

EDUCATION LAW CENTER, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

EDUCATION LAW CENTER, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2024 AND 2023

CONTENTS

	PAGE
Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8

To the Board of Trustees of the
Education Law Center, Inc.
Newark, New Jersey

Opinion

We have audited the financial statements of the Education Law Center, Inc. (the Organization), which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 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 the Organization'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 the Organization'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.

Novak Francella LLC

Bala Cynwyd, Pennsylvania
March 10, 2025

EDUCATION LAW CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 561,560	\$ 177,302
Investments	5,490,578	4,923,930
Grants receivable	2,389,125	1,160,250
Prepaid expenses	47,712	21,384
Total current assets	8,488,975	6,282,866
PROPERTY AND EQUIPMENT		
Office equipment	35,548	42,282
Furniture and fixtures	35,361	35,361
Computer equipment	10,458	60,433
Leasehold improvements	12,530	12,530
	93,897	150,606
Less: accumulated depreciation	(90,048)	(143,895)
Net property and equipment	3,849	6,711
OTHER ASSETS		
Security deposit	19,394	19,394
RIGHT OF USE ASSET - OPERATING LEASES	275,070	356,035
Total assets	\$ 8,787,288	\$ 6,665,006
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 201,761	\$ 298,662
Lease liability - operating leases	83,627	80,780
Total current liabilities	285,388	379,442
LONG-TERM LIABILITIES		
Lease liability - operating leases	191,813	275,440
Total liabilities	477,201	654,882

	<u>2024</u>	<u>2023</u>
NET ASSETS		
Without donor restrictions	\$ 6,328,578	\$ 4,112,294
With donor restrictions	1,981,509	1,897,830
Total net assets	<u>8,310,087</u>	<u>6,010,124</u>
 Total liabilities and net assets	 <u>\$ 8,787,288</u>	 <u>\$ 6,665,006</u>

EDUCATION LAW CENTER, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT						
Grants and contracts	\$ 921,500	\$ 3,911,500	\$ 4,833,000	\$ 2,321,737	\$ 2,474,955	\$ 4,796,692
Fundraising events and public support	59,985	-	59,985	181,560	-	181,560
Contributions	66,760	-	66,760	61,108	-	61,108
Investment income - net	730,458	209,980	940,438	281,571	44,757	326,328
Other income	4,848	-	4,848	5,247	-	5,247
	<u>1,783,551</u>	<u>4,121,480</u>	<u>5,905,031</u>	<u>2,851,223</u>	<u>2,519,712</u>	<u>5,370,935</u>
Net assets released from restrictions	4,037,801	(4,037,801)	-	1,590,220	(1,590,220)	-
Total revenue and other support	<u>5,821,352</u>	<u>83,679</u>	<u>5,905,031</u>	<u>4,441,443</u>	<u>929,492</u>	<u>5,370,935</u>
EXPENSES						
Program services	2,930,140	-	2,930,140	3,121,601	-	3,121,601
Management and general	419,181	-	419,181	522,329	-	522,329
Fundraising	255,747	-	255,747	295,460	-	295,460
Total expenses	<u>3,605,068</u>	<u>-</u>	<u>3,605,068</u>	<u>3,939,390</u>	<u>-</u>	<u>3,939,390</u>
CHANGE IN NET ASSETS	2,216,284	83,679	2,299,963	502,053	929,492	1,431,545
NET ASSETS						
Beginning of year	<u>4,112,294</u>	<u>1,897,830</u>	<u>6,010,124</u>	<u>3,610,241</u>	<u>968,338</u>	<u>4,578,579</u>
End of year	<u>\$ 6,328,578</u>	<u>\$ 1,981,509</u>	<u>\$ 8,310,087</u>	<u>\$ 4,112,294</u>	<u>\$ 1,897,830</u>	<u>\$ 6,010,124</u>

EDUCATION LAW CENTER, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024				2023			
	Program Services	Management and General	Fund Raising	Total	Program Services	Management and General	Fund Raising	Total
Salaries and wages	\$ 1,526,215	\$ 129,370	\$ 183,953	\$ 1,839,538	\$ 1,453,892	\$ 144,847	\$ 178,367	\$ 1,777,106
Employee benefits	306,528	18,031	36,062	360,621	264,971	15,587	31,173	311,731
Professional fees	-	101,775	-	101,775	-	142,735	-	142,735
Office expenses	-	15,626	-	15,626	-	18,741	-	18,741
Bank charges	-	434	-	434	-	362	-	362
Books and subscriptions	-	-	-	-	878	46	-	924
Computer maintenance	-	31,548	-	31,548	-	32,904	-	32,904
Conferences and meetings	30,948	5,804	1,935	38,687	241,587	45,298	15,099	301,984
Consultants and outside services	772,738	38,782	-	811,520	801,014	38,646	-	839,660
Dues	17,752	1,972	-	19,724	19,633	2,182	-	21,815
Education and training	3,640	-	-	3,640	8,051	-	-	8,051
Equipment rental	7,703	963	963	9,629	8,747	1,093	1,093	10,933
Insurance expense	2,833	16,052	-	18,885	3,046	17,263	-	20,309
Legal expenses	-	-	-	-	7,845	-	-	7,845
Pension plan	54,288	3,193	6,387	63,868	55,023	3,237	6,473	64,733
Postage and shipping expense	1,009	126	126	1,261	1,699	212	212	2,123
Printing and publications expense	-	-	-	-	1,315	202	169	1,686
Rent expense	89,186	17,837	11,892	118,915	101,178	20,236	13,490	134,904
Telephone expense	4,902	903	645	6,450	6,265	1,154	824	8,243
Travel expense	25,646	4,809	1,603	32,058	12,374	2,320	773	15,467
Utilities	-	7,233	-	7,233	-	10,531	-	10,531
Internet and web expenses	24,626	7,036	3,518	35,180	19,480	5,566	2,783	27,829
Fundraising expense	-	-	2,005	2,005	-	-	34,348	34,348
Research and survey	13,358	2,536	1,015	16,909	64,640	12,274	4,909	81,823
Licenses and permits	-	10,173	-	10,173	-	1,233	-	1,233
Payroll processing	46,507	2,736	5,471	54,714	46,797	2,753	5,506	55,056
Advertising	-	1,813	-	1,813	-	2,306	-	2,306
Depreciation	2,261	429	172	2,862	3,166	601	241	4,008
Total expenses	\$ 2,930,140	\$ 419,181	\$ 255,747	\$ 3,605,068	\$ 3,121,601	\$ 522,329	\$ 295,460	\$ 3,939,390

EDUCATION LAW CENTER, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,299,963	\$ 1,431,545
Reconciliation of change in net assets to cash flows provided by (used for) operating activities:		
Depreciation	2,862	4,008
Net (appreciation) of investments	(695,960)	(78,103)
Changes in assets and liabilities:		
Grants receivable	(1,228,875)	(1,141,000)
Prepaid expenses	(26,328)	(2,342)
Accounts payable and accrued expenses	(96,901)	99,904
Deferred revenue	-	(1,027,460)
Lease asset and liability	185	185
Net cash provided by (used for) operating activities	<u>254,946</u>	<u>(713,263)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,425,482)	(5,032,346)
Sales of investments	1,554,794	5,055,686
Net cash provided by investing activities	<u>129,312</u>	<u>23,340</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	384,258	(689,923)
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>177,302</u>	<u>867,225</u>
End of year	<u>\$ 561,560</u>	<u>\$ 177,302</u>

EDUCATION LAW CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024 AND 2023

NOTE 1. ORGANIZATION AND TAX STATUS

Education Law Center, Inc. (the Organization) is a non-profit corporation. Founded in 1973, the Organization is the nation's legal defense fund for public education rights. The Organization is widely recognized for successfully advancing equal educational opportunity and justice in New Jersey and states across the country. The Organization pursues its advocacy work through litigation, public engagement, policy development, research and communications.

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Management is required to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the U.S. Federal, state, or local taxing authorities. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Typically, tax years will remain open for three years; however, this may differ depending upon the circumstances of the Organization.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting - The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Presentation - Net assets and revenues, expenses, gains, and losses are classified as net assets without donor restrictions and with donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets that 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 Trustees.

Net Assets with Donor Restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents - Cash and cash equivalents consist of cash held in checking accounts, money market accounts, certificates of deposit with an initial maturity of less than one year, and on hand.

Investments - Investment income is presented net of investment advisory/management fees and is in the statements of activities. All investment income is credited directly to unrestricted net assets unless otherwise restricted by the donor. All capital appreciation/depreciation earned on investments is reported as a change in unrestricted net assets unless otherwise restricted by the donor. All investments are carried at fair value with the related gains and losses included in the statements of activities and changes in net assets.

Property and Equipment - Property and equipment are carried at cost. Major additions are capitalized, while replacements, maintenance, and repairs which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed over the following estimated useful lives of the related assets by the straight-line method:

Leasehold improvements	9 years
Furniture and fixtures	7 years
Office equipment	5 years
Computer equipment	5 years

Depreciation expense totaled \$2,862 and \$4,008 for the years ended September 30, 2024 and 2023, respectively.

Revenue Recognition - Revenue is recognized when earned. Grants and contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Grants Receivable - Grants are stated at the amount management expects to collect from outstanding balances. The Organization charges uncollectible accounts receivables to operations when determined to be uncollectible. At September 30, 2024 and 2023, an allowance was not deemed necessary.

Contributions - Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released from restrictions. Contributions with restrictions that are met in the same reporting period as they are received are reported as unrestricted support.

Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results may differ from those estimates.

Reclassification of Prior Year Presentation - Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases - The Fund is required to recognize a right-of-use model (ROU) asset and lease liability on the statement of financial position for all leases with a term longer than twelve months. ROU assets represent the lessee's right to control the use of the leased asset during the lease. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities. Lease liabilities represent the present value of the future lease payments over the expected lease term. The present value of the lease liability is determined using the incremental borrowing rate at the lease inception. Over the lease term, the Fund uses the effective interest rate method to account for the lease liability as lease payments are made and the ROU asset is amortized into expenses in a manner that results in a straight-line expense recognition in the statement of activities. As of September 30, 2024, the Fund has determined the leases identified are operating leases.

NOTE 3. CONCENTRATION OF CASH

The Organization maintains its cash and cash equivalents at various financial institutions deemed to be credit worthy. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of September 30, 2024, cash on deposit with PNC Bank exceeded the FDIC insured limit of \$250,000 in a single bank by \$311,560.

Availability and Liquidity - The following represents the Organization's financial assets at September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 561,560	\$ 177,302
Investments	5,490,578	4,923,930
Grants receivable, due in one year	2,114,125	592,750
Total financial assets	<u>8,166,263</u>	<u>5,693,982</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions - Endowment Fund	<u>872,384</u>	<u>687,400</u>
	<u>872,384</u>	<u>687,400</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 7,293,879</u>	<u>\$ 5,006,582</u>

As part of its liquidity plan, excess cash is invested in short-term investments, including certificates of deposit. The Organization has a \$50,000 line of credit available to meet cash flow needs.

NOTE 4. FAIR VALUE MEASUREMENTS

Fair Value Measurements and Disclosures establish a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurement

Level 1 - Unadjusted quoted prices in active markets for identical assets that are accessible at the measurement date.

Level 2 - Quoted prices in markets that are not considered active or investments for which all significant inputs are observable.

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

	Fair Value Measurements at September 30, 2024			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment cash	\$ 149,735	\$ 149,735	\$ -	\$ -
Common stock:				
Energy	8,750	8,750	-	-
Mutual funds	<u>5,332,093</u>	<u>5,332,093</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,490,578</u>	<u>\$ 5,490,578</u>	<u>\$ -</u>	<u>\$ -</u>
	Fair Value Measurements at September 30, 2023			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment cash	\$ 95,310	\$ 95,310	\$ -	\$ -
Common stock:				
Energy	5,044	5,044	-	-
Mutual funds	<u>4,823,576</u>	<u>4,823,576</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,923,930</u>	<u>\$ 4,923,930</u>	<u>\$ -</u>	<u>\$ -</u>

For the years ended September 30, 2024 and 2023, there were no transfers in or out of levels 1, 2, or 3.

NOTE 5. RESTRICTIONS ON NET ASSETS

Additions to net assets with donor restrictions of the Organization for the years ended September 30, 2024 and 2023, consisted of cash donations from the following organizations:

	<u>2024</u>	<u>2023</u>
Endowment investment income	\$ 209,980	\$ 44,757
Amalgamated Charitable Foundation	1,400,000	-
American Federation of Teachers	260,000	-
The Fund of New Jersey	200,000	-
Great Schools of New Jersey	100,000	-
IOLTA Fund	136,500	91,000
NJEA	-	1,135,000
Nellie Mae Education Foundation	-	50,000
New York State United Teachers	100,000	100,000
Raikes Foundation	150,000	-
Seattle Foundation	-	916,667
Skyline Foundation	750,000	-
Spencer Foundation	65,000	-
Urban Superintendents	-	70,000
UVA Fellowship	-	82,288
W.K. Kellogg Foundation	700,000	30,000
Winthrop Rockefeller Foundation	50,000	-
	<u>\$ 4,121,480</u>	<u>\$ 2,519,712</u>

Those donations received during the year that were satisfied were released from restriction.

NOTE 6. ENDOWMENT FUND

The Marilyn J. Morheuser Children's Education Endowment Fund (the Endowment Fund) was established to advance the public purpose of representing the broad public interest by providing legal assistance to individuals and groups in connection with improving public education systems and to carry out related research and educational activities. The Fund provides a permanent, reliable, and secure funding source for at least a portion of the Organization's special projects and operations.

The Organization follows accounting standards that provide clarification on accounting for donor-restricted endowment funds. The guidance prescribes that the portion of donor-restricted endowment funds that are classified as permanently restricted should not be reduced by losses on the investment of the fund or an organization's appropriations from the fund.

NOTE 6. ENDOWMENT FUND (continued)

The Board of Trustees' interpretation requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this, the Organization classifies the donor-restricted endowment as net assets with donor restrictions, including the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment, until those amounts are appropriated for expenditure by the Organization.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the principal of contributions
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effects of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

The Board of Trustees' primary objective, in this regard, is to add value and minimize risk in managing the assets of the fund while providing a hedge against inflation into the future. It is the intent of the Board of Trustees to grow the endowment and utilize the total return (income plus capital change) to further the mission of the Organization. In recognition of the prudence required of fiduciaries, reasonable diversification of quality investment securities will be sought where possible, knowing that fluctuating rates of return are a characteristic of the investment market, and performance cycles cannot be accurately predicted. The funds may be held in individual securities or mutual funds, may be comprised of domestic and international securities, and will be further diversified into asset classes by their market capitalization.

The Organization may distribute the calendar year income (without regard to unrealized gains or losses) generated from the Endowment Fund. Income is defined as dividends, interest, and net realized gains. Income from the Endowment Fund shall be distributed and directed toward those special, unusual, or emergency needs of the Organization and toward current operating expenses of the Organization for purposes consistent with the By-Laws and the Certificate of Incorporation, at the times and for the specific purposes as determined in the sole discretion of donors and the objectives of the Endowment Fund. Distributions from the Endowment Fund in any one year for operating expenses of the Organization shall not exceed 50% of the average annual investment income earned during the previous five years. All other investment income shall remain in the Endowment Fund as restricted principal. This limitation is intended to promote the continued growth of the principal of the Endowment Fund.

The Board shall annually appoint an Investment Committee of the Board which shall be the custodian of the Endowment Fund. The Investment Committee shall consist of at least three members, appointed by the Board, all of whom shall be Trustees of the Organization. The Treasurer of the Organization shall also serve on the Investment Committee. A Chairperson of the Investment Committee shall be appointed by the Board. The Investment Committee shall meet at least quarterly, or more frequently if necessary.

NOTE 6. ENDOWMENT FUND (continued)

The Investment Committee shall report on a quarterly basis to the Board, and at each Annual Meeting of the Board shall render a full and complete account of the administration of the Endowment Fund during the preceding year. The Investment Committee shall make recommendations to the Board regarding the management, investment, and control of the assets of the Endowment Fund, and shall do all else to further the purposes of the Endowment Fund.

Changes in Endowment Net Assets:***For the fiscal year ended September 30, 2024***

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, Beginning of year	\$ -	\$ 687,400	\$ 687,400
Investment return:			
Investment income	-	14,842	14,842
Net appreciation (depreciation) (realized and unrealized)	-	195,138	195,138
Total investment return	-	209,980	209,980
Distributions	-	(24,996)	(24,996)
Endowment net assets, End of year	<u>\$ -</u>	<u>\$ 872,384</u>	<u>\$ 872,384</u>

For the fiscal year ended September 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, Beginning of year	\$ -	\$ 968,338	\$ 968,338
Investment return:			
Investment income	-	16,547	16,547
Net appreciation (depreciation) (realized and unrealized)	-	28,210	28,210
Total investment return	-	44,757	44,757
Distributions	-	(325,695)	(325,695)
Endowment net assets, End of year	<u>\$ -</u>	<u>\$ 687,400</u>	<u>\$ 687,400</u>

NOTE 7. LEASE LIABILITY AND RIGHT OF USE ASSET

In March 2022, the Organization entered into a sixty-month lease agreement for the use of a copier, with a monthly rental of \$818. The final payment is due March 2027. In January 2023, the Organization renewed its lease agreement for office space in Newark, New Jersey for an additional sixty-months, with a monthly rental of \$6,843. The final payment is due December 2027. The operating lease expense under these leases totaled \$92,105 and \$71,578 during the plan years ended September 30, 2024 and 2023, respectively.

Other information:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 91,920
ROU assets obtained in exchange for new operating lease liabilities	-
Weighted-average remaining lease term in years for operating leases	3.18
Weighted-average discount rate for operating leases	3.54%

Maturity Analysis:

<u>Year Ending</u> <u>September 30,</u>	<u>Operating</u> <u>Leases</u>
2025	\$ 91,920
2026	91,920
2027	87,015
2028	20,528
Total undiscounted cash flows	<u>291,383</u>
Less: present value discount	<u>(15,943)</u>
Total lease liabilities	<u><u>\$ 275,440</u></u>

NOTE 8. FUNCTIONAL EXPENSES

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services, management, and general and fundraising expenses. Such allocations are determined by management on an equitable basis.

NOTE 9. RETIREMENT PLAN

The Organization sponsors a qualified 401(k) plan to which employees have the option to contribute a portion of their gross salary up to the maximum amount allowed by law. The Organization contributes 4% of the employee's salary to the Plan. Employees are fully vested. The Organization's contributions for fiscal years ended September 30, 2024 and 2023 were \$63,869 and \$64,733, respectively. At September 30, 2024 and 2023, \$63,869 and \$67,004 respectively, is included in accounts payable and accrued expenses related to the retirement plan.

NOTE 10. LINE OF CREDIT

The Organization has a revolving line of credit with PNC Bank to fund temporary deficits in its working capital. The total amount available under this line of credit is \$50,000. The revolving line of credit renews annually. At September 30, 2024, the Organization has no borrowings under this line of credit. Interest on the line of credit is payable based on the prime rate as published in the Wall Street Journal.

NOTE 11. GRANT REVENUE

The Organization is party to several grant agreements. Grant revenue for the years ended September 30, 2024 and 2023 consisted of:

	<u>2024</u>	<u>2023</u>
<u>Without Donor Restrictions</u>		
American Federation of Teachers	\$ -	\$ 125,000
Dodge Foundation	150,000	87,500
* Educational Testing Service	50,000	37,500
Henry/Marilyn Taub Foundation	190,000	40,000
MacMillian Family Foundation	100,000	50,000
National Education Association	225,000	225,000
* New Jersey Education Assn.	-	545,000
Prudential Foundation	-	100,000
Southern Education Foundation	199,000	63,444
Southern Poverty Law Center	7,500	-
The Fund for New Jersey	-	100,000
W.K. Kellogg Foundation	-	698,293
Yellow Chair Foundation	-	250,000
	<u>\$ 921,500</u>	<u>\$ 2,321,737</u>

NOTE 11. GRANT REVENUE (continued)

	<u>2024</u>	<u>2023</u>
<u>With Donor Restrictions</u>		
Amalgamated Charitable Foundation	\$ 1,400,000	\$ -
American Federation of Teachers	260,000	-
Great Schools New Jersey	100,000	70,000
IOLTA Fund of the Bar of NJ	136,500	91,000
Nellie Mae Education Foundation	-	50,000
* New Jersey Education Assn.	-	1,135,000
New York State United Teachers	100,000	100,000
Raikes Foundation	150,000	-
Seattle Foundation	-	916,667
Skyline Foundation	750,000	-
Spencer Foundation	65,000	-
The Fund of New Jersey	200,000	-
UVA Fellowship	-	82,288
W.K. Kellogg Foundation	700,000	30,000
Winthrop Rockefeller Foundation	50,000	-
	<u>\$ 3,911,500</u>	<u>\$ 2,474,955</u>

* An employee of this entity is a member of the Board of Trustees of the Organization.

NOTE 12. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 10, 2025, the date the financial statements were available to be issued, and they have been evaluated in accordance with relevant accounting standards.