonprofit organization that assists in training and placing individuals with significant barriers in productive employment.

Basis of Accounting

The books the Organization are maintained on the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

As of June 30, 2019, the net asset classification has changed due to the implementation of FASB issued ASU 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. This guidance amends the requirements for financial statements and notes presented by a not-for-profit entity to: a) present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than for the previously required three classes; b) present on the face of the statement of activities the amount of the change in either of the two classes of net assets rather than that of the previously required three classes; c) provide enhanced disclosures in the notes to the financial statements; d) report investment return net of external and direct internal investment expenses; e) provide enhanced disclosures of the amounts of expenses by both their natural classification and their functional classification; and f) utilize in the absence of explicit donor stipulations, the placed in service approach for reporting expirations of restrictions of gifts of cash or other assets to be used to acquire or construct a long-lived asset.

Net assets of the Organization and changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

With donor restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Income Tax Status

The Organization is a not-for-profit organization, which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes pursuant to Section 501(a) of the Code. Cornerstones Career Learning Center, Inc. qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The Organization's federal Exempt Organization Income Tax Returns (Form 990) are subject to examination by the IRS, generally for three years after they were filed.

Use of Estimates

The preparation of 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. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization recognizes as cash, currency on hand and demand deposits with banks or other financial institutions. It also includes other accounts that have the general characteristics of demand deposits in that the customer may deposit or withdraw funds at any time without prior notice or penalty such as certificates of deposit, which do not have penalties or terms with them, which effectively restrict withdrawal of funds, money market accounts and repurchase agreements.

The Organization recognizes as cash equivalents, short-term, highly liquid investments that (a) are readily convertible to known amounts of cash and (b) are so near their maturity that they present an insignificant risk of changes in value because of changes in interest rates.

Revenue Recognition

The Organization's revenues are derived primarily from federal and state grants, program service fees, and contributions. These sources are recognized as revenue when they are earned.

Program Service Revenue

Program service revenue and other exchange transactions are recognized in accordance with ASC 606, Revenue from Contracts with Customers. Revenue is recognized when the Organization satisfies its performance obligations by providing services to program participants. Program service revenue is recognized in the period in which the services are provided.

Contributions and Grants

Contributions, including grants, are recognized as revenue when the Organization receives an unconditional promise to give or when the contribution is received, whichever occurs first. Contributions are recorded as with donor restrictions or without donor restrictions, depending on the existence or absence of donor-imposed stipulations.

Grants and contributions that include donor-imposed conditions, such as performance requirements or measurable barriers, are considered conditional contributions and are recognized as revenue when the conditions are substantially met. Amounts received in advance for conditional grants are recorded as refundable advances until the conditions are satisfied.

Accounts Receivable

The Organization records losses on receivables using the direct write-off method, when in management's opinion, further collection efforts would be futile. No allowance for doubtful accounts is presented due to management's belief that any difference between this method and providing a valuation allowance for doubtful accounts is immaterial. The balance of accounts receivable was $21,094 for 2025, $10,607 for 2024 and $18,433 for 2023.

Leases

Following lease accounting standard (ASC 842), the Organization recognizes Right of Use (ROU) assets and lease liabilities for leases with terms greater than 12 months or leases that contain a purchase option that is reasonably certain to be exercised. Leases are classified as either finance or operating leases. This classification dictates whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease.

The Organization's ROU assets and lease liabilities primarily relate to real estate leases. These lease agreements include one or more options to renew, with renewal terms that can extend the lease for up to 5 years. The exercise of the lease renewal options is at the Organization's discretion. Renewal periods are included in the expected lease term if they are reasonably certain of being exercised by the Organization. None of the Organization's lease agreements contain material residual value guarantees or material restrictions or covenants.

Long-term leases (leases with terms greater than 12 months) are recorded as liabilities at the present value of the minimum lease payments not yet paid. The Organization uses its incremental borrowing rate to determine the present value of the lease when the rate implicit in the lease is not readily determinable. Certain lease contracts contain nonlease components. The Organization recognizes both the lease component and nonlease components as a single lease component for all of its ROU assets. From time to time, certain service or purchase contracts may contain an embedded lease.

Short-term leases (leases with an initial term of 12 months or less or leases that are cancelable by the lessee and lessor without significant penalties) are not capitalized but are expensed on a straight-line basis over the lease term. These leases are entered into at periodic rental rates for an unspecified duration and typically have a termination for convenience provision.

Property, Equipment & Software

Property, equipment and software are recorded at cost when available or at estimated value when an actual cost is not available. Donated items are recorded at cost or at estimated value at the date of gift. Items sold, retired or otherwise disposed of are removed from the asset and accumulated depreciation accounts and any gains or losses are reflected in operations. The Organization capitalizes equipment purchases and donations that have an item cost of equal or greater than $1,000 pursuant to Organization policy.

Depreciation and amortization are computed by the straight-line method based on the estimated service lives of the various assets as follows:

| | |
|---|---|
| Equipment, Computer & Vehicles | 3-7 Years |
| Software | 3 Years |

A summary of changes in these assets for the year ended June 30, 2025 is as follows:

| Capital Assets Depreciated | Balance 7/1/2024 | Additions | Deletions | Balance 6/30/2025 |
|---|---|---|---|---|
| Equipment | $ 31,892 | $ - | $ - | $ 31,892 |
| Computers | 24,601 | - | - | 24,601 |
| Vehicles | 12,392 | - | - | 12,392 |
| Right of use asset | 228,218 | - | - | 228,218 |
| Total Capital Assets Depreciated | 297,103 | - | - | 297,103 |
| Less Accumulated Depreciation | 107,956 | 61,008 | - | 168,964 |
| Depreciated Assets, Net | $ 189,147 | $ 61,008 | $ - | $ 128,139 |

| Intangible Assets Amortized | Balance 7/1/2024 | Additions | Deletions | Balance 6/30/2025 |
|---|---|---|---|---|
| Software | $ 26,429 | $ - | $ - | $ 26,429 |
| Less Accumulated Amortization | 26,429 | - | - | 26,429 |
| Intangible Assets, Net | $ - | $ - | $ - | $ - |

A summary of changes in these assets for the year ended June 30, 2024 is as follows:

| Capital Assets Depreciated | Balance 7/1/2023 | Additions | Deletions | Balance 6/30/2024 |
|---|---|---|---|---|
| Equipment | $ 46,910 | $ 3,706 | $ 18,724 | $ 31,892 |
| Computers | 65,210 | 2,519 | 43,128 | 24,601 |
| Vehicles | 12,392 | - | - | 12,392 |
| Right of use asset | 126,795 | 101,423 | - | 228,218 |
| Total Capital Assets Depreciated | 251,307 | 107,648 | 61,852 | 297,103 |
| Less Accumulated Depreciation | 109,176 | 60,631 | 61,852 | 107,956 |
| Depreciated Assets, Net | $ 142,131 | $ 47,017 | $ - | $ 189,147 |

| Intangible Assets Amortized | Balance 7/1/2023 | Additions | Deletions | Balance 6/30/2024 |
|---|---|---|---|---|
| Software | $ 26,429 | $ - | $ - | $ 26,429 |
| Less Accumulated Amortization | 26,429 | - | - | 26,429 |
| Intangible Assets, Net | $ - | $ - | $ - | $ - |

## 2. GRANTS RECEIVABLE

Grants receivable consisted of the following at June 30:

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| South Dakota Department of Labor & Regulation | $ 163,986 | $ 18,426 | $ 172,011 |

## 3. PROGRAM GRANTS

The following shows a breakdown of revenue by grant for the year ended June 30, 2025:

| | Federal | State | Total |
|---|---|---|---|
| Adult Education | $ 490,500 | $ 400,000 | $ 890,500 |

The following shows a breakdown of revenue by grant for the year ended June 30, 2024:

| | Federal | State | Total |
|---|---|---|---|
| Adult Education | $ 426,608 | $ 319,941 | $ 746,549 |

## 4. FUNCTIONAL CLASSIFICATION OF EXPENSES

The Statement of Activities shows total expenses for the year ended June 30, 2025 and 2024. The allocation of expenses among program services and management and general is $885,747 and $124,391, respectively, for the year ended June 30, 2025 and $878,340 and $101,481, respectively, for the year ended June 30, 2024. Costs are charged to the functions they benefit.

The following table shows an allocation of expenses, based on time and efforts of staff, by function for the year ended June 30:

| Program: | 2025 | 2024 |
|---|---|---|
| Adult Education and Family Literacy | $ 718,205 | $ 615,321 |
| Job Development | 60,621 | 50,326 |
| United Way | 32,331 | 55,868 |
| Distance Learning | 33,959 | 34,076 |
| Business & Industry | 40,075 | 113,864 |
| Other Program | 556 | 8,885 |
| Total Program | 885,747 | 878,340 |
| Administrative and Generals | 124,391 | 101,481 |
| Total | $ 1,010,138 | $ 979,821 |

## 5. VACATION LEAVE

The Organization's employees earn vacation leave in accordance with the following policy:

Newly hired employees accrue vacation at the rate of .01923 hours per paid hour up to a maximum of 20 hours during the six-month probationary period for all new employees. Once the six-month probationary period has been completed, new employees are granted .03846 hours of vacation for each paid hour of employment anticipated until the end of the fiscal year.

New employees continue to be granted vacation at that rate until the first anniversary of their date of hire. At that time, the employee is granted vacation as a full-time employee. Full-time employees working more than 30 hours per week and with less than five years of service are granted .05769 hours of paid vacation per paid hour on the last working day of the month, up to 120 hours per year. Full-time employees with over 5 years of service are granted .07692 hours of paid vacation per paid hour, up to 160 hours. A maximum of 40 hours of vacation time may be carried over from the previous fiscal year. Carryover vacation must be utilized by October 1 of the next fiscal year, or it will be forfeited.

Accumulated unused vacation leave calculated at the employees' pay rates at year-end were $6,297 and $4,644 as of June 30, 2025 and 2024, respectively and are included in accrued expenses. The financial statements do not include liabilities for payroll taxes on accrued vacation.

## 6. ACCRUED EXPENSES

Accounts expenses at June 30, 2025 and 2024, are as follows:

| | 2025 | 2024 |
|---|---|---|
| Vacation | $ 6,297 | $ 4,644 |
| Payroll | 22,586 | 21,732 |
| | $ 28,883 | $ 26,376 |

## 7. PENSION PLAN

The Organization maintains a Savings Incentive Match Plan for Employees (SIMPLE) IRA. All employees are eligible to participate at their date of hire as long as they are reasonably expected to earn $5,000 during the plan year. An employee may make a salary reduction election to have a percentage of compensation deferred. The Organization contributes matching contributions to each eligible employee's SIMPLE IRA equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the year. SIMPLE IRA expense included in salaries and benefits for the years ended June 30, 2025 and 2024 were $16,342 and $14,846, respectively.

## 8. LEASE OBLIGATIONS

The Organization entered into a lease commencing August 1, 2019, for a period of seven years for office space from Wollman Enterprises, LLC. The lease called for monthly payments of $3,563 for the first year and increased by one percent each year. This agreement is in effect until August 2026.

The Organization also entered into a lease commencing November 1, 2023, for a period of five years for office space from WW, LLC. The lease called for monthly payments of $1,800 until November 2025 at which time the monthly payments would increase to $2,000 per month.

Future minimum lease payments as of June 30, under these leases are:

| | Wollman | WW, LCC | Total | Present Value Discount | Lease Liability |
|---|---|---|---|---|---|
| 2026 | $ 44,906 | $ 23,200 | $ 68,106 | $ (4,572) | $ 63,534 |
| 2027 | 3,745 | 24,000 | 27,745 | (2,157) | 25,588 |
| 2028 | | 24,000 | 24,000 | (1,023) | 22,977 |
| 2029 | | 8,000 | 8,000 | (83) | 7,917 |
| Total | $ 48,651 | $ 79,200 | $ 127,851 | | |

The Organization's ROU assets and lease liabilities consist of the following at June 30, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| ROU assets—operating | $ 228,218 | $ 228,218 |
| Accumulated amortization | 119,470 | 53,564 |
| Net ROU assets—operating | $ 108,748 | $ 174,654 |
| | | |
| Operating lease liabilities—current | $ 63,534 | $ 58,464 |
| Operating lease liabilities—non-current portion | 56.483 | 120,016 |
| Total lease liabilities—operating | $ 120,017 | $ 178,480 |

Supplemental information related to the Organization's leases for the year June 30, 2025 and 2024 is as follows:

Cash paid for amounts included in the measurement of lease liabilities:

| | 2025 | 2024 |
|---|---|---|
| Operating cash flows from operating leases | $ 58,464 | $ 49,737 |
| Weighted-average remaining lease term (years)—operating | 2.5 | 3.3 |
| Weighted-average discounted rate—operating leases | 5% | 5% |

The Organization enters into daily and monthly agreements on an as needed basis throughout the fiscal year. Rental and lease expense totaled $97,292 and $100,114, for the years ended June 30, 2025 and 2024, respectively.

## 9. ADVERTISING

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred, which totaled $472 and $837 for the years ended June 30, 2025 and 2024, respectively.

## 10. IN KIND DONATIONS

Donated services and materials are recognized as in-kind contributions when they create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. In-kind contributions are recorded at their estimated fair value at the date of donation. In-kind donations at June 30, 2025 and 2024, are as follows:

| | 2025 | 2024 |
|---|---|---|
| Volunteer Services | $ 13,269 | $ 16,782 |
| Supplies | 1,198 | 2,317 |
| Equipment | - | 710 |
| Space | 22,626 | 2,000 |
| | $ 37,093 | $ 21,809 |

## 11. CONCENTRATION OF CREDIT RISK

The Organization is required by ASC 825, *Disclosure of Information About Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk,* to disclose significant concentration of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the Organization to concentration of credit risk consist primarily of temporary cash investments.

Cornerstone Career Learning Center, Inc. holds cash balances at two financial institutions. Interest-bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to $250,000 at each of these institutions. The Organization has not experienced any

loss in such accounts. As of June 30, 2025 and 2024, the uninsured and uncollateralized balances were $-0- and $36,460, respectively. The carrying amount of these deposits, as of June 30, 2025 and 2024 were $191,873 and $294,865, respectively. It is the Organization's policy to limit this type of credit risk by bringing account balances, when applicable, below the $250,000 FDIC maximum coverage limit as quickly as possible.

## 12. REVERSIONARY INTEREST

The Organization receives certain grants and funds from federal and state agencies to be used for specific programs and activities. These funds are expended in accordance with the restrictions set forth by the agencies. In the event that any affected program ceases activities, all assets acquired with these funds would become the property of the federal or state agencies as they retain a reversionary interest in such assets.

## 13. PROJECT GRANT YEARS

The Organization operated projects that have grant years which are different from that of the Organization. Therefore, the information in the accompanying financial statements reflects part of two grant years for certain projects.

## 14. SIGNIFICANT RISKS AND UNCERTAINTIES

For the year ended June 30, 2025 and 2024, the Organization received 85% and 78%, respectively of its revenue from state or federal agency grants. This concentration makes the Organization vulnerable to the risk of a near-term severe impact if state or federal funding were discontinued.

## 15. RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts; theft of, damage to and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year, the organization managed its risks as follows:

*Employee Health Insurance* – The Organization purchases health insurance for its employees from a commercial insurance carrier.

*Liability Insurance* – The Organization purchases liability insurance for risks related to torts; theft and damage to vehicles and property.

*Director's and Officer's Liability Insurance* – The Organization purchases E&O liability insurance for risks related to wrongful act allegations and lawsuits brought against an organization's board of directors and/or officers.

*Workmen's Compensation* – The Organization purchases liability insurance for workmen's compensation from a commercial carrier.

*Unemployment Benefits* – The Organization provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

## 16. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's working capital and cash flows depend heavily on donations and federal and state grants. The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of donor-imposed restrictions.

| | 2025 | 2024 |
|---|---|---|
| Cash and Cash Equivalents | $ 185,884 | $ 294,866 |
| Accounts Receivable | 21,094 | 10,607 |
| Grants Receivable | 163,986 | 18,426 |
| Total Assets Available for General Expenditures | $ 370,964 | $ 323,899 |

## 17. SUBSEQUENT EVENTS

Subsequent events were evaluated through January 21, 2026 which is the date the financial statements were available to be issued. No significant, unusual or infrequent events or transactions have occurred after the financial statement date but before the issuance of the financial statements.