

**New Jersey Coalition for Inclusive Education, Inc.
and Subsidiary
Consolidated Financial Statements
June 30, 2023 and 2022**

New Jersey Coalition for Inclusive Education, Inc. and Subsidiary
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June 30, 2023 and 2022

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Independent Auditors' Report

To the Board of Directors of

New Jersey Coalition for Inclusive Education, Inc.

Opinion

We have audited the accompanying consolidated financial statements of New Jersey Coalition for Inclusive Education, Inc. and Subsidiary (a nonprofit organization) ("NJCIE"), which comprise the statement of financial position as of June 30, 2023, 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 NJCIE, as of June 30, 2023 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NJCIE 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 opinions.

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; 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 NJCIE's ability to continue as a going concern within one year after the date of 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 and *Government 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 and *Governmental 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 NJCIE'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 NJCIE'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.

Report of Summarized Comparative Information

HBK CPAs and Consultants previously audited NJCIE's 2022 financial statements, and they expressed an unmodified audit opinion on those audited financial statements in their report dated June 29, 2023. The summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent in all material respects, with the audited financial statements from which it has been derived.

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 and financial assistance and the notes to these schedules, as required by Title 2 *U.S. Code of Federal Regulations* 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 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. The 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 *Government Auditing Standards*, we have also issued our report dated August 21, 2024 on our consideration of NJCIE'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 NJCIE's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NJCIE's internal control over financial reporting and compliance.



East Brunswick, New Jersey

August 21, 2024

New Jersey Coalition for Inclusive Education, Inc. and Subsidiary
Consolidated Statements of Financial Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 275,956	\$ 663,345
Accounts receivable, less allowance for doubtful accounts of \$65,768 and \$24,817, respectively	1,030,364	347,820
Prepaid expenses	2,062	26,220
Security deposits	6,804	6,804
Operating lease right-to-use asset	121,265	-
Total Assets	<u>\$ 1,436,451</u>	<u>\$ 1,044,189</u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable	76,555	49,518
Accrued expenses	85,804	40,000
Accrued interest	11,240	17,927
Lines of credit	300,000	-
Economic Injury Disaster Loan	500,000	500,000
Operating lease liability	103,925	-
Deferred revenue	-	511
Total Liabilities	1,077,524	607,956
Net Assets		
Without donor restrictions	358,927	436,233
Total Liabilities and Net Assets	<u>\$ 1,436,451</u>	<u>\$ 1,044,189</u>

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

New Jersey Coalition for Inclusive Education, Inc. and Subsidiary
Consolidated Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2023 and 2022

	<u>Without Donor Restrictions</u>	
	<u>2023</u>	<u>2022</u>
Support and Revenue		
Contract revenue	\$ 1,927,063	\$ 486,527
Grant revenue	1,077,986	1,003,248
Contribution revenue	29,838	4,231
Summer inclusion conference	27,845	14,925
Fundraising income	17,370	9
Service revenue	6,379	47,136
Paycheck Protection Program loan forgiven	-	169,500
Other income	-	10,799
	<u>3,086,481</u>	<u>1,736,375</u>
Expenses		
Program services	2,701,399	1,326,828
Management and general	447,135	351,019
Fundraising	15,253	3,498
	<u>3,163,787</u>	<u>1,681,345</u>
Change in Net Assets	(77,306)	55,030
Net Assets - Beginning of Year	<u>436,233</u>	<u>381,203</u>
Net Assets - End of Year	<u>\$ 358,927</u>	<u>\$ 436,233</u>

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

New Jersey Coalition for Inclusive Education, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2023 (with Comparative Totals for 2022)

	Program Services			Supporting Services			2022	
	New Jersey Coalition for Inclusive Education Consulting Services	Center for Partnership Services Staffing Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total	Total Expenses
Salaries	\$ 1,052,397	\$ 965,406	\$ 2,017,803	\$ 234,634	\$ 8,680	\$ 243,314	\$ 2,261,117	\$ 1,062,773
Payroll taxes and employee benefits	283,041	156,008	439,049	63,105	2,333	65,438	504,487	255,356
Total salaries, taxes and benefits	<u>1,335,438</u>	<u>1,121,414</u>	<u>2,456,852</u>	<u>297,739</u>	<u>11,013</u>	<u>308,752</u>	<u>2,765,604</u>	<u>1,318,129</u>
Intake agreement expenses	63,898	-	63,898	-	-	-	63,898	100,509
Office expenses	18,642	-	18,642	43,498	-	43,498	62,140	62,123
Professional services	17,027	-	17,027	45,072	-	45,072	62,099	56,409
Bad debt expense	9,949	31,552	41,501	-	-	-	41,501	44,543
Travel, meals and entertainment	31,393	-	31,393	9,132	-	9,132	40,525	27,660
Occupancy	21,715	-	21,715	17,919	-	17,919	39,634	26,870
Summer inclusion conference expenses	34,801	-	34,801	-	-	-	34,801	13,790
Interest expense	-	-	-	17,694	-	17,694	17,694	8,489
Insurance	6,023	-	6,023	11,355	-	11,355	17,378	6,700
Grant expenses	8,250	-	8,250	-	-	-	8,250	5,525
Advertising	897	67	964	3,921	-	3,921	4,885	4,162
Special event expenses	-	-	-	-	4,161	4,161	4,161	3,435
Miscellaneous	250	83	333	213	79	292	625	2,838
Dues and subscriptions	-	-	-	592	-	592	592	163
Total Functional Expenses	<u>\$ 1,548,283</u>	<u>\$ 1,153,116</u>	<u>\$ 2,701,399</u>	<u>\$ 447,135</u>	<u>\$ 15,253</u>	<u>\$ 462,388</u>	<u>\$ 3,163,787</u>	<u>\$ 1,681,345</u>

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

New Jersey Coalition for Inclusive Education, Inc. and Subsidiary
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (77,306)	\$ 55,030
Adjustments to reconcile change in net assets to net cash flows provided by (used in) operating activities		
Paycheck Protection Program loan forgiveness received	-	(169,500)
Interest on Economic Injury Disaster Loan	-	13,750
Bad debt expense	41,501	6,700
Operating lease right-of-use asset	40,558	-
Accounts receivable	(724,045)	23,665
Prepaid expenses	24,158	(3,675)
Accounts payable	27,037	7,500
Accrued expenses	45,804	(10,000)
Accrued interest	(6,687)	-
Operating lease liability	(57,898)	-
Deferred revenue	(511)	511
	<u>(687,389)</u>	<u>(76,019)</u>
Net Cash Flows Used in Operating Activities		
Cash Flows from Financing Activities		
Proceeds from Economic Injury Disaster Loan	-	350,000
Proceeds from lines of credit	300,000	-
	<u>300,000</u>	<u>350,000</u>
Cash Flows Provided By Investing Activities		
	<u>300,000</u>	<u>350,000</u>
Net Change in Cash and Cash Equivalents	(387,389)	273,981
Cash and Cash Equivalents - Beginning of Year	<u>663,345</u>	<u>389,364</u>
Cash and Cash Equivalents - End of Year	<u>\$ 275,956</u>	<u>\$ 663,345</u>
Supplemental Information		
Cash Paid During the Year for		
Interest	<u>\$ 24,381</u>	<u>\$ 40</u>
Non-Cash Operating Activities		
Lease assets obtained in exchange for lease obligations	<u>\$ 161,823</u>	<u>\$ -</u>

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

New Jersey Coalition for Inclusive Education, Inc. and Subsidiary
Notes to the Financial Statements
June 30, 2023 and 2022

Note 1 Nature of Organization

New Jersey Coalition for Inclusive Education, Inc. ("NJCIE" or the "Organization"), was incorporated as a not-for-profit in 1995, under the laws of the State of New Jersey. NJCIE was established to conduct workshops, clinics, and conferences for educators and parents supporting the inclusion of children with differences and disabilities in age-appropriate education classes.

Center for Partnership Services, LLC ("CFPS"), a New Jersey limited liability company, is wholly owned by NJCIE. CFPS was formed in November 2022 to support the growth and independence of students with disabilities by providing highly skilled school-based staff to school districts.

Note 2 Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. All intercompany activity is eliminated in the consolidated financial statements. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. When a restriction expires or is satisfied, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

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 and disclosure of contingent 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

Cash and cash equivalents are held in bank deposit accounts and money market funds which, at times, may exceed federally insured limits.

New Jersey Coalition for Inclusive Education, Inc. and Subsidiary
Notes to the Financial Statements
June 30, 2023 and 2022

Note 2 Summary of Significant Accounting Policies (Continued)

Contract Revenue

The Organization, as part of its operations will be contracted with by school districts to provide training and other services with the goal of improving the inclusion of all students in the classroom. NJCIE and the school district will agree upon a contract price and deliverables at the beginning of the school year. As consultants provide their services to the school districts, NJCIE will then bill the school district based on the consultant's hourly rate and hours of consultation services provided and recognize the revenue for services performed. These revenues are recognized at a point in time when consultation services are provided and billed to the school district.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Federal, State and Other Financial Assistance

The Organization records grant revenue over the period of the award and the provisions of the grant determine the timing of revenue recognition. Reimbursement under the grant is recognized to the extent that expenses have been incurred for the purpose specified by the grantor during the period. The governmental agency may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Organization with the terms of the grant. Funds received in advance of their use are accounted for as deferred revenue.

During the years ended June 30, 2023 and 2022, the Organization had a cost reimbursement agreement from the Federal Department of Education through Montclair State University. This nonreciprocal transfer has been allocated according to the terms of the agreement. Reimbursement under this agreement is recognized to the extent that expenses have been incurred for the purpose specified by the grantor during the period. The governmental agency may, at its discretion, not reimburse for expenses as a result of non-compliance by the Organization with the terms of the contract.

Concentration Risks

Vendors

Purchases from one vendor accounted for approximately 11% of total purchases for the year ended June 30, 2023. No such vendor concentrations existed during the year ended June 30, 2022.

New Jersey Coalition for Inclusive Education, Inc. and Subsidiary
Notes to the Financial Statements
June 30, 2023 and 2022

Note 2 Summary of Significant Accounting Policies (Continued)

Concentration Risks (Continued)

Revenue

Intake contracts with school districts represented about 63% and 32% of total revenue for the years ended June 30, 2023 and 2022, respectively. Intake contracts from three school districts accounted for approximately 57% of revenues and 57% of accounts receivable for the year ended June 30, 2023. Intake contracts from two school districts accounted for approximately 62% of revenues and 51% of accounts receivable for the year ended June 30, 2022.

Grant revenue earned under an agreement with Montclair State University represented 35% and 57% of total revenue for the years ended June 30, 2023 and 2022, respectively. Additionally, accounts receivables with Montclair State University for grant revenue represented 25% for the year ended June 30, 2023. There were no receivables with Montclair State University during the year ended June 30, 2022.

Advertising

The Organization expenses the cost of advertising as incurred. For the years ended June 30, 2023 and 2022, the cost of advertising was \$4,885 and \$2,838 respectively.

Functional Expenses

The costs of supporting the Organization's mission have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting activities benefited. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries	Time and Effort
Payroll taxes and employee benefits	Time and Effort
Occupancy	Head Count
Insurance	Head Count
Office expenses	Head Count
Intake agreement expenses	Direct Cost
Professional services	Direct Cost
Advertising	Direct Cost
Travel, meals and entertainment	Direct Cost
Dues and subscriptions	Direct Cost
Interest expense	Direct Cost
Special event expenses	Direct Cost
Grant expenses	Direct Cost
Bad debt expense	Direct Cost
Miscellaneous	Direct Cost
Summer inclusion conference expenses	Direct Cost

New Jersey Coalition for Inclusive Education, Inc. and Subsidiary
Notes to the Financial Statements
June 30, 2023 and 2022

Note 2 Summary of Significant Accounting Policies (Continued)

Contributed Non-Financial Assets

In September 2020, the Financial Accounting Standards Board ("FASB") issued ASU-2020-07 "Presentation and Disclosures for Not-for-Profit Entities for Contributed Nonfinancial Assets". The standard requires new presentation and disclosures for non-monetary contributions to improve the transparency on how those assets are used and valued. During the years ended June 30, 2023 and 2022, NJCIE did not receive any non-monetary contributions.

Income Taxes

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from filing federal and state income tax returns on its exempt activities. Accordingly, no provision for federal income taxes has been made in the accompanying financial statements.

NJCIE with its wholly owned subsidiary, CFPS, is required to file federal forms 990 (Return of Organization Exempt from Income Tax) and 990-T (Return of Exempt Organization Business Income Tax). The prior three years' tax returns as filed remain open for examination by the respective tax authority.

Operating Lease

The Organization adopted FASB Topic 842, Leases, using the modified retrospective approach with July 1, 2022 as the date of initial adoption. The Organization elected the practical expedients, not to apply the lease standard to leases of 12 months or less, to define major part as 75% for all classes of underlying assets and to define substantially all as 90% for all classes of underlying assets as their classification criteria to present right of use ("ROU") assets and lease liabilities on the balance sheet, and not reassess whether any expired or existing contracts are or contain leases, the leases classification for any existing or expired leases, or the initial indirect cost for any existing leases.

As a result of adopting the new standards effective July 1, 2022, the Organization recorded additional net lease assets and lease liabilities of \$161,823. Adoption of the new standard did not materially impact the Organization's net income and had no impact on cash flows.

ROU assets represent the right to use an underlying asset for the lease term, and lease liability represent the obligation to make lease payments. The operating lease ROU asset and liability is recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization has elected to use the risk free rate based on the information available at lease commencement. The operating lease ROU asset also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

New Jersey Coalition for Inclusive Education, Inc. and Subsidiary
Notes to the Financial Statements
June 30, 2023 and 2022

Note 2 Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain amounts in the June 30, 2022 financial statements have been reclassified to conform to the June 30, 2023 financial statement presentation. These reclassifications had no effect on the previously reported results of operations.

Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure through the date of the auditors' report, which is the date the financial statements were available to be issued (see Note 8).

Note 3 Availability and Liquidity

The Organization's goal is generally to maintain financial assets to meet three months of operating expenses (approximately \$791,000).

The following represents NJCIE's financial assets at June 30, 2023 and 2022:

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 275,956	\$ 663,345
Accounts receivable	<u>1,030,364</u>	<u>347,820</u>
Financial Assets Available to Meet General Expenditures over the Next Twelve Months	<u>\$ 1,306,320</u>	<u>\$ 1,011,165</u>

Note 4 Lines of Credit

NJCIE entered into a commercial line of credit agreement with TD Bank, N.A. on August 30, 2018, allowing for borrowings up to \$150,000 to be used to fund operating needs. The line of credit is automatically renewed annually. The interest rate is to be equal to the Wall Street Journal Prime Plus rate plus 0.74% with a floor rate of 5.00%. At June 30, 2023 and 2022, the interest rate was 8.99% and 5.49%, respectively. There was an outstanding balance on the line of credit of \$150,000 at June 30, 2023. There was no outstanding balance on the line of credit at June 30, 2022.

NJCIE entered into a commercial line of credit agreement with Community Loan Fund of New Jersey, Inc. on May 24, 2023 for a total principal amount of \$300,000 to be used to fund operating needs. The line of credit shall be due and paid within 24 consecutive monthly payments of accrued interest only with no amortization. The payments commenced on July 1, 2023 and will expire on June 1, 2025. Interest is accrued on the unpaid balance of the note at a fixed rate of 7.50% per annum. There was an outstanding balance on the line of credit of \$150,000 at June 30, 2023. The line of credit was also collateralized by substantially all of the assets of the Organization.

New Jersey Coalition for Inclusive Education, Inc. and Subsidiary
Notes to the Financial Statements
June 30, 2023 and 2022

Note 5 Commitments

Operating Lease

NJCIE entered into a non-cancelable 5-year lease to rent office space in Wayne, New Jersey commencing May 15, 2021 and terminating on May 15, 2026.

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2023 using the 5 year risk free rate of return which approximates NJCIE's incremental borrowing rate:

Weighted Average Remaining Lease Term

Operating leases	2.83 years
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Weighted Average Discount Rate

Operating leases	2.88%
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The maturity of lease liability is as follows:

<u>Year Ending June 30,</u>	
2024	\$ 43,523
2025	44,829
2026	<u>19,143</u>
Total lease payments	107,595
Less: present value discount	<u>(3,570)</u>
Present value of operating lease liability	<u>\$ 103,925</u>

Total rent expense included in occupancy for the years ended June 30, 2023 and 2022 were \$39,634 and \$44,543, respectively.

As previously disclosed in the June 30, 2022, financial statements, the lease agreement was amortized over the life of the operating lease using the straight-line basis. Therefore, actual rent paid differed from the amount recorded.

The aggregate future minimum annual rental payments in the aggregate as disclosed in the June 30, 2022 financial statements were as follows:

<u>Year Ending June 30,</u>	
2023	\$ 42,256
2024	43,523
2025	44,523
2026	<u>38,287</u>
Total Future Minimum Lease Payments	<u>\$ 168,589</u>

New Jersey Coalition for Inclusive Education, Inc. and Subsidiary
Notes to the Financial Statements
June 30, 2023 and 2022

Note 5 Commitments (Continued)

Deferred Compensation Agreement

On June 2, 2014, the Organization entered into a deferred compensation agreement with its former Executive Director. In this agreement, the Organization agreed to make annual payments of \$10,000 to the individual through July 31, 2025, based upon the Organization's current finances and ability to pay. At June 30, 2023 and 2022, the balance owed was \$30,000 and \$40,000, respectively.

Note 6 Economic Injury Disaster Loan

As part of the CARES Act, the Small Business Administration (SBA) offered Economic Injury Disaster Loans (EIDL) to provide economic relief to small businesses and nonprofit organizations that are currently experiencing a temporary loss of revenue due to COVID-19.

In May 2020, the Organization received an EIDL in the amount of \$150,000. The loan will be amortized for a period of 30 years at a rate of 2.75% per annum. On October 12, 2021, the Organization received a modification to the loan, increasing the total loan amount to \$500,000. Interest begins accruing from the original date of funding and the first payment of the loan is due 24 months from the original date of funding. As of June 30, 2023, the Organization has reported the amount including accrued interest as a non-forgivable loan payable on the statement of financial position.

Future minimum payments on the EIDL as of June 30, 2023 are as follows:

2024	\$ 1,459
2025	12,900
2026	13,259
2027	13,628
2028	14,008
Thereafter	<u>444,746</u>
Total Future Minimum Payments	<u>\$ 500,000</u>

Accrued interest expense for the years ended June 30, 2023 and 2022, was \$11,240 and \$17,927, respectively.

Note 7 Related Party Transactions

As described in Note 5, the Organization entered into a deferred compensation agreement with its former Executive Director totaling \$50,000. During the years ended June 30, 2023 and 2022, the Organization paid \$10,000 to the former Executive Director for both years.

During the year ended June 30, 2023, the Organization received donations from NJCIE's current Board Treasurer totaling \$31,421. Donations are not restricted and can be utilized for operations or projects funded by the Organization.

New Jersey Coalition for Inclusive Education, Inc. and Subsidiary
Notes to the Financial Statements
June 30, 2023 and 2022

Note 8 Subsequent Events

Grants Received

Subsequent to the year ended June 30, 2023, the Organization received three grants totaling \$1,647,428, which will be recognized as income in the subsequent period. The grants are from the following organizations:

- New Jersey Council on Developmental Disabilities (NJCDD): the Organization was granted \$255,997 from the NJCDD program under its New Jersey Inclusion Project program which provides enrichment opportunities for youth in grades 3 through 12. The program duration is from April 1, 2024 through September 30, 2025.
- Reading Acceleration Professional Integrated Development (RAPID): the Organization was granted an award not to exceed \$391,431 from the RAPID program, which provides recourses for reading and literacy development across grade levels K-3. The program duration is from July 21, 2023 through June 30, 2024.
- New Jersey Department of Education (NJDOE): the Organization was granted \$1,000,000 from the NJDOE under its New Jersey Inclusion Project program, which provides enrichment opportunities for youth in grades 3 through 12. The program duration is from July 1, 2023 through June 30, 2024.

All In for Inclusive Education, Inc.

Subsequent to year end, All In for Inclusive Education, Inc. ("All In"), a New Jersey not-for-profit organization promoting the rights of students with disabilities, was formed in July 2023. All In and NJCIE are under the same management and is considered a related party of the Organization.

SUPPLEMENTARY INFORMATION

New Jersey Coalition for Inclusive Education, Inc. and Subsidiary
Schedule of Expenditures of Federal Awards and Financial Assistance
For the Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through ID Number	Award Amount	Fiscal Year Expenditures	Cumulative Expenditures
U.S. Department of Education					
Special Education Cluster (IDEA)					
New Jersey State Department of Education					
Montclair State University		20-100-034-5066-086-			
Special Education Grants to States	84.027	HRID-3610-2000	\$ 5,329,983	\$ 1,077,986	\$ 3,008,606
U.S. Small Business Administration					
Direct Loans					
Disaster Assistance Loans	59.008	7267047410	\$ 500,000	\$ -	\$ 500,000
Total Federal Expenditures			\$ 5,829,983	\$ 1,077,986	\$ 3,508,606

See independent auditor's report.

New Jersey Coalition for Inclusive Education, Inc. and Subsidiary
Notes to Schedule of Expenditures of Federal Awards and Financial Assistance
June 30, 2023

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of NJCIE received directly from federal agencies as well as passed through other government agencies for the year ended June 30, 2023. The information in these schedules is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of NJCIE, it is not intended to and does not present the financial position, changes in net assets, or cash flows of NJCIE.

Note 2 Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 Indirect Cost Rate

NJCIE has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 Subrecipients

NJCIE provided no federal or state awards to subrecipients during the year.

Note 5 Relationship to Federal and State Financial Reports

The regulations and guidelines governing the preparation of federal and state financial reports vary by agency and among programs administered by the same agency. Accordingly, the amounts reported in the federal and state financial reports do not necessarily agree with the amounts in the accompanying schedules of expenditures of federal and state awards, which is prepared on the accrual basis of accounting explained in Note 2.

Note 6 Loan Programs

In May 2020, NJCIE received federal funding from the U.S Small Business Administration through the Economic Injury Disaster Loan ("EIDL") program in the amount of \$150,000. In October 2021, the EIDL agreement was modified, increasing the loan to \$500,000. The balance of loan programs outstanding as of June 30, 2023 was \$500,000, including accrued interest of \$11,240.

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

**To the Board of Directors of
New Jersey Coalition for Inclusive Education, Inc. and Subsidiary**

Opinion on the Major Program

We have audited New Jersey Coalition for Inclusive Education, Inc. and Subsidiary's ("NJCIE") compliance with the types of compliance requirements identified as subject to audit in the Uniform Guidance that could have a direct and material effect on each of NJCIE's major federal program for the year ended June 30, 2023. NJCIE's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, NJCIE complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on the Major Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of NJCIE and to meet our other ethical responsibilities, in accordance with 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 on compliance for each major federal program. Our audit does not provide a legal determination of NJCIE's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to NJCIE's federal programs.

Auditors' Responsibilities for the Audits of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on NJCIE's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about NJCIE's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 NJCIE's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of NJCIE's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of NJCIE's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying current year audit findings and questioned costs as Item 2023-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on NJCIE's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. NJCIE's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on NJCIE's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. NJCIE's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



East Brunswick, New Jersey

August 21, 2024

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of

New Jersey Coalition for Inclusive Education, Inc. and Subsidiary

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Jersey Coalition for Inclusive Education, Inc. and Subsidiary ("NJCIE") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 21, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered NJCIE's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NJCIE's internal control. Accordingly, we do not express an opinion on the effectiveness of the NJCIE's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether NJCIE's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current year audit findings and questioned costs as Item 2023-001.

We noted certain other matters that we reported to management of NJCIE in a separate written communication. These matters are described in Part I of our letter to Those Charged with Governance dated August 21, 2024.

NJCIE's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on NJCIE's response to the findings identified in our engagement and described in the accompanying schedule of findings and questioned costs. NJCIE's response was not subjected to the other auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



East Brunswick, New Jersey

August 21, 2024

New Jersey Coalition for Inclusive Education, Inc. and Subsidiary
Summary Schedule of Current Year Audit Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiency identified	None reported
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over federal programs:	
Material weakness identified	No
Significant deficiency identified	None reported
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	Yes

Identification of major federal program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program</u>
84.027	U.S. Department of Education Special Education Grants to States

Program Threshold Determination:
Type A Program Threshold >\$750,000

Auditee qualified as low-risk auditee under the Uniform Guidance	No
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New Jersey Coalition for Inclusive Education, Inc. and Subsidiary
Summary Schedule of Current Year Audit Findings and Questioned Costs
For the Year Ended June 30, 2023

Findings and Questioned Costs Related to Federal Awards

2023-001 Failure to File Data Collection Form to the Federal Clearinghouse within the Nine Month Time Frame

Federal Program:

United States Department of Education, Special Education Grants to States

Criteria:

Management of the Organization is responsible for complying with laws and regulations. This responsibility includes filing required reports to the federal government within specific time frames.

Condition:

The Organization failed to file the data collection forms for federal awards for their June 30, 2021 and June 20, 2022 year ends to the Federal Clearinghouse within the required time frame which is 9 months after each year end.

Cause:

The Organization's predecessor auditor took the position that since the direct grant recipient filed with the Federal Clearinghouse, the Organization, as a subrecipient, need not submit.

Effect:

The Organization did not file the data collection forms within the required time frame and is therefore in violation of federal requirements.

Questioned Costs:

Contract Award: \$927,373 (2021) and \$1,003,247 (2022)

Recommendations:

We recommend that management file all required filings.

Management Responses:

The Organization has corrected prior year filings. Moving forward, the Organization will file with the Federal Clearinghouse in a timely manner.

New Jersey Coalition for Inclusive Education, Inc.
Summary Schedule of Prior Year Audit Findings and Questioned Costs
For the Year Ended June 30, 2023

There were no prior year audit findings related to the financial statements and state financial assistance that are required to be reported in accordance with 2 CFR 200.511(a) of the Uniform Guidance.