

*Report of Audit*

*on the*

*Financial Statements*

*of the*

*Educational Leadership  
Foundation of  
New Jersey, Inc.*

*for the*

*Years Ended  
June 30, 2019 and 2018*



**SUPLEE, CLOONEY & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

*Report of Audit*

*on the*

*Financial Statements*

*of the*

*Educational Leadership  
Foundation of  
New Jersey, Inc.*

*for the*

*Years Ended  
June 30, 2019 and 2018*

EDUCATIONAL LEADERSHIP FOUNDATION OF NEW JERSEY

I N D E X

	<u>PAGE NUMBER</u>
Independent Auditor's Report	1-2
 <u>EXHIBITS</u>	
"A" Statements of Financial Position - June 30, 2019 and 2018	3
"B" Statements of Activity for the Years Ended June 30, 2019 and 2018	4
"C" Statements of Functional Expenses for the Years Ended June 30, 2019 and 2018	5
"D" Statements of Cash Flows for the Years Ended June 30, 2019 and 2018	6
 Notes to Financial Statements - June 30, 2019 and 2018	 7-12



**SUPLEE, CLOONEY & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail [info@scnco.com](mailto:info@scnco.com)

**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, 2019 and 2018, 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

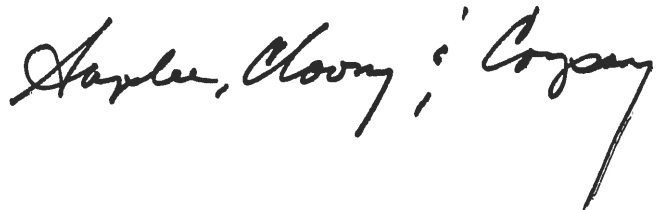
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2019 and 2018, 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.

March 18, 2020

A handwritten signature in black ink that reads "Suplee, Clooney & Company". The signature is written in a cursive style with a long, sweeping tail on the final word.

EDUCATIONAL LEADERSHIP FOUNDATION OF NEW JERSEY, INC.STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 33,055	\$ 31,280
Accounts Receivable	-	25,375
	<u>33,055</u>	<u>56,655</u>
<u>TOTAL ASSETS</u>		
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 3,828	\$ 36,520
Payroll Taxes Payable	1,812	1,867
	<u>5,640</u>	<u>38,387</u>
Total Current Liabilities	<u>5,640</u>	<u>38,387</u>
<u>Net Assets</u>		
Without Donor Restrictions	<u>27,415</u>	<u>18,268</u>
Total Net Assets	<u>27,415</u>	<u>18,268</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>		
	<u>\$ 33,055</u>	<u>\$ 56,655</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, 2019 AND 2018

	2019			2018		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<u>REVENUES AND SUPPORT</u>						
<u>Operating Activities</u>						
Contributions	\$ -	\$ 268,114	\$ 268,114	\$ -	\$ 268,521	\$ 268,521
Grants	-	155,000	155,000	-	148,000	148,000
Total Revenues and Support before Releases	-	423,114	423,114	-	416,521	416,521
Net Assets Released From Restrictions	423,114	(423,114)		416,521	(416,521)	
Total Revenues and Support	423,114		423,114	416,521		416,521
<u>Operating Activities</u>						
Program Services	404,364		404,364	403,632		403,632
Management and General Fundraising	9,688		9,688	12,547		12,547
Total Operating Expenses	414,052	-	414,052	416,179	-	416,179
Change in Net Assets from Operating Activities	9,062		9,062	342		342
<u>Non-Operating Activities</u>						
Interest Income	85		85	71		71
Change in Net Assets from Non-Operating Activities	85		85	71		71
Net Increase (Decrease) in Net Assets	9,147		9,147	413		413
Net Assets, Beginning of Year	18,268		18,268	17,855		17,855
Net Assets, End of Year	\$ 27,415	\$ -	\$ 27,415	\$ 18,268	\$ -	\$ 18,268

EDUCATIONAL LEADERSHIP FOUNDATION OF NEW JERSEY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019				<u>TOTAL</u>
	SUPPORTING ACTIVITIES			SUPPORTING	
	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT &amp; GENERAL</u>	<u>FUNDRAISING</u>	<u>SUBTOTAL</u>	
Payroll and Payroll Taxes	\$ 32,570	\$ 5,746	\$ -	\$ 5,746	\$ 38,316
Staff Expense	3,550	626	-	626	4,176
Conference	349,451	-	-	-	349,451
Rent and Utilities	9,180	1,620	-	1,620	10,800
Insurance	4,715	832	-	832	5,547
Professional Fees	3,570	630	-	630	4,200
Office Expense	1,010	178	-	178	1,188
Travel and Meetings	318	56	-	56	374
<b><u>TOTAL EXPENSES</u></b>	<b><u>\$ 404,364</u></b>	<b><u>\$ 9,688</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 9,688</u></b>	<b><u>\$ 414,052</u></b>

	2018				<u>TOTAL</u>
	SUPPORTING ACTIVITIES			SUPPORTING	
	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT &amp; GENERAL</u>	<u>FUNDRAISING</u>	<u>SUBTOTAL</u>	
Payroll and Payroll Taxes	\$ 48,741	\$ 8,601	\$ -	\$ 8,601	\$ 57,342
Staff Expense	3,550	627	-	627	4,177
Conference	332,541	-	-	-	332,541
Rent and Utilities	9,180	1,620	-	1,620	10,800
Insurance	4,635	818	-	818	5,453
Professional Fees	3,570	630	-	630	4,200
Office Expense	1,267	224	-	224	1,491
Travel and Meetings	148	27	-	27	175
<b><u>TOTAL EXPENSES</u></b>	<b><u>\$ 403,632</u></b>	<b><u>\$ 12,547</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 12,547</u></b>	<b><u>\$ 416,179</u></b>

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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>OPERATING ACTIVITIES</u>		
Net Increase (Decrease) in Net Assets	\$ 9,147	\$ 413
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) Provided by Operating Activities:		
Accounts Receivable	25,375	(25,229)
Accounts Payable and Accrued Expenses	(32,692)	35,349
Payroll Taxes Payable	(55)	1,291
	<u>1,775</u>	<u>11,824</u>
Net Cash Provided by Operating Activities	<u>1,775</u>	<u>11,824</u>
Net Increase in Cash and Cash Equivalents	1,775	11,824
Cash and Cash Equivalents, Beginning of Year	<u>31,280</u>	<u>19,456</u>
Cash and Cash Equivalents, End of Year	<u>\$ 33,055</u>	<u>\$ 31,280</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, 2019 AND 2018

(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. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the Guide). (ASC) 958-205 became effective January 1, 2018.

Financial Statement Presentation

Under provisions of the Guide, 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 Agency 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, 2019 AND 2018

(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, 2019 and 2018. 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 2016 through 2018 are open to examination by the IRS as of June 30, 2019.

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, 2019 AND 2018

(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.

New Accounting Pronouncement

In August 2016, FASB Financial Accounting Standards Board (FASB) issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and lack of consistency in the type of information provided about expenses and investment return. The Foundation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to the periods presented.

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, 2019 AND 2018

(2) CASH AND CASH EQUIVALENTS

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

	<u>2019</u>	<u>2018</u>
Checking Accounts	\$32,990	\$31,245
Petty Cash	<u>65</u>	<u>35</u>
	<u>\$33,055</u>	<u>\$31,280</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 \$123,000 in the years ended June 30, 2019 and 2018, 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) 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, 2019 AND 2018

(5) 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>2019</u>	<u>2018</u>
Programs	<u>\$423,114</u>	<u>\$416,521</u>

(6) 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>\$33,055</u>
Total Financial Assets	<u>33,055</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>\$33,055</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, 2019 AND 2018

(7) SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events occurring after the financial statement date through March 18, 2020, 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.

(8) COMMITMENTS AND CONTINGENCIES

In the ordinary conduct of its business, the Foundation may be a party to litigation. At June 30, 2019, 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.