

Report of Audit
on the
Financial Statements
of the
Educational Leadership
Foundation of
New Jersey, Inc.
for the
Years Ended
June 30, 2021 and 2020



SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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EDUCATIONAL LEADERSHIP FOUNDATION OF NEW JERSEY

I N D E X

PAGE
NUMBER

Independent Auditor's Report

1-2

EXHIBITS

"A" Statements of Financial Position - June 30, 2021 and 2020

3

"B" Statements of Activity for the Years Ended June 30, 2021 and 2020

4

"C" Statements of Functional Expenses for the Years Ended June 30, 2021
and 2020

5

"D" Statements of Cash Flows for the Years Ended June 30, 2021 and 2020

6

Notes to Financial Statements - June 30, 2021 and 2020

7-12



SUPLEE, CLOONEY & COMPANY

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Educational Leadership Foundation of New Jersey (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activity, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Educational Leadership Foundation of New Jersey's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

SUPLEE, CLOONEY & COMPANY

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 as of June 30, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Suplee, Clooney & Company". The signature is written in a cursive, flowing style.

September 24, 2021

EDUCATIONAL LEADERSHIP FOUNDATION OF NEW JERSEY, INC.STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 178,774	\$ 149,841
Accounts Receivable	-	37,500
Prepaid Expenses	3,400	3,850
	<hr/>	<hr/>
<u>Total Current Assets</u>	<u>\$ 182,174</u>	<u>\$ 191,191</u>
Fixed Assets:		
Computer Software	\$ 16,818	\$ -
Less: Accumulated Amortization	<hr/> (9,205)	<hr/> -
	<hr/>	<hr/>
<u>Net Fixed Assets</u>	<u>7,613</u>	<u>-</u>
	<hr/>	<hr/>
<u>TOTAL ASSETS</u>	<u>\$ 189,787</u>	<u>\$ 191,191</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 458	\$ -
Payroll Taxes Payable	1,617	1,835
Deferred Revenue	75,000	77,000
	<hr/>	<hr/>
Total Current Liabilities	<hr/> 77,075	<hr/> 78,835
<u>Net Assets</u>		
Without Donor Restrictions	<hr/> 112,712	<hr/> 112,356
	<hr/>	<hr/>
Total Net Assets	<hr/> 112,712	<hr/> 112,356
	<hr/>	<hr/>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 189,787</u>	<u>\$ 191,191</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, 2021 AND 2020

	2021			2020		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<u>REVENUES AND SUPPORT</u>						
<u>Operating Activities</u>						
Contributions	\$ -	\$ 48,100	\$ 48,100	\$ -	\$ 120,641	\$ 120,641
Grants		75,000	75,000		225,000	225,000
Total Revenues and Support before Releases	-	123,100	123,100	-	345,641	345,641
Net Assets Released From Restrictions	123,100	(123,100)		345,641	(345,641)	
Total Revenues and Support	123,100		123,100	345,641		345,641
<u>Operating Expenses</u>						
Program Services	112,195		112,195	251,821		251,821
Management and General	10,764		10,764	9,031		9,031
Total Operating Expenses	122,959	-	122,959	260,852	-	260,852
Change in Net Assets from Operating Activities	141		141	84,789		84,789
<u>Non-Operating Activities</u>						
Interest Income	215		215	152		152
Change in Net Assets from Non-Operating Activities	215		215	152		152
Net Increase (Decrease) in Net Assets	356		356	84,941		84,941
Net Assets, Beginning of Year	112,356		112,356	27,415		27,415
Net Assets, End of Year	\$ 112,712	\$ -	\$ 112,712	\$ 112,356	\$ -	\$ 112,356

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, 2021 AND 2020

	<u>2021</u>		
	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT & GENERAL</u>	<u>TOTAL</u>
Payroll and Payroll Taxes	\$ 33,815	\$ 5,967	\$ 39,782
Staff Expense	42	8	50
Conferences and Educational Programs	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>

	<u>2020</u>		
	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT & GENERAL</u>	<u>TOTAL</u>
Payroll and Payroll Taxes	\$ 31,639	\$ 5,583	\$ 37,222
Staff Expense	762	134	896
Conference	200,645	-	200,645
Rent and Utilities	9,180	1,620	10,800
Insurance	4,799	847	5,646
Professional Fees	3,570	630	4,200
Office Expense	1,205	213	1,418
Travel and Meetings	21	4	25
<u>TOTAL EXPENSES</u>	<u>\$ 251,821</u>	<u>\$ 9,031</u>	<u>\$ 260,852</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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 356	\$ 84,941
Add:		
Expenses Not Requiring Use of Cash:		
Depreciation	9,205	-
Add (Deduct) Changes in Non-Cash Working Capital:		
Accounts Receivable	37,500	(37,500)
Prepaid Expenses	450	(3,850)
Accounts Payable and Accrued Expenses	458	(3,828)
Payroll Taxes Payable	(218)	23
Deferred Revenue	(2,000)	77,000
Net Cash Provided (Used) by Operating Activities	<u>45,751</u>	<u>116,786</u>
<u>INVESTING ACTIVITIES</u>		
Purchases of Computer Software	<u>(16,818)</u>	<u>-</u>
Net Cash Provided (Used) by Investing Activities	<u>(16,818)</u>	<u>-</u>
Change in Cash and Cash Equivalents	28,933	116,786
Cash and Cash Equivalents, Beginning of Year	<u>149,841</u>	<u>33,055</u>
Cash and Cash Equivalents, End of Year	<u>\$ 178,774</u>	<u>\$ 149,841</u>

EDUCATIONAL LEADERSHIP FOUNDATION OF NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Educational Leadership Foundation of New Jersey (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, 2021 AND 2020

(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, 2021 and 2020. 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 2018 through 2020 are open to examination by the IRS as of June 30, 2021.

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, 2021 AND 2020

(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 amount 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.

(2) CASH AND CASH EQUIVALENTS

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

	<u>2021</u>	<u>2020</u>
Checking Accounts	\$178,754	\$149,821
Petty Cash	<u>20</u>	<u>20</u>
	<u>\$178,774</u>	<u>\$149,841</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.

EDUCATIONAL LEADERSHIP FOUNDATION OF NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

(3) FIXED ASSETS

Fixed assets are stated at cost and at June 30, 2021 were as follows:

Computer Software	\$16,818
Less: Accumulated Amortization	<u>(9,205)</u>
Net Fixed Assets	<u>\$ 7,613</u>

Amortization expense is computed using the straight-line method over the lives of the computer software licenses. Amortization expense amounted to \$9,205 for 2021, and \$-0- for 2020.

(4) 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 \$50,000 and \$200,000 in the years ended June 30, 2021 and 2020, 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.

(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.

EDUCATIONAL LEADERSHIP FOUNDATION OF NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

(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>2021</u>	<u>2020</u>
Programs	<u>\$123,100</u>	<u>\$345,641</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>\$178,774</u>
Total Financial Assets	<u>178,774</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>\$178,774</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, 2021 AND 2020

(8) SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events occurring after the financial statement date through September 24, 2021, 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, 2021, 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.