

*Report of Audit*

*on the*

*Financial Statements*

*of the*

*Educational Leadership  
Foundation of  
New Jersey, Inc.*

*for the*

*Years Ended  
June 30, 2022 and 2021*

EDUCATIONAL LEADERSHIP FOUNDATION OF NEW JERSEY, INC.

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# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Trustees  
Educational Leadership Foundation of New Jersey, Inc.  
Trenton, New Jersey 08618

### ***Opinion***

We have audited the accompanying financial statements of the Educational Leadership Foundation of New Jersey, Inc., which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activity, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Educational Leadership Foundation of New Jersey, Inc. as of June 30, 2022 and 2021, 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 audit in accordance with auditing standards generally accepted in the United States of America. 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 Educational Leadership Foundation of New Jersey, Inc. 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 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 the Educational Leadership Foundation of New Jersey Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

# SUPLEE, CLOONEY & COMPANY

## **Auditor's Responsibility**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Educational Leadership Foundation of New Jersey Inc.'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 Educational Leadership Foundation of New Jersey Inc.'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.

January 25, 2023



EDUCATIONAL LEADERSHIP FOUNDATION OF NEW JERSEY, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

|   | <u>2022</u>       | <u>2021</u>       |
|---|-------------------|-------------------|
| <u>ASSETS</u>                           |                   |                   |
| <u>Current Assets:</u>                  |                   |                   |
| Cash and Cash Equivalents               | \$ 230,092        | \$ 178,774        |
| Prepaid Expenses                        | -                 | 3,400             |
|   | <hr/>             | <hr/>             |
| <u>Total Current Assets</u>             | <u>230,092</u>    | <u>182,174</u>    |
| <br><u>Fixed Assets:</u>                |                   |                   |
| Computer Software                       | 23,523            | 16,818            |
| Less: Accumulated Amortization          | (12,921)          | (9,205)           |
|   | <hr/>             | <hr/>             |
| <u>Net Fixed Assets</u>                 | <u>10,602</u>     | <u>7,613</u>      |
|   | <hr/>             | <hr/>             |
| <u>TOTAL ASSETS</u>                     | <u>\$ 240,694</u> | <u>\$ 189,787</u> |
| <br><u>LIABILITIES AND NET ASSETS</u>   |                   |                   |
| <u>Current Liabilities</u>              |                   |                   |
| Accounts Payable and Accrued Expenses   |                   | \$ 458            |
| Payroll Taxes Payable                   | \$ 274            | 1,617             |
| Deferred Revenue                        | 100,000           | 75,000            |
|   | <hr/>             | <hr/>             |
| Total Current Liabilities               | <u>100,274</u>    | <u>77,075</u>     |
|   | <hr/>             | <hr/>             |
| <u>Net Assets</u>                       |                   |                   |
| Without Donor Restrictions              | <u>140,420</u>    | <u>112,712</u>    |
|   | <hr/>             | <hr/>             |
| Total Net Assets                        | <u>140,420</u>    | <u>112,712</u>    |
|   | <hr/>             | <hr/>             |
| <u>TOTAL LIABILITIES AND NET ASSETS</u> | <u>\$ 240,694</u> | <u>\$ 189,787</u> |

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

## EDUCATIONAL LEADERSHIP FOUNDATION OF NEW JERSEY, INC.

STATEMENTS OF ACTIVITY  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

|  | 2022                          |                            | 2021                          |                            |
|--|-------------------------------|----------------------------|-------------------------------|----------------------------|
|  | WITHOUT DONOR<br>RESTRICTIONS | WITH DONOR<br>RESTRICTIONS | WITHOUT DONOR<br>RESTRICTIONS | WITH DONOR<br>RESTRICTIONS |
|  |                               | TOTAL                      |                               | TOTAL                      |
| <u>REVENUES AND SUPPORT</u>                        |                               |                            |                               |                            |
| <u>Operating Activities</u>                        |                               |                            |                               |                            |
| Contributions                                      | \$ 50                         | \$ 60,800                  | \$ -                          | \$ 48,100                  |
| Grants   |                               | 130,000                    |                               | 75,000                     |
| Total Revenues and Support before Releases         | 50                            | 190,800                    | -                             | 123,100                    |
|  |                               |                            |                               |                            |
| Net Assets Released From Restrictions              | 190,800                       | (190,800)                  | 123,100                       | (123,100)                  |
| Total Revenues and Support                         | 190,850                       | 190,850                    | 123,100                       | 123,100                    |
|  |                               |                            |                               |                            |
| <u>Operating Expenses</u>                          |                               |                            |                               |                            |
| Program Services                                   | 155,252                       | 155,252                    | 112,195                       | 112,195                    |
| Management and General                             | 7,890                         | 7,890                      | 10,764                        | 10,764                     |
| Total Operating Expenses                           | 163,142                       | 163,142                    | 122,959                       | 122,959                    |
| Change in Net Assets from Operating Activities     | 27,708                        | 27,708                     | 141                           | 141                        |
| <u>Non-Operating Activities</u>                    |                               |                            |                               |                            |
| Interest Income                                    | -                             | -                          | 215                           | 215                        |
| Change in Net Assets from Non-Operating Activities |                               |                            | 215                           | 215                        |
| Net Increase (Decrease) in Net Assets              | 27,708                        | 27,708                     | 356                           | 356                        |
| Net Assets, Beginning of Year                      | 112,712                       | 112,712                    | 112,356                       | 112,356                    |
| Net Assets, End of Year                            | \$ 140,420                    | \$ 140,420                 | \$ 112,712                    | \$ 112,712                 |

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

EDUCATIONAL LEADERSHIP FOUNDATION OF NEW JERSEY, INC.STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

|                           | 2022                        |                                     |                   |
|---------------------------|-----------------------------|-------------------------------------|-------------------|
|                           | <u>PROGRAM<br/>SERVICES</u> | <u>MANAGEMENT<br/>&amp; GENERAL</u> | <u>TOTAL</u>      |
| Payroll and Payroll Taxes | \$ 6,092                    | \$ 1,075                            | \$ 7,167          |
| Conference                | 110,543                     | -                                   | 110,543           |
| Rent and Utilities        | 9,180                       | 1,620                               | 10,800            |
| Insurance                 | 5,074                       | 895                                 | 5,969             |
| Professional Fees         | 3,570                       | 630                                 | 4,200             |
| Office Expense            | 1,045                       | 185                                 | 1,230             |
| Travel and Meetings       | 169                         | 30                                  | 199               |
| Amortization              | 19,579                      | 3,455                               | 23,034            |
| <u>TOTAL EXPENSES</u>     | <u>\$ 155,252</u>           | <u>\$ 7,890</u>                     | <u>\$ 163,142</u> |

|                           | 2021                        |                                     |                   |
|---------------------------|-----------------------------|-------------------------------------|-------------------|
|                           | <u>PROGRAM<br/>SERVICES</u> | <u>MANAGEMENT<br/>&amp; GENERAL</u> | <u>TOTAL</u>      |
| Payroll and Payroll Taxes | \$ 33,815                   | \$ 5,967                            | \$ 39,782         |
| Staff Expense             | 42                          | 8                                   | 50                |
| Conference                | 51,200                      | -                                   | 51,200            |
| Rent and Utilities        | 9,180                       | 1,620                               | 10,800            |
| Insurance                 | 4,961                       | 875                                 | 5,836             |
| Professional Fees         | 3,570                       | 630                                 | 4,200             |
| Office Expense            | 1,603                       | 283                                 | 1,886             |
| Travel and Meetings       | -                           | -                                   | -                 |
| Amortization              | 7,824                       | 1,381                               | 9,205             |
| <u>TOTAL EXPENSES</u>     | <u>\$ 112,195</u>           | <u>\$ 10,764</u>                    | <u>\$ 122,959</u> |

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

EDUCATIONAL LEADERSHIP FOUNDATION OF NEW JERSEY, INC.STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

|   | <u>2022</u>       | <u>2021</u>       |
|---|-------------------|-------------------|
| <u>OPERATING ACTIVITIES</u>   |                   |                   |
| Net Increase (Decrease) in Net Assets   | \$ 27,708         | \$ 356            |
| Adjustments to Reconcile Change in Net Assets to Net<br>Cash (Used) Provided by Operating Activities: |                   |                   |
| Depreciation and Amortization   | 23,034            | 9,205             |
| Accounts Receivable   | -                 | 37,500            |
| Accounts Payable and Accrued Expenses   | (458)             | 458               |
| Payroll Taxes Payable   | (1,343)           | (218)             |
| Prepaid Expenses  | 3,400             | 450               |
| Deferred Revenue  | 25,000            | (2,000)           |
| Net Cash Provided by Operating Activities   | <u>77,341</u>     | <u>45,751</u>     |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>   |                   |                   |
| Purchase of Fixed Assets  | <u>(26,023)</u>   | <u>(16,818)</u>   |
| Net Cash Provided/(Used) by Investing Activities  | <u>(26,023)</u>   | <u>(16,818)</u>   |
| Net Increase in Cash and Cash Equivalents   | 51,318            | 28,933            |
| Cash and Cash Equivalents, Beginning of Year  | <u>178,774</u>    | <u>149,841</u>    |
| Cash and Cash Equivalents, End of Year  | <u>\$ 230,092</u> | <u>\$ 178,774</u> |

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



EDUCATIONAL LEADERSHIP FOUNDATION OF NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Educational Leadership Foundation of New Jersey, Inc. (Foundation) is a New Jersey Nonprofit Corporation formed in 2008 organized and operated exclusively as an educational organization to advance, encourage and support the improvement of the public education system in the State of New Jersey by providing research, training and education to New Jersey school district boards of education, public charter school boards of trustees, and other public entities and nonprofit organizations working to improve educational affairs in the State of New Jersey.

Basis of Accounting

The Foundation prepares its financial statements in accordance with generally accepted accounting principles in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Financial Statement Presentation

Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Foundation. The Foundation's Board may designate assets without restrictions for specific operational purposes from time to time.

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 Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

EDUCATIONAL LEADERSHIP FOUNDATION OF NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Status

The Foundation qualifies as a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

The most significant tax position of the Foundation is its assertion that it is exempt from income taxes. Other significant tax positions include its determination of whether any amounts are subject to unrelated business tax (UBIT). Management has determined the Foundation had no activities subject to UBIT in the years ended June 30, 2022 and 2021. All significant tax positions have been considered by management and it has determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities.

The Foundation is required to file Form 990 (Return of Organization Exempt from Income Tax) which is subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of the tax return. The Forms 990 for 2019 through 2021 are open to examination by the IRS as of June 30, 2022.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all monies in banks and highly liquid investments with maturity dates of less than three months to be cash equivalents.

EDUCATIONAL LEADERSHIP FOUNDATION OF NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

The Foundation considers all other receivables to be fully collectible, therefore, no allowance for doubtful accounts has been recorded. If amounts become uncollectible, they will be charged to operations when that determination is made.

Promises to Give

Unconditional promises to give, less an allowance for uncollectible amounts, are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributed Goods and Services

The Foundation receives a substantial number of services donated by its members in carrying out the Foundation's activity. No amount has been reflected in the financial statements for these services.

New Accounting Pronouncement

In 2020, the Foundation adopted the provisions of ASU 2018-08, Not-For-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions made issued by the Financial Accounting Standard Board. The ASU clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. Management analyzed the provisions of ASU 2018-08 and concluded that no significant changes were necessary to conform with the new standard.

Functional Expenses

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

EDUCATIONAL LEADERSHIP FOUNDATION OF NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(2) CASH AND CASH EQUIVALENTS

The cash and cash equivalents at June 30 were as follows:

|                   | <u>2022</u>      | <u>2021</u>      |
|-------------------|------------------|------------------|
| Checking Accounts | \$230,072        | \$178,754        |
| Petty Cash        | <u>20</u>        | <u>20</u>        |
|                   | <u>\$230,092</u> | <u>\$178,774</u> |

The Foundation maintains its checking accounts in one financial institution. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on its cash accounts.

(3) RELATED PARTY TRANSACTIONS

The New Jersey School Boards Association (NJSBA) is considered a related party to the Foundation due to common management. In addition, the NJSBA provides various administrative services and office space to the Foundation and its employees.

The Foundation applied for and received grants in the amount of \$130,000 and \$50,000 in the years ended June 30, 2022 and 2021, respectively, from the Alliance for Competitive Energy Services (ACES) which allows school districts to purchase deregulated electricity and gas. NJSBA was designated as a "governmental aggregator" by the Electric Discount and Energy Competition Act of 1999. The grants are awarded to enable the Foundation to provide various training programs.

(4) FIXED ASSETS

Intangible assets, stated at cost, at June 30 is as follows:

|                                | <u>2022</u>      | <u>2021</u>     |
|--------------------------------|------------------|-----------------|
| Computer Software              | \$ 23,523        | \$ 16,818       |
| Less: Accumulated Amortization | <u>(12,921)</u>  | <u>(9,205)</u>  |
| Intangible Assets, Net         | <u>\$ 10,602</u> | <u>\$ 7,613</u> |

Amortization expense as of June 30, 2022 and 2021 amounted to \$23,034 and \$9,205 respectively.

EDUCATIONAL LEADERSHIP FOUNDATION OF NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(5) FINANCIAL DEPENDENCY

The Foundation's operating revenues are provided through the Alliance for Competitive Energy Services grant and Corporate and Individual contributions. The Foundation is economically dependent on these revenues to carry on its operations.

(6) NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Restricted purpose accomplished:

|          | <u>2022</u>      | <u>2021</u>      |
|----------|------------------|------------------|
| Programs | <u>\$190,800</u> | <u>\$123,100</u> |

(7) LIQUIDITY

The Foundation's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

|  |                  |
|--|------------------|
| Cash and Cash Equivalents  | <u>\$230,092</u> |
| Total Financial Assets   | <u>230,092</u>   |
| Donor-imposed restrictions or internal designations:                                   | <u>-0-</u>       |
| Total Donor-imposed restrictions or internal designations                              | <u>\$ -0-</u>    |
| Financial Assets available to meet cash needs for general expenditures within one year | <u>\$230,092</u> |

The Foundation's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions, currently none.

The Foundation's primary sources of support are contributions. Some of the support received is required to be used in accordance with the purpose restrictions imposed by the donors.

The Foundation monitors its financial assets for liquidity to be able to meet its operating needs.

EDUCATIONAL LEADERSHIP FOUNDATION OF NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(8) SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events occurring after the financial statement date through January 25, 2023 which is the date the financial statements were available to be issued. Based on this evaluation, the Foundation has determined that no subsequent events have occurred which require disclosure in the financial statements.

(9) COMMITMENTS AND CONTINGENCIES

In the ordinary conduct of its business, the Foundation may be a party to litigation. At June 30, 2022, in the opinion of management, there were no matters pending or threatened which would have a material adverse effect on the financial position of the Foundation.