PROENGLISH

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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YEAR ENDED DECEMBER 31, 2024

INDEPENDENT AUDITORS' REPORT

Board of Directors
ProEnglish
Washington, DC

Opinion

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 ProEnglish 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 audit opinion.

Responsibilities of Management 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; 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 ProEnglish's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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.

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 ProEnglish'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 ProEnglish'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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

North Bethesda, Maryland
July 7, 2025

PROENGLISH
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

ASSETS

CURRENT ASSETS		
Cash and Cash Equivalents	$	206,966
Short-Term Investments		976,744
Prepaid Expenses		11,257
Total Current Assets		1,194,967
PROPERTY AND EQUIPMENT		
Property and Equipment		41,588
Less: Accumulated Depreciation		(41,513)
Total Property and Equipment		75
OTHER ASSETS		
Right-of-Use Assets - Operating Leases		44,766
Total Assets	$	1,239,808

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$	67,627
Current Maturities of Operating Lease Liability		45,148
Total Current Liabilities		112,775
NET ASSETS		
Without Donor Restrictions		1,027,033
With Donor Restrictions		100,000
Total Net Assets		1,127,033
Total Liabilities and Net Assets	$	1,239,808

See accompanying Notes to Financial Statements.

PROENGLISH
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	$ 415,160	$ 100,000	$ 515,160
Investment Return, Net	54,173	-	54,173
Other Income	18,101	-	18,101
Net Assets Released from Restrictions	51,583	(51,583)	-
Total Revenue and Support	539,017	48,417	587,434
EXPENSES			
Program Services, Including Research, Education, and Lobbying	501,419	-	501,419
Management and General	218,997	-	218,997
Fundraising	109,880	-	109,880
Total Expenses	830,296	-	830,296
CHANGE IN NET ASSETS	(291,279)	48,417	(242,862)
Net Assets - Beginning of Year	1,318,312	51,583	1,369,895
NET ASSETS - END OF YEAR	$ 1,027,033	$ 100,000	$ 1,127,033

See accompanying Notes to Financial Statements.

PROENGLISH
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	Program Services	Management and General	Fundraising	Total
Direct Mail Costs	$ 235,052	$ -	$ 65,072	$ 300,124
Salaries and Wages	96,125	100,661	30,028	226,814
Professional Fees	18,196	66,325	-	84,521
Occupancy	90,486	6,546	-	97,032
Office Supplies, Postage, and Other Expenses	29,734	13,443	-	43,177
Payroll Taxes and Employee Benefits	14,917	12,714	3,767	31,398
Computer and Internet Fees	244	18,000	-	18,244
Travel and Education	16,665	-	-	16,665
State Registration Fees	-	-	11,013	11,013
Insurance	-	732	-	732
Bank Charges	-	523	-	523
Depreciation	-	53	-	53
Total Functional Expenses	$ 501,419	$ 218,997	$ 109,880	$ 830,296

See accompanying Notes to Financial Statements.

PROENGLISH
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ (242,862)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Depreciation	53
Net Realized and Unrealized Gain on Investments	(54,173)
Operating Lease Right-of-Use Asset Amortization	61,067
Payments to Settle Operating Lease Liability	(62,208)
(Increase) Decrease in Assets:	
Prepaid Expense	7,632
Increase (Decrease) in Liabilities:	
Accounts Payable	(49,956)
Net Cash Used by Operating Activities	(340,447)
CASH FLOWS FROM INVESTING ACTIVITIES	
Treasury Bill Purchases	(2,148,534)
Treasury Bill Maturities	2,050,000
Net Cash Used by Investing Activities	(98,534)
NET DECREASE IN CASH	(438,981)
Cash - Beginning of Year	645,947
CASH - END OF YEAR	$ 206,966

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION AND NATURE OF ACTIVITIES

ProEnglish was incorporated during 1981 and began operations during 1983. ProEnglish was formed for charitable, religious, educational, and scientific purposes. It relies primarily on contributions to finance its programs. The programs are public interest projects with a variety of purposes, including immigration research and reform, language policies, and conservation of natural resources.

ProEnglish's major project is working to preserve our nation's linguistic unity by promoting the use of English and establishing English as the official language for all levels of government.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Donations received with donor restrictions as to purpose are recorded as net assets with donor restrictions. If restricted donations are expended for their designated purposes during the year in which they are received, such donations are recorded as contributions without donor restrictions and the related expenses are recorded as expenses of funds without donor restrictions. Any unexpended restricted contributions at year end are recognized as net assets with donor restrictions.

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 may affect certain amounts and disclosures reported in the financial statements. Actual results may differ from these estimates, but management is not aware of any estimates in which actual results may differ substantially from the estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all cash on hand, demand deposits, and money market funds. These funds are held at various financial institutions and may, at times, exceed federally insured limits. The organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Short-Term Investments

Treasury bills with maturities not exceeding one year are classified as short-term investments. The treasury bills are recorded at their fair market value. U.S. Treasury bills are backed by the U.S. government and are considered to be virtually free of credit risk. For purposes of the statement of cash flows, all purchases and maturities of treasury bills are recorded as investment activities.

Property and Equipment

Property and equipment consist of leasehold improvements, furniture, and equipment. They are stated at cost. The cost of these assets is capitalized upon acquisition when their use is expected to exceed one year, and the cost exceeds $100.

Property and equipment are being depreciated over their estimated useful lives of 3 to 5 years under the straight-line method. Depreciation expense during 2024, was $53.

Revenue Recognition

Revenue is generated from the following services:

Contributions and Grants

Contributions and grants are recognized as revenue with or without donor restrictions when received. Under this policy, contributions received, as well as any unconditional commitment of future contributions, are recorded as revenue and an increase in net assets upon receipt of the contribution or commitment, depending on the existence or nature of any donor restrictions. If terms of any commitment extend beyond a year, the commitment is recorded at its present value.

Contributions and grants qualifying as conditional contain a right of return and a barrier. Revenue is recognized when the conditions on which they depend have been substantially met. As of December 31, 2024 the Organization did not receive any unrecognized conditional contributions or grants.

Net Investment Return

Gains or losses are recognized upon sale or disposal. Unrealized gains and losses, due to market fluctuations during the year, are recognized at year-end. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Other Income

Other income is generally small in nature and recognized upon receipt.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of 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 salary and wages, payroll taxes and employee benefits, professional fees, travel and education, office supplies, occupancy, postage, direct mail, newsletter costs, dues and subscriptions, and travel and education, all of which are allocated on the basis of estimates of time and effort or other reasonable bases.

Leases

The Organization determines if an arrangement is a lease at inception. If an arrangement contains a lease, the Organization performs a lease classification test to determine if the lease is an operating lease or a finance lease. Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. The lease liability will be equal to the present value of lease payments and the ROU asset will be based on the lease liability, subject to adjustment such as for initial direct costs. To determine the present value of lease payments on lease commencement, the Organization uses the implicit rate when readily determinable, however, as most leases do not provide an implicit rate, the Organization uses the incremental borrowing rate based on information available at commencement date. Lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Furthermore, the Organization has elected the practical expedient to account for the lease and nonlease components as a single lease component for the leased property asset class. The Organization recognizes lease payments for short-term leases on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred.

Subsequent Events

In preparing its financial statements, the Organization has evaluated subsequent events through July 7, 2025, which is the date the financial statements were available to be issued.

NOTE 3 CONCENTRATION OF CREDIT RISK

The Organization maintains its cash accounts at institutions with balances that may exceed $ 250,000, which is the amount insured by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in such accounts and monitors the creditworthiness of the financial institutions with which it conducts business. Management believes the Organization is not exposed to any significant credit risk with respect to its cash balances.

NOTE 4 FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities. Valuations of these instruments do not require a high degree of judgment since the valuations are based on readily available quoted prices in active markets.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used on December 31, 2024.

U.S. Treasury Bills – Valued by its face value, also called par value, the discount rate, and the interest rate (or yield). The fair value before the bill matures is the discount rate paid when purchased. The fair value at maturity is the face value. At maturity, the difference between the discount price and the face value represents the interest earned.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables set forth by level, within the fair value hierarchy, the Organization's assets measured at fair value on a recurring basis:

	Fair Value as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Bills	$ 976,744	$ -	$ -	$ 976,744
Total	$ 976,744	$ -	$ -	$ 976,744

The following summarizes the investment return. It is classified with investment return, net, in the statement of activities for the year ended December 31, 2024:

Realized and Unrealized Net Gains	$ 54,173
Total Net Investment Return	$ 54,173

NOTE 5 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects 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:

Cash	$ 206,966
Investments	976,744
Less: Unavailable for General Expenditures Within One Year to Donor Restriction for Specific Purpose or Time Period	(100,000)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 1,083,710

The Organization invests cash in short-term investments as part of liquidity management. General expenditures include management and general expenses, fundraising expenses, and some program expenses.

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2024, net assets with donor restrictions total $100,000 from the Colcom Foundation, restricted for use in 2025.

NOTE 7 MAJOR DONORS

Each year the Organization solicits funds from the general public, including foundations and other philanthropic organizations. During 2024, one foundation accounted for approximately 19% of the Organization's contribution revenue.

NOTE 8 ALLOCATION OF JOINT COSTS

During 2024, the Organization incurred joint costs of $300,120 in printing and distributing various publications to its members and others. The publications included both educational material and fund-raising appeals. Their total costs were allocated based on the relative space devoted to each topic, with $235,052 allocated to program services expense and $65,072 to fundraising expense.

NOTE 9 LEASE COMMITMENTS

The Organization rents office space in Washington, D.C. The D.C. office is rented from an unrelated party under terms of a two-year lease expiring July 31, 2024 with provisions for an annual inflationary rent adjustment. The leases include one or more options to renew, with renewal terms that can extend the lease term for two years. The exercise of lease renewal options is at the Organization’s sole discretion.

The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. The short-term lease costs do not reflect ongoing short-term lease commitments.

As the leases do not provide an implicit rate, in determining the present value of lease payments the daily treasury par yield curve rates, stated by the U.S. Department of Treasury, were used as the incremental borrowing rate based on the information available at the commencement date of the lease.

Additional information about the Organization’s lease commitments are as follows:

Lease Costs:		
Operating Lease Cost	$	61,066
Short-Term Lease Cost		-
Total Lease Costs	$	61,066
Other Information:		
Cash Paid for Amounts Included in Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	$	62,208
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	$	-
Weighted-Average Remaining Lease Term		0.6 Years
Weighted-Average Discount Rate		4.94%

Maturities of operating lease liabilities as of December 31, 2024, are as follows:

Year Ending December 31,		Amount
2025	$	45,871
Less: Present Value Discount		(723)
Present Value of Lease Liabilities	$	45,148

In January and April 2024, 12-month lease agreements were signed to renew lease space.

NOTE 10 FEDERAL INCOME TAX

ProEnglish has been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. ProEnglish annually file a Form 990, Return of Organization Exempt from Income Tax, with the Internal Revenue Service (IRS). Contributions to the Organization are deductible for federal income tax purposes; however, entities that are classified under this section of the Code are taxed on “unrelated business income” as defined by IRS regulations. There was no tax liability for the year ended December 31, 2024.

Accounting principles generally accepted in the United States of America require the entities to evaluate tax positions taken and recognize a tax liability if it is more likely than not that uncertain tax positions taken would not be sustained upon examination by taxing authorities. The entities have analyzed tax positions taken and have determined that they do not have any material unrecognized tax benefits or obligations as of December 31, 2024 that would require recognition of a liability or disclosure in the financial statements. The entities are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The entities’ returns are subject to examination by the Internal Revenue Service and state tax authorities, generally for a period of three years after the returns are filed.

NOTE 11 RETIREMENT PLAN

The Organization has a defined contribution retirement plan under a tax-sheltered annuity program. All full time and qualified part time employees are eligible to participate in the plan. The Organization contributes between 5% and 7.5% of the employees' compensation to the plan for those who elect to contribute at least 2% of their gross pay to the plan. Plan cost for 2024 was $6,115.

Global

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