

SHATTERPROOF
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

**SHATTERPROOF
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2024**

FINANCIAL STATEMENTS

| | |
|---|----------|
| STATEMENT OF FINANCIAL POSITION | 3 |
| STATEMENT OF ACTIVITIES | 4 |
| STATEMENT OF FUNCTIONAL EXPENSES | 5 |
| STATEMENT OF CASH FLOWS | 6 |
| NOTES TO FINANCIAL STATEMENTS | 7 |



INDEPENDENT AUDITORS' REPORT

Board of Directors
Shatterproof
Norwalk, Connecticut

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Shatterproof, which comprise the statement of financial position as of December 31, 2024, 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 Shatterproof as of December 31, 2024, and the changes in its net assets and its 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 (GAAS). 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 Shatterproof 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 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 Shatterproof's ability to continue as a going concern for one year after the date 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 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 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 Shatterproof'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 Shatterproof'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

Columbia, Maryland
September 12, 2025

SHATTERPROOF
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

ASSETS

| | |
|---|-----------------------------|
| Cash | \$ 2,952,785 |
| Operating Investments | 11,142,180 |
| Accounts Receivable and Promises to Give, Net | 4,105,447 |
| Prepaid Expenses and Other Current Assets | 174,176 |
| Property and Equipment, Net | 1,231,528 |
| Intangible Assets | <u>258,386</u> |
| Total Assets | <u><u>\$ 19,864,502</u></u> |

LIABILITIES AND NET ASSETS

LIABILITIES

| | |
|---------------------------------------|----------------|
| Accounts Payable and Accrued Expenses | \$ 864,579 |
| Deferred Revenue | 322,612 |
| Refundable Advances | <u>912,571</u> |
| Total Liabilities | 2,099,762 |

COMMITMENTS AND CONTINGENCIES

NET ASSETS

| | |
|----------------------------------|-----------------------------|
| Without Donor Restrictions | 13,936,043 |
| With Donor Restrictions | <u>3,828,697</u> |
| Total Net Assets | <u>17,764,740</u> |
| Total Liabilities and Net Assets | <u><u>\$ 19,864,502</u></u> |

See accompanying Notes to Financial Statements.

SHATTERPROOF
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|----------------------|
| PUBLIC SUPPORT AND REVENUE | | | |
| Contributions | \$ 4,818,300 | \$ 13,849,601 | \$ 18,667,901 |
| Contributed Services, Media Time and Space | 31,286,172 | - | 31,286,172 |
| Event Contributions, Sponsorship and Fees | 2,522,909 | - | 2,522,909 |
| Less: Direct Benefit to Donors and Sponsors | (61,441) | - | (61,441) |
| Net Revenues from Special Events | 2,461,468 | - | 2,461,468 |
| Investment Income, Net | 625,744 | - | 625,744 |
| Net Assets Released from Restrictions | 14,638,565 | (14,638,565) | - |
| Total Public Support and Revenue | 53,830,249 | (788,964) | 53,041,285 |
| EXPENSES | | | |
| Program Services Expenses: | | | |
| Education and Awareness | 38,889,213 | - | 38,889,213 |
| Treatment Quality Measurement | 6,400,243 | - | 6,400,243 |
| Public Policy | 2,034,535 | - | 2,034,535 |
| Total Program Services Expenses | 47,323,991 | - | 47,323,991 |
| Supporting Services Expenses: | | | |
| Fundraising | 2,982,342 | - | 2,982,342 |
| General and Administrative | 2,441,299 | - | 2,441,299 |
| Total Supporting Services Expenses | 5,423,641 | - | 5,423,641 |
| Total Expenses | 52,747,632 | - | 52,747,632 |
| CHANGE IN NET ASSETS BEFORE OTHER INCOME | 1,082,617 | (788,964) | 293,653 |
| OTHER INCOME | 100,327 | - | 100,327 |
| CHANGE IN NET ASSETS | 1,182,944 | (788,964) | 393,980 |
| Net Assets - Beginning of Year | 12,753,099 | 4,617,661 | 17,370,760 |
| NET ASSETS - END OF YEAR | <u>\$ 13,936,043</u> | <u>\$ 3,828,697</u> | <u>\$ 17,764,740</u> |

See accompanying Notes to Financial Statements.

SHATTERPROOF
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

| | Program Services | | | | Supporting Services | | Cost of Direct Benefit to Donors and Sponsors | Total |
|--|-------------------------------|-------------------------------------|---------------------|------------------------------|---------------------|-------------------------------|---|----------------------|
| | Education and Awareness | Treatment Quality Measurement | Public Policy | Total Program Expenses | Fundraising | General and Administrative | | |
| Advertising and Donated Media | \$ 31,961,549 | \$ 1,695,308 | \$ - | \$ 33,656,857 | \$ 98,876 | \$ 9,463 | \$ - | \$ 33,765,196 |
| Salaries and Employee Benefits | 4,084,192 | 2,559,978 | 791,962 | 7,436,132 | 1,537,957 | 1,221,324 | - | 10,195,413 |
| Professional Services | 1,729,804 | 542,733 | 1,103,219 | 3,375,756 | 616,444 | 684,892 | - | 4,677,092 |
| Event Costs | 390,510 | 84,181 | 9,079 | 483,770 | 348,182 | 3,310 | 61,441 | 896,703 |
| Conferences, Meetings and Travel | 341,902 | 148,567 | 67,981 | 558,450 | 113,809 | 13,262 | - | 685,521 |
| Technology and Communications | 295,431 | 633,707 | 52,117 | 981,255 | 184,272 | 116,574 | - | 1,282,101 |
| Depreciation and Amortization | 1,588 | 697,626 | 308 | 699,522 | 598 | 1,103 | - | 701,223 |
| Office and Other Expenses | 84,237 | 38,143 | 9,869 | 132,249 | 82,204 | 391,371 | - | 605,824 |
| Total Expenses by Function | 38,889,213 | 6,400,243 | 2,034,535 | 47,323,991 | 2,982,342 | 2,441,299 | 61,441 | 52,809,073 |
| Less: Direct Benefit to Donors and Sponsors | - | - | - | - | - | - | 61,441 | 61,441 |
| Total Expenses | <u>\$ 38,889,213</u> | <u>\$ 6,400,243</u> | <u>\$ 2,034,535</u> | <u>\$ 47,323,991</u> | <u>\$ 2,982,342</u> | <u>\$ 2,441,299</u> | <u>\$ -</u> | <u>\$ 52,747,632</u> |

See accompanying Notes to Financial Statements.

SHATTERPROOF
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|--------------------|
| Change in Net Assets | \$ 393,980 |
| Adjustments to Reconcile Change in Net Assets to | |
| Net Cash Used by Operating Activities: | |
| Depreciation and Amortization | 701,223 |
| Change in Discount to Present Value of Promises to Give | (29,979) |
| Unrealized Loss on Investments | 224,525 |
| Realized Gain Loss on Investments | (125,528) |
| Provision for Credit Losses | 114,045 |
| Changes in Operating Assets and Liabilities: | |
| Accounts Receivable and Promises to Give | (413,088) |
| Deferred Revenue | 24,812 |
| Refundable Advances | (2,009,425) |
| Prepaid Expenses and Other Current Assets | (17,806) |
| Accounts Payable and Accrued Expenses | (485,413) |
| Net Cash Used by Operating Activities | <u>(1,622,654)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|--|------------------|
| Purchases of Operating Investments | (45,695,796) |
| Proceeds from Sales of Operating Investments | 48,820,343 |
| Purchases of Property and Equipment | (347,600) |
| Net Cash Provided by Investing Activities | <u>2,776,947</u> |

NET INCREASE IN CASH

1,154,293

Cash - Beginning of Year

1,798,492

CASH - END OF YEAR

\$ 2,952,785

See accompanying Notes to Financial Statements.

SHATTERPROOF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Shatterproof is a national nonprofit dedicated to reversing the addiction crisis in the United States. Founded by hospitality executive Gary Mendell in 2013, Shatterproof draws from the extensive business experience of its senior leadership and uses a for-profit, ROI-focused lens to create results. Shatterproof's strict commitment to science-based solutions, and transformational change informs the business plan the organization executes daily. Shatterproof's primary sources of revenue and support are contributions from the public, corporations, foundations, and state governments.

Shatterproof qualifies as a charitable organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and Section 4 of Chapter 180 of the Massachusetts General Laws. Shatterproof fulfills its mission through work within the following three key pillars:

Transforming the Treatment System

The Shatterproof National Principles of Care® set a national standard of quality care for addiction treatment. Based upon these principles, Shatterproof created Treatment Atlas™ (Addiction Treatment, Locator, Assessment, and Standards platform), the nation's first quality measurement system for addiction treatment. Launched in July 2020, Treatment Atlas® is a public facing website that uses validated measures to assess the quality of substance use disorder treatment being provided at treatment facilities and displays this information for those seeking treatment. Coupled with the Addiction Treatment Needs Assessment, which assesses the risk and severity of a person's addiction and then provides science-based recommendations for level of care (e.g., outpatient or residential) and additional services (e.g., medications for opioid use disorder (OUD), mental health services), Treatment Atlas® offers the information needed to navigate the complex addiction treatment system. In addition, Treatment Atlas® also includes customized dashboards for providers, states, and health insurers to use when pursuing data-driven solutions that advance the delivery of evidence-based care. In addition, through state and federal advocacy, Shatterproof supports the development of policies in three areas: payment reform for integrated care and addiction treatment, addiction education for healthcare professionals, and effective use of opioid litigation funds. It also advocates for the expansion of Atlas.

Breaking Down Addiction-Related Stigmas

Shatterproof's National Movement to End Addiction Stigma was informed by evidence-based research related to successful social movements for other issue areas. This strategy identified six priority segments for change: communities, healthcare system, employers, government, the carceral system, and media & entertainment.

SHATTERPROOF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

Breaking Down Addiction-Related Stigmas (Continued)

In 2020, Shatterproof designed and began implementation of an evidence-informed public health communications campaign to engage the first system, communities. Through 2024, this intervention has proven effective and is active in PA, KY, CA, and GA.

The intervention is tailored to local context using data from the Shatterproof Addiction Stigma Index (SASI). The SASI assesses population-level addiction stigma across a representative sample providing a robust snapshot for campaign strategy development, but is also used to understand intervention efficacy and at the national level, to raise awareness and hold our nation accountable to progress.

In 2022, the National Stigma Initiative began work in the second system, healthcare, with the generous \$5.4 million, multi-year grant from Elevance Health Foundation. With this funding the team is designing an educational curriculum aimed to increase knowledge and confidence when working with individuals with substance use disorder (SUD) and reduce SUD stigma, with a particular focus on health equity.

Educating and Empowering Communities

Shatterproof's Just Five© digital education program (an online program) and the Learn section of its website provide highly curated content on the prevention, treatment, and recovery for addiction. Shatterproof's Ambassador and Junior programs bring together a group of volunteers who are in recovery, family members, and other passionate individuals to further Shatterproof's mission through speaking engagements, advocacy, and events. The annual Shatterproof Walks unite loved ones and communities to raise awareness, support those with addiction, and shatter the stigma of this disease.

Basis of Presentation

The financial statements of the Shatterproof have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), which requires Shatterproof to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Shatterproof reports contributions with donor restrictions as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

SHATTERPROOF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Investments

Operating investments consist primarily of investments in short-term fixed income assets, with daily liquidity. Investments are carried at fair value. Net investment income/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses.

Promises to Give Receivable

Promises to give receivable consist primarily of amounts currently due from grantors who have been invoiced for allowable costs and/or milestones achieved under the terms of the grant agreement. Shatterproof records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The discount on promises to give at December 31, 2024 was \$32,428. We determine the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At December 31, 2024 promises to give are deemed to be fully collectible.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable consist primarily of event related sponsorships and registrations. The allowance for credit losses is based upon both historical collection data and forward-looking information such as customer-specific risk factors. Management believes the composition of receivables at year-end are consistent with historical conditions, and that no forecasted identification of industry disruptions have been identified. The allowance for credit losses was \$93,341 as of December 31, 2024.

Property and Equipment

Property and equipment additions over \$2,500 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets of 3 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting 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 currently.

Shatterproof 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 December 31, 2024.

SHATTERPROOF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Asset

The intangible asset consists of the Shatterproof trade name. The trade name has an indefinite life, and therefore is not amortized, but will be reviewed for impairment annually or more frequently if indicators of impairment arise. There were no indicators of asset impairment during the year ended December 31, 2024.

Deferred Revenue

Revenue received for events to be held in a subsequent period are recognized as deferred revenue. The direct benefits to donors and contributions are recorded as revenue without donor restriction in the period in which the event is held.

Revenue and Revenue Recognition

Shatterproof recognizes contributions when cash, other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of our revenue is derived from cost-reimbursable state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. We received cost reimbursable grants of \$3,232,392 that have not been recognized at December 31, 2024 because performance requirements have not yet been met and/or qualifying expenditures have not yet been incurred.

Contributions from one grantor represented 23% of contributions for the year ended December 31, 2024 and 45% of accounts receivable and promises to give at December 31, 2024.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. Shatterproof recognizes special events revenue equal to the fair value of the direct benefits to donors when the special event takes place. The contribution element of special event revenue is recognized immediately, unless there is a right of return if the special event does not take place.

Contributed Services, Media Time and Space

Contributed nonfinancial assets include donated media, professional services, and office space which are recorded at the respective fair values of the goods or services received at the date of donation. Shatterproof does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

SHATTERPROOF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

Advertising costs are expensed as incurred and amounted to \$3,609,264 for the year ended December 31, 2024. This amount does not include donated media disclosed in note 7.

Functional Allocation of Expenses

The costs of programs and supporting services activities have been summarized on a functional basis in the accompanying statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses directly attributable to a specific functional area are reported as expenses to those functional areas. A portion of general and administrative costs that benefit multiple functional areas has been allocated across programs and other supporting services based on management's best estimate, considering factors such as time and effort and proportion of employee time spent on programs and other supporting services to total organizational time spent.

Income Taxes

Shatterproof is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been determined not to be a private foundation. However, the organization is subject to federal and state income tax on net income that is derived from business activities that are unrelated to its exempt purposes. There was no unrelated business taxable income during the year ended December 31, 2024.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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, and those differences could be material.

Financial Instruments

The organization manages deposit concentration risk by placing its cash with high quality financial institutions. At times, amounts on deposit may exceed insured limits. To date, the organization has not experienced losses in any of these accounts.

Subsequent Events

We have evaluated subsequent events through September 12, 2025, the date the financial statements were available to be issued.

SHATTERPROOF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following as of December 31, 2024:

| | |
|--|-----------------------------|
| Financial Assets at Year-End: | |
| Cash | \$ 2,952,785 |
| Accounts Receivable, Net | 138,856 |
| Promises to Give Due Within One Year | 3,668,263 |
| Operating Investments | <u>11,142,180</u> |
| Total Financial Assets at Year-End | 17,902,084 |
| Less: Net Assets With Donor Restrictions | <u>(3,828,697)</u> |
| Financial Assets Available for | |
| General Expenditures in the Next 12 Months | <u><u>\$ 14,073,387</u></u> |

Shatterproof's goal is generally to maintain financial assets to meet 180 days of cash operating expenses. As part of its liquidity plan, excess cash is invested in operating investments.

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES

Shatterproof 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. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that the Organization can access at the measurement date.

Level 2 – Inputs that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, we develop inputs using the best information available in the circumstances.

SHATTERPROOF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to its assessment of the quality, risk, or liquidity profile of the asset.

The following table presents operating investments measured at fair value by asset category and their level within the fair value hierarchy as of December 31, 2024:

| | Total | Fair Value Measurements at December 31, 2024 | | |
|-----------------------------|----------------------|--|----------------------|-------------|
| | | Level 1 | Level 2 | Level 3 |
| U.S. Government Obligations | <u>\$ 11,142,180</u> | <u>\$ -</u> | <u>\$ 11,142,180</u> | <u>\$ -</u> |

The following is a description of the valuation methodologies used for assets measured at fair value:

U.S. Government Obligations – Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

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

SHATTERPROOF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 ACCOUNTS RECEIVABLE AND PROMISES TO GIVE

Unconditional promises to give are estimated to be collected as follows at December 31, 2024:

| | |
|--|----------------------------|
| Less Than One Year | \$ 3,668,263 |
| One Year to Five Years | <u>330,756</u> |
| Total Unconditional Promises to Give | 3,999,019 |
| Less: Discount to Net Present Value at Rates Ranging from 1.71% To 4.5% | <u>(32,428)</u> |
| Unconditional Promises to Give, Net | <u><u>\$ 3,966,591</u></u> |

Promises to give appear with accounts receivable in the statement of financial position as follows at December 31, 2024:

| | |
|--|----------------------------|
| Accounts Receivable, Net | \$ 138,856 |
| Unconditional Promises to Give, Net | <u>3,966,591</u> |
| Accounts Receivable and Promises to Give, Net | <u><u>\$ 4,105,447</u></u> |

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2024:

| | |
|---|----------------------------|
| Computers and Equipment | \$ 224,003 |
| Website Costs | 2,470,243 |
| Software Capitalization | 37,035 |
| Data Warehouse | <u>888,914</u> |
| Total | 3,620,195 |
| Less: Accumulated Depreciation and Amortization | <u>(2,388,667)</u> |
| Property and Equipment, Net | <u><u>\$ 1,231,528</u></u> |

Depreciation and amortization expense totaled \$701,223 for the year ended December 31, 2024.

SHATTERPROOF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following at December 31, 2024:

Subject to Expenditure for Specified Purpose:

| | |
|--|-----------------|
| Shatterproof Addiction Provider Quality System and Payor Portal | \$ 3,386,370 |
|--|-----------------|

Subject to the Passage of Time:

| | |
|--|----------------|
| Promises to Give that are not Restricted by Donors, But Which are Unavailable for Expenditure Until Due | <u>442,327</u> |
|--|----------------|

| | |
|--|-------------------------------|
| Total Net Assets with Donor Restrictions | <u><u>\$ 3,828,697</u></u> |
|--|-------------------------------|

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2024:

Satisfaction of Purpose Restrictions:

| | |
|--|-----------------|
| Shatterproof Addiction Provider Quality System and Payor Portal | \$ 6,784,395 |
| Stigma Initiative | 6,259,306 |
| Public Policy | 1,385,013 |
| Health Equity | 200,000 |

| | |
|---------------------------------|--------------|
| Expiration of Time Restrictions | <u>9,851</u> |
|---------------------------------|--------------|

| | |
|---|--------------------------------|
| Total Net Assets Released from Donor Restrictions | <u><u>\$ 14,638,565</u></u> |
|---|--------------------------------|

SHATTERPROOF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7 CONTRIBUTED SERVICES, MEDIA TIME AND SPACE

For the year ended December 31, 2024, contributed nonfinancial assets recognized within the statement of activities included the following and the related costs were allocated among the following functional expense categories:

| | Program Services | Management and General | Fundraising and Development | Total |
|-----------------------|----------------------|---------------------------|-----------------------------------|----------------------|
| Media | \$ 30,501,552 | \$ - | \$ - | \$ 30,501,552 |
| Professional Services | 313,315 | 450,000 | - | 763,315 |
| Office Space | - | 21,305 | - | 21,305 |
| | <u>\$ 30,814,867</u> | <u>\$ 471,305</u> | <u>\$ -</u> | <u>\$ 31,286,172</u> |

Contributed media was used primarily to (i) raise awareness and educate the public about the disease of addiction and Shatterproof's mission; (ii) request supporters to contact their local policy makers; and (iii) appeal to the audiences to engage with Shatterproof to actively support its initiatives. Contributed media is recognized at the estimated fair value as provided by the donor based on rates charged for similar media.

Professional services relate to donated legal amounting to \$313,315 and services provided by the chief executive officer amounting to \$450,000 for the year ended December 31, 2024. Contributed services are recognized at estimated fair value based on current rates for similar services.

Shatterproof occupies office space in Norwalk, Connecticut, which was donated by an entity related to the organization through common management and is recognized at estimated fair value based on current rental rates for similar office spaces.

NOTE 8 ACTIVITIES WITH JOINT COSTS

Shatterproof conducts joint activities (activities benefiting both program and support services) that include fundraising. These activities relate primarily to special events, and are to (i) raise awareness and educate the public about the disease of addiction and Shatterproof's mission; (ii) request supporters to contact their local policy makers; (iii) appeal to the audiences to engage with Shatterproof to actively support its initiatives; and (iv) raise the funds necessary to carry out Shatterproof's mission.

The cost of conducting these activities was allocated as follows for the year ended December 31, 2024:

| | |
|-------------------------|---------------------|
| Education and Awareness | \$ 657,137 |
| Fundraising | 348,834 |
| Total | <u>\$ 1,005,971</u> |

SHATTERPROOF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9 RETIREMENT PLAN

Shatterproof has a defined contribution retirement plan (the Plan), which allows eligible participants to defer contributions, on a pre-tax basis, up to statutory limits. The organization contributes a percentage of the annual salary of participating employees. For the year ended December 31, 2024, the matching contribution was equal to 100% of the employees' deferred contributions, provided that deferred contributions do not exceed 4% of gross wages. Total matching contributions to the Plan were \$188,297 for the year ended December 31, 2024.

NOTE 10 CONTINGENCIES

Shatterproof may be subject to legal action or claims in the ordinary course of its business. Management is not aware of any current legal matters pending which would have a material adverse impact on the financial statements of the organization.

Shatterproof receives a portion of its funding from governmental agencies. The ultimate determination of amounts received under these programs are generally based upon allowable costs reported to and audited by the governmental agencies. Management is of the opinion that adjustments, if any, arising from such audit will not have a material effect on the financial statements.

