SOUTHERN EDUCATION FOUNDATION, INC.

FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
and
SUPPLEMENTARY INFORMATION

with
INDEPENDENT AUDITORS' REPORT

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SMITH+HOWARD PC

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Southern Education Foundation, Inc.

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of Southern Education Foundation, Inc. (the "Foundation") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 the Foundation as of December 31, 2024, and the changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in Government Auditing Standards ("GAS") issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP; 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.

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 Foundation's ability to continue as a going concern for one year after the date of this report.

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Auditors’ 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 auditors’ 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 and GAS 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 controls. Misstatements can arise from fraud or error and 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 and GAS, 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 Foundation’s internal controls. 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 Foundation’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.

Other Matter

As discussed in Note 9, during 2024, the Foundation reassessed its relationship with Brown’s Promise, previously accounted for under the agency model. Based on updated facts and circumstances, including operational oversight, management's view is Brown's Promise is to be included with the Foundation in accordance with GAAP. As a result, effective January 1, 2024, the Foundation began including the financial statements of Brown’s Promise into its own financial statements. This assessment resulted in restatement of net assets of the Foundation at January 1, 2024, increasing net assets by $1,382,429. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with GAS, we have also issued our report dated August 25, 2025 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GAS in considering the Foundation's internal control over financial reporting and compliance.

Smith and Howard PC

Atlanta, GA
August 25, 2025

SOUTHERN EDUCATION FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

ASSETS

Cash and Cash Equivalents	$ 1,898,269
Investments	32,378,472
Grants Receivable	860,069
Accounts Receivable	59,126
Prepaid Expenses	617,761
Other Assets	23,326
Right-of-Use Asset	413,656
Property and Equipment, Net	131,900
	$ 36,382,579

LIABILITIES AND NET ASSETS

Accounts Payable and Accrued Liabilities	$ 683,582
Operating Lease Liability	483,090
Total Liabilities	1,166,672
Net Assets	
Without donor restrictions	
Board-designated	9,015,078
Undesignated	8,306,967
	17,322,045
With donor restrictions	17,893,862
Total Net Assets	35,215,907
	$ 36,382,579

The accompanying notes are an integral part of these financial statements.

SOUTHERN EDUCATION FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Contributions	$ 148,073	$ 15,000	$ 163,073
Grant revenue	1,930,215	6,132,387	8,062,602
Other revenue	399,731	-	399,731
Net assets released from restrictions	4,757,878	(4,757,878)	-
Total Revenue and Other Support	7,235,897	1,389,509	8,625,406
Expenses:			
Program	8,083,099	-	8,083,099
Management and general	2,559,979	-	2,559,979
Fundraising	108,608	-	108,608
Total Expenses	10,751,686	-	10,751,686
Increase (Decrease) From Operations	(3,515,789)	1,389,509	(2,126,280)
Other Changes:			
Investment return, net of fees of $81,545	194,399	529,973	724,372
Net realized and unrealized gains (losses)	2,708,467	(146,439)	2,562,028
	2,902,866	383,534	3,286,400
Change in Net Assets	(612,923)	1,773,043	1,160,120
Net Assets:			
Beginning of Year, As Previously Stated	17,934,968	14,738,390	32,673,358
Restatement (Note 9)	-	1,382,429	1,382,429
Beginning of Year, As Restated	17,934,968	16,120,819	34,055,787
End of Year	$ 17,322,045	$ 17,893,862	$ 35,215,907

The accompanying notes are an integral part of these financial statements.

SOUTHERN EDUCATION FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	Program	Management and General	Fundraising	Total
Personnel	$ 4,745,402	$ 1,514,120	$ 100,680	$ 6,360,202
Travel and meeting	632,534	155,324	173	788,031
Communication and publication	347,056	24,341	850	372,247
Depreciation and amortization	-	86,889	-	86,889
Office and building	200,457	329,246	2,498	532,201
Institutional management	2,080,960	450,059	4,407	2,535,426
Research and development	76,690	-	-	76,690
	$ 8,083,099	$ 2,559,979	$ 108,608	$ 10,751,686

The accompanying notes are an integral part of these financial statements.