

Report of Audit

on the

Financial Statements

of the

*Educational Leadership
Foundation of
New Jersey, Inc.*

for the

*Years Ended
June 30, 2023 and 2022*

EDUCATIONAL LEADERSHIP FOUNDATION OF NEW JERSEY, INC.

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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, 2023 and 2022, 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, 2023 and 2022, 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 LLC

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 24, 2024



EDUCATIONAL LEADERSHIP FOUNDATION OF NEW JERSEY, INC.STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash and Cash Equivalents	\$ 208,804	\$ 230,092
Accounts Receivable	459	
	<hr/>	<hr/>
<u>Total Current Assets</u>	<u>209,263</u>	<u>230,092</u>
<u>Fixed Assets:</u>		
Computer Software	23,523	23,523
Less: Accumulated Amortization	<u>(14,762)</u>	<u>(12,921)</u>
<u>Net Fixed Assets</u>	<u>8,761</u>	<u>10,602</u>
<u>TOTAL ASSETS</u>	<u>\$ 218,024</u>	<u>\$ 240,694</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Payroll Taxes Payable	\$ 759	274
Deferred Revenue	<u>50,000</u>	<u>100,000</u>
	<hr/>	<hr/>
Total Current Liabilities	<u>50,759</u>	<u>100,274</u>
<u>Net Assets</u>		
Without Donor Restrictions	<u>167,265</u>	<u>140,420</u>
	<hr/>	<hr/>
Total Net Assets	<u>167,265</u>	<u>140,420</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 218,024</u>	<u>\$ 240,694</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, 2023 AND 2022

	2023		2022		TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS						
<u>REVENUES AND SUPPORT</u>										
<u>Operating Activities</u>										
Contributions	\$ 4,766	\$ 113,300	\$ 118,066	\$ 60,800	\$ 60,850	\$ 60,850	\$ 50	\$ 130,000	\$ 130,000	\$ 130,000
Grants	4,766	243,300	248,066	50	190,850	190,850	50	190,800	190,800	190,850
Total Revenues and Support before Releases	243,300	(243,300)	248,066	190,800	190,850	190,850	190,800	(190,800)	190,850	190,850
Net Assets Released From Restrictions	248,066		248,066							
Total Revenues and Support	211,750		211,750	155,252	155,252	155,252	7,890		7,890	155,252
<u>Operating Expenses</u>	9,471		9,471							7,890
Program Services	221,221	-	221,221	163,142	163,142	163,142	-			163,142
Management and General	26,845		26,845	27,708	27,708	27,708	27,708			27,708
Total Operating Expenses	26,845		26,845	27,708	27,708	27,708	27,708			27,708
Change in Net Assets from Operating Activities	140,420		140,420	112,712	112,712	112,712	112,712			112,712
Net Increase (Decrease) in Net Assets	\$ 167,265	\$ -	\$ 167,265	\$ 140,420	\$ 140,420	\$ 140,420	\$ -	\$ -	\$ -	\$ 140,420
Net Assets, Beginning of Year										
Net Assets, End of Year										

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, 2023 AND 2022

	2023		
	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT & GENERAL</u>	<u>TOTAL</u>
Payroll and Payroll Taxes	\$ 19,008	\$ 3,354	\$ 22,362
Conferences	158,079	-	158,079
Rent and Utilities	9,180	1,620	10,800
Insurance	4,428	781	5,209
Professional Fees	3,570	630	4,200
Office Expense	620	110	730
Travel and Meetings			-
Amortization	16,865	2,976	19,841
<u>TOTAL EXPENSES</u>	<u>\$ 211,750</u>	<u>\$ 9,471</u>	<u>\$ 221,221</u>

	2022		
	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT & GENERAL</u>	<u>TOTAL</u>
Payroll and Payroll Taxes	\$ 6,092	\$ 1,075	\$ 7,167
Staff Expense	-	-	-
Conferences	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>

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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>OPERATING ACTIVITIES</u>		
Net Increase (Decrease) in Net Assets	\$ 26,845	\$ 27,708
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) Provided by Operating Activities:		
Depreciation and Amortization	19,841	23,034
Accounts Receivable	(459)	-
Accounts Payable and Accrued Expenses	-	(458)
Payroll Taxes Payable	485	(1,343)
Prepaid Expenses		3,400
Deferred Revenue	(50,000)	25,000
Net Cash Provided/(Used) by Operating Activities	<u>(3,288)</u>	<u>77,341</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Fixed Assets	<u>(18,000)</u>	<u>(26,023)</u>
Net Cash Provided/(Used) by Investing Activities	<u>(18,000)</u>	<u>(26,023)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(21,288)	51,318
Cash and Cash Equivalents, Beginning of Year	<u>230,092</u>	<u>178,774</u>
Cash and Cash Equivalents, End of Year	<u>\$ 208,804</u>	<u>\$ 230,092</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, 2023 AND 2022

(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, 2023 AND 2022

(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, 2023 and 2022. 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 2020 through 2022 are open to examination by the IRS as of June 30, 2023.

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, 2023 AND 2022

(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.

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, 2023 AND 2022

(2) CASH AND CASH EQUIVALENTS

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

	<u>2023</u>	<u>2022</u>
Checking Accounts	\$208,784	\$230,072
Petty Cash	<u>20</u>	<u>20</u>
	<u>\$208,804</u>	<u>\$230,092</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 \$130,000 in the years ended June 30, 2023 and 2022, 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 are as follows:

	<u>2023</u>	<u>2022</u>
Computer Software	\$ 23,523	\$ 23,523
Less: Accumulated Amortization	<u>(14,762)</u>	<u>(12,921)</u>
Intangible Assets, Net	<u>\$ 8,761</u>	<u>\$ 10,602</u>

Amortization expense as of June 30, 2023 and 2022 amounted to \$19,841 and \$23,034 respectively.

EDUCATIONAL LEADERSHIP FOUNDATION OF NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

(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>2023</u>	<u>2022</u>
Programs	<u>\$243,300</u>	<u>\$190,800</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>\$208,804</u>
Accounts receivable	<u>459</u>
Total Financial Assets	<u>209,263</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>\$209,263</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, 2023 AND 2022

(8) SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events occurring after the financial statement date through January 24, 2024 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, 2023, 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.