Interfaith America

Financial Report

July 31, 2023

Contents

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Independent Auditor's Report

To the Board of Directors
Interfaith America

Opinion

We have audited the financial statements of Interfaith America (the "Organization"), which comprise the statement of financial position as of July 31, 2023 and 2022 and the related statements of activities and changes in net assets, 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 July 31, 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 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 Audits of the Financial Statements* section of our report. We are required to be independent of the Organization and to meet our 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor’s Responsibilities for the Audits 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 audits 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.

To the Board of Directors
Interfaith America

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moran, PLLC

January 16, 2024

Statement of Financial Position

July 31, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash	$ 5,165,429	$ 5,345,711
Investments (Note 5)	10,485,315	10,036,844
Accounts receivable - Net	278,543	179,644
Short-term portion of grants and contributions receivable (Note 6)	5,036,019	4,559,394
Prepaid expenses and other current assets	701,129	874,915
Total current assets	21,666,435	20,996,508
Grants and Contributions Receivable - Net of current portion (Note 6)	13,651,359	5,526,961
Property and Equipment - Net (Note 7)	394,906	270,836
Right-of-use Operating Lease Asset (Note 10)	2,136,444	-
Total noncurrent assets	16,182,709	5,797,797
Total assets	**$ 37,849,144**	**$ 26,794,305**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 134,641	$ 53,889
Grants and scholarships payable	29,000	190,458
Deferred revenue	54,610	18,870
Accrued liabilities and other:		
Accrued payroll	226,911	225,732
Short-term portion of deferred rent	-	47,339
Other accrued liabilities	49,024	106,053
Total accrued liabilities and other	275,935	379,124
Current portion of lease liabilities - Operating (Note 10)	144,349	-
Total current liabilities	638,535	642,341
Lease Liabilities - Operating - Net of current portion (Note 10)	2,173,168	-
Deferred Rent - Net of current portion	-	16,739
Total liabilities	2,811,703	659,080
Net Assets		
Without donor restrictions:		
Undesignated	7,814,084	10,596,395
Board designated	2,500,000	2,000,000
Total without donor restrictions	10,314,084	12,596,395
With donor restrictions (Note 8)	24,723,357	13,538,830
Total net assets	35,037,441	26,135,225
Total liabilities and net assets	**$ 37,849,144**	**$ 26,794,305**

See notes to financial statements.

Statement of Activities and Changes in Net Assets

Years Ended July 31, 2022 and 2023

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains (Losses), and Other Support						
Individual contributions of financial assets	$ 1,106,481	$ 649,694	$ 1,756,175	$ 212,260	$ 4,022,000	$ 4,234,260
Grants and contributions of financial assets	105,000	20,343,171	20,448,171	519,375	9,179,050	9,698,425
Contributions of nonfinancial assets (Note 11)	72,079	-	72,079	133,161	-	133,161
Publications	466	-	466	-	-	-
Seminars and workshops	46,141	-	46,141	12,225	-	12,225
Earned revenue	162,500	-	162,500	123,000	-	123,000
Net realized and unrealized gains (losses) on investments	130,227	-	130,227	(615,774)	-	(615,774)
Interest and dividends	221,668	-	221,668	116,167	-	116,167
Honoraria	127,532	-	127,532	173,150	-	173,150
Other revenue	10,700	-	10,700	1,325	-	1,325
Net assets released from restrictions	9,808,338	(9,808,338)	-	11,433,298	(11,433,298)	-
Total revenue, gains, and other support	11,791,132	11,184,527	22,975,659	12,108,187	1,767,752	13,875,939
Expenses						
Program services:						
Campus	3,417,742	-	3,417,742	3,467,153	-	3,467,153
Narrative	3,473,897	-	3,473,897	2,940,886	-	2,940,886
Innovation	4,138,557	-	4,138,557	4,357,143	-	4,357,143
Support services:						
Advancement	1,289,356	-	1,289,356	760,840	-	760,840
Operations	1,753,891	-	1,753,891	1,878,802	-	1,878,802
Total expenses	14,073,443	-	14,073,443	13,404,824	-	13,404,824
(Decrease) Increase in Net Assets	(2,282,311)	11,184,527	8,902,216	(1,296,637)	1,767,752	471,115
Net Assets - Beginning of year	12,596,395	13,538,830	26,135,225	13,893,032	11,771,078	25,664,110
Net Assets - End of year	**$ 10,314,084**	**$ 24,723,357**	**$ 35,037,441**	**$ 12,596,395**	**$ 13,538,830**	**$ 26,135,225**

See notes to financial statements.

Statement of Functional Expenses

Year Ended July 31, 2023

	Program Services				Support Services		
	Campus	Narrative	Innovation	Total	Advancement	Operations	Total
Salaries and related expenses	$ 1,137,959	$ 1,625,468	$ 1,665,424	$ 4,428,851	$ 596,041	$ 778,272	$ 5,803,164
Employee benefits	115,112	156,284	111,219	382,615	64,105	87,687	534,407
Payroll taxes	83,096	122,504	113,896	319,496	37,026	69,925	426,447
Total salaries and related expenses	1,336,167	1,904,256	1,890,539	5,130,962	697,172	935,884	6,764,018
Professional fees	187,310	531,754	531,416	1,250,480	221,367	203,583	1,675,430
Accounting fees	-	-	-	-	-	44,800	44,800
Information technology services	39,419	36,846	29,785	106,050	10,946	115,986	232,982
Supplies	934,317	93,187	283,430	1,310,934	214,463	8,146	1,533,543
Computer-related expenses	10,245	12,047	2,027	24,319	635	66,328	91,282
Telephone and telecommunications	7,874	10,916	6,952	25,742	2,326	7,952	36,020
Postage, shipping, and advertising	211	39,305	11,179	50,695	1,287	8,209	60,191
Books, subscriptions, and reference	2,014	38,613	5,037	45,664	10,977	7,533	64,174
Printing and copying	2,604	23,271	2,489	28,364	5,291	866	34,521
Fees and charges	2,123	24	207	2,354	1,347	2,455	6,156
Staff development	4,804	3,824	1,058	9,686	-	66,936	76,622
Lease expenses	69,741	107,226	91,526	268,493	31,384	49,302	349,179
Travel expense	155,333	182,048	193,275	530,656	79,514	61,825	671,995
Meetings expense	41,962	1,406	2,195	45,563	2,134	22,877	70,574
Depreciation	-	42,116	46,109	88,225	-	78,362	166,587
Insurance	-	-	-	-	-	43,569	43,569
Other expenses	6,934	1,626	1,452	10,012	513	28,664	39,189
Scholarships and stipends to individuals	199,684	175,424	34,638	409,746	-	100	409,846
Grants to other organizations	417,000	270,008	1,005,243	1,692,251	10,000	514	1,702,765
Total functional expenses	**$ 3,417,742**	**$ 3,473,897**	**$ 4,138,557**	**$ 11,030,196**	**$ 1,289,356**	**$ 1,753,891**	**$ 14,073,443**

See notes to financial statements.

Statement of Functional Expenses

Year Ended July 31, 2022

	Program Services				Support Services		
	Campus	Narrative	Innovation	Total	Advancement	Operations	Total
Salaries and related expenses	$ 1,636,771	$ 1,200,295	$ 973,342	$ 3,810,408	$ 554,344	$ 818,346	$ 5,183,098
Employee benefits	176,186	111,139	94,615	381,940	68,893	109,175	560,008
Payroll taxes	122,744	82,729	64,270	269,743	34,388	84,460	388,591
Total salaries and related expenses	1,935,701	1,394,163	1,132,227	4,462,091	657,625	1,011,981	6,131,697
Professional fees	401,394	425,930	225,225	1,052,549	27,488	170,601	1,250,638
Accounting fees	-	-	-	-	-	40,798	40,798
Information technology services	44,211	23,607	17,955	85,773	9,634	175,624	271,031
Supplies	95,211	74,491	172,627	342,329	163	17,371	359,863
Computer-related expenses	17,809	5,868	1,035	24,712	672	81,416	106,800
Telephone and telecommunications	8,758	10,122	3,700	22,580	2,586	7,600	32,766
Postage, shipping, and delivery	16,239	19,358	2,523	38,120	1,177	10,644	49,941
Books, subscriptions, and reference	6,255	23,638	2,391	32,284	4,807	3,868	40,959
Printing and copying	5,017	604	180	5,801	1,598	1,648	9,047
Fees and charges	789	-	27	816	999	2,436	4,251
Staff development	17,995	661	650	19,306	27	58,370	77,703
Occupancy expenses	141,546	83,325	67,965	292,836	36,627	34,112	363,575
Travel expense	63,266	88,998	46,686	198,950	12,171	55,360	266,481
Meetings expense	3,135	2,395	2,683	8,213	2,138	42,947	53,298
Depreciation	8,029	-	46,346	54,375	-	92,647	147,022
Insurance	-	-	-	-	-	36,476	36,476
Other expenses	13,503	58,085	23,590	95,178	3,128	34,903	133,209
Scholarships and stipends to individuals	213,700	308,357	1,692,937	2,214,994	-	-	2,214,994
Grants to other organizations	474,595	421,284	918,396	1,814,275	-	-	1,814,275
Total functional expenses	**$ 3,467,153**	**$ 2,940,886**	**$ 4,357,143**	**$ 10,765,182**	**$ 760,840**	**$ 1,878,802**	**$ 13,404,824**

Statement of Cash Flows

Years Ended July 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Increase in net assets	$ 8,902,216	$ 471,115
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation expense	166,587	147,022
Contributed stock	-	(1,078,968)
Realized and unrealized (gains) losses on investments	(130,227)	615,774
Deferred rent	-	(38,773)
Changes in operating assets and liabilities that (used) provided cash:		
Accounts receivable	(98,899)	(156,119)
Grants and contributions receivable	(8,601,023)	(5,075,301)
Prepaid expenses and other current assets	173,786	(377,008)
Accounts payable	80,752	(110,224)
Grants payable	(161,458)	(1,018,467)
Accrued payroll	1,179	22,532
Other accrued liabilities	(57,029)	44,031
Deferred revenue	35,740	7,795
Operating lease asset and liability	116,995	-
Net cash provided by (used in) operating activities	428,619	(6,546,591)
Cash Flows from Investing Activities		
Purchase of property and equipment	(290,657)	(121,230)
Purchases of investments	(2,703,682)	(1,112,559)
Proceeds from sales of investments	-	1,983,690
Sale of contributed stock	-	1,078,968
Net cash (used in) provided by investing activities	(2,994,339)	1,828,869
Net Decrease in Cash	(2,565,720)	(4,717,722)
Cash - Beginning of year	7,741,497	12,459,219
Cash - End of year	**$ 5,175,777**	**$ 7,741,497**
Statement of Financial Position Classification of Cash		
Cash	$ 5,165,429	$ 5,345,711
Bank deposits - Included in investments	10,348	2,395,786
Total cash	**$ 5,175,777**	**$ 7,741,497**

See notes to financial statements.

Note 1 - Nature of Business

Interfaith America (the "Organization"), formerly known as Interfaith Youth Core, located in Chicago, Illinois, is a nonprofit corporation. Established in 2002, the Organization's vision is to build a society in which interfaith cooperation is a social norm. Rather than succumb to the notion of the inevitability of religious conflict, the Organization seeks to transform America into a nation that sees its religious diversity as a strength. Focusing on the higher education sector for its catalytic impact on broader society, the Organization has four strategically aligned program areas:

Model Environments - The Organization partners with campuses to implement consultations, devise assessment resources, and steward relationships over the long term, achieving sustainable, institution-wide shifts embedding interfaith cooperation.

Leaders - The Organization trains, cultivates, and networks a set of campus leaders, including students, staff, faculty, administrators, and alumni to advance interfaith cooperation within their spheres of influence.

Knowledge Base - The Organization contributes to and curates a knowledge base that provides the theoretical core to undergird practice.

Communications - Communications programs give voice to the interfaith movement through a range of media platforms and change public discourse from the inevitability of religious conflict to the possibility of interfaith cooperation.

The Organization's funding is derived primarily from individual and foundation gifts, seminars and workshops, speaking honoraria, and university contracts.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

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, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Concentrations of Credit Risk

The Organization maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Amounts are insured only up to the federally insured depository limit.

Note 2 - Significant Accounting Policies (Continued)

Investments

Investments in mutual funds, money market funds, and fixed-income securities are reported at fair value, with unrealized gains and losses included in earnings.

Accounts, Grants, and Contributions Receivable

Accounts receivable consist of amounts due for services rendered. Receivables are carried at original invoice amounts. The Organization's contributions receivable are composed primarily of grants and allocations committed from various funding agencies for use in the Organization's activities. Management monitors the collection of these receivables on a periodic basis, and amounts are written off when deemed uncollectible. Management believes that all grants and contributions receivable are fully collectible. The allowance for doubtful accounts receivable was $9,360 as of July 31, 2023 and 2022.

Designated Endowment without Donor Restrictions

The Organization maintains within its net assets without donor restrictions a designated endowment from which the Organization's board permits only distributions (grants) of earnings, which may include appreciation and income. This designated endowment consists of funds received from donors without donor restrictions designated by the board with the objective of generating income to support the organization. The Organization, at the discretion of the board, has a policy to spend up to 5 percent of the previous three-year average of the endowment fund's fair value each year. Recognizing the perpetual nature of the endowment and its purpose to support the Organization’s long-term needs, an appropriate portion of the endowment can have a greater emphasis on equity-based investments where long-term growth prospects have a higher probability of producing greater returns than those expected from fixed-income securities. The board is authorized to determine asset allocation guidelines for the endowment to achieve its long-term objectives, with appropriate attention to risk. All board-designated net assets are considered part of the designated endowment fund.

Contributions

Unconditional promises to give cash and other assets to the Organization are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met the year in which the contributions are received are reported as contributions without donor restrictions in the accompanying financial statements. Contributed stocks are sold upon receipt unless there are donor restrictions restricting the sale of such stocks.

Revenue Recognition for Contracts with Customers

The Organization’s revenue generated from contracts with customers consists of seminars and workshops, consulting work with other organizations (included in earned revenue on the statement of activities and changes in net assets), and honoraria. The Organization’s customers typically are students, foundations, corporations, and higher education institutions.

For each revenue stream, revenue recognition is subject to the completion of performance obligations. For each contract with a customer, the Organization examines the performance obligations in the contract, considering the performance obligations, whether customers benefit from the resources, and whether the resources are readily available.

Note 2 - Significant Accounting Policies (Continued)

The Organization’s revenue is recognized when a given performance obligation is satisfied, either at a given point in time or over a period. Revenue is recognized at a given point in time when services or control of goods are transferred to the customer and when the customer can direct its use and obtain substantial benefit from the services or goods. The Organization recognizes revenue over a period if the customer receives and consumes the benefits that the Organization provides simultaneously or if the Organization’s performance does not create an asset with an alternative use and has an enforceable right to payment for the performance.

Performance obligations are determined based on the nature of the services provided by the Organization. For seminars and workshops, the performance obligation is to provide a bundle of services, including attendance and providing content for an educational event. For honoraria, the performance obligation is to deliver a defined speaking engagement. Both of these performance obligations are satisfied at the point in time when the event or speaking engagement occurs. For earned revenue, the Organization’s performance obligations vary depending on the nature of the individual contract and typically include working collaboratively with the customer to host an event, provide educational content, or provide consulting services for a specific deliverable. These performance obligations are satisfied at a point in time for an event or over time for content creation or consulting services that are provided during the contract period.

Revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. The Organization does not offer discounts for early payment, and none of the Organization’s contracts have a significant financing component.

For the years ended July 31, 2023 and 2022, the beginning balances of the Organization's accounts receivable related to customers with contracts were $179,644 and $23,525, respectively. The closing balances were $278,543 and $179,644, respectively. The allowance for doubtful accounts on the closing accounts receivable balances was $9,360 as of July 31, 2023 and 2022. No impairment losses were recorded for these receivable balances during 2023 and 2022.

The Organization determines the transaction price based on stated contract fees for services provided. Cash payments received in advance of the event date or the Organization satisfying its performance obligation(s) are recorded as contract liabilities (deferred revenue) on the statement of financial position. For the years ended July 31, 2023 and 2022, the beginning balances of the Organization’s deferred revenue from contracts with customers were $18,870 and $11,075, respectively.

Property and Equipment

Property and equipment are recorded at cost. Both straight-line and accelerated methods are used for computing depreciation and amortization. Assets are depreciated over their estimated useful lives. Costs of maintenance and repairs are charged to expense when incurred.

Leases

The Organization has an operating lease for its office space. The Organization recognizes expense for operating leases on a straight-line basis over the lease term. The Organization made a policy election not to separate lease and nonlease components for operating leases. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability.

The Organization elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate for the office space lease.

Note 2 - Significant Accounting Policies (Continued)

Grants and Scholarships Payable

The Organization awards grants and scholarships to selected organizations and individuals for interfaith and educational initiatives to advance its mission. Unconditional grants are recorded by the Organization in the period awarded and approved by management. The expenditures included in the accompanying financial statements include the amounts expensed for the years ended July 31, 2023 and 2022. Conditional grants are expensed when such conditions are substantially met. There were no conditional grants awarded as of July 31, 2023 and 2022.

Income Taxes

The Organization is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Functional Allocation of Expenses

The costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Costs are classified directly, when possible. Indirect costs have been allocated between the various program and support services based on estimates determined by management.

- Occupancy and lease expense - By full-time equivalent (FTE) positions per department
- Information technology services - By full-time equivalent positions per department
- Salaries and related expenses - By time and effort percentages

Occupancy costs include maintenance, utilities, and other indirect expenses incurred by multiple departments. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different amounts.

Upcoming Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The ASU includes changes to the accounting and measurement of financial assets, including the Organization's accounts receivable, by requiring the Organization to recognize an allowance for all expected losses over the life of the financial asset at origination. This is different from the current practice where an allowance is not recognized until the losses are considered probable. The new guidance will be effective for the Organization's year ending July 31, 2024. Upon adoption, the ASU will be applied using a modified retrospective approach as of the date of adoption.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including January 16, 2024, which is the date the financial statements were available to be issued.

Note 3 - Adoption of New Accounting Pronouncement

As of August 1, 2022, the Organization adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-02, *Leases*. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. The Organization elected to adopt the ASU using the modified retrospective method as of August 1, 2022 and applied the following practical expedients:

- The Organization did not reassess if expired or existing contracts are or contain a lease.
- The Organization did not reassess the lease classification for expired or existing leases.
- The Organization did not reassess initial direct costs for any existing leases.
- The Organization used hindsight to determine the lease term and to assess impairment of the right-of-use assets for existing leases.

As a result of the adoption of the ASU, the Organization recorded a right-of-use asset of $2,584,590 and a lease liability of $2,648,668 as of August 1, 2022 for existing operating leases. There was no impact on net assets as a result of adopting the new ASU.

Note 4 - Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of July 31, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	2023	2022
Cash	$ 5,165,429	$ 5,345,711
Investments	10,485,315	10,036,844
Accounts receivable - Net	278,543	179,644
Grants and contributions receivable - Net	18,687,378	10,086,355
Financial assets - At year end	34,616,665	25,648,554
Contractual or donor-imposed restrictions - Less those unavailable for general expenditures within one year due to:		
Restricted by donor with time or purpose restrictions	24,723,357	13,538,830
Board designations	2,500,000	2,000,000
Financial assets available to meet cash needs for general expenditures within one year	$ 7,393,308	$ 10,109,724

The grants and contributions receivable are subject to implied time restrictions; of the amount reported above, $5,036,019 and $4,559,394 at July 31, 2023 and 2022, respectively, is expected to be collected within one year and released from donor-imposed purpose restrictions.

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet six months of normal operating expenses, which are, on average, approximately $6,800,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and money market accounts.

The Organization also realizes there could be unanticipated liquidity needs.

Note 5 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Organization does not currently utilize any Level 3 inputs.

The following tables present information about the Organization's assets measured at fair value on a recurring basis at July 31, 2023 and 2022 and the valuation techniques used by the Organization to determine those fair values:

	Assets Measured at Fair Value on a Recurring Basis at July 31, 2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at July 31, 2023
Assets				
Investments:				
Mutual fund - Stock/bond blended index	$ 7,982,342	$ -	$ -	$ 7,982,342
Money market funds	49,334	-	-	49,334
Fixed income - Treasury bills	-	2,443,291	-	2,443,291
Total investments	$ 8,031,676	$ 2,443,291	$ -	$ 10,474,967

	Assets Measured at Fair Value on a Recurring Basis at July 31, 2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at July 31, 2022
Assets				
Investments:				
Mutual fund - Stock/bond blended index	$ 7,640,532	$ -	$ -	$ 7,640,532
Money market funds	526	-	-	526
Total investments	$ 7,641,058	$ -	$ -	$ 7,641,058

Note 5 - Fair Value Measurements (Continued)

Not included in the tables above is $10,348 and $2,395,786 in bank deposits as of July 31, 2023 and 2022, respectively.

Transfers from Level 1 to Level 2 were made because of the absence of quoted prices in active markets for the securities. Transfers from Level 2 to Level 1 were made because quoted prices in active markets became available.

Level 1

The fair value of mutual funds and money market funds is based on active quoted market prices.

Level 2

The fair value of fixed income U.S. Treasury bills is based on quoted prices for similar securities that are traded on the secondary market.

Note 6 - Grants and Contributions Receivable

Contributions are recorded at the present value of their estimated future cash flows. The Organization discounted contributions due in more than one year using rates between 0.66 percent and 5.09 percent. Contributions receivable are expected to be collected during the following periods:

	2023	2022
Less than one year	$ 5,036,019	$ 4,559,394
One to five years	7,886,488	5,725,779
More than five years	6,250,000	-
Less allowance for present value discount	(485,129)	(198,818)
Less allowance for present value discount	$ 18,687,378	$ 10,086,355

Note 7 - Property and Equipment

The cost of property and equipment is summarized as follows:

	2023	2022	Depreciable Life - Years
Furniture and fixtures	$ 366,014	$ 336,652	3-5
Computer equipment and website	898,311	802,821	3-5
Leasehold improvements	203,209	37,404	5-20
Total cost	1,467,534	1,176,877	
Less accumulated depreciation	1,072,628	906,041	
Net amount	$ 394,906	$ 270,836	

Depreciation expense for 2023 and 2022 was $166,587 and $147,022, respectively.

Note 8 - Net Assets

Net assets without donor restrictions consist of the following as of July 31:

	2023	2022
Board-designated net assets	$ 2,500,000	$ 2,000,000
Undesignated net assets	7,814,084	10,596,395
Total net assets without donor restrictions	$ 10,314,084	$ 12,596,395

Net assets with donor restrictions as of July 31 consist of the following:

	2023	2022
Subject to expenditures for a specified purpose:		
Narrative	$ 166,007	$ 1,056,014
Campus	3,579,900	5,771,325
Innovation	1,761,021	1,260,735
Subject to the passage of time	19,216,429	5,450,756
Total net assets with donor restrictions	$ 24,723,357	$ 13,538,830

Note 9 - Concentration of Grants and Contributions

Approximately 79 percent of 2023 total grants and contributions revenue was contributed by two foundations, of which $17,500,000 is included in grants and contributions receivable on the statement of financial position as of July 31, 2023.

Approximately 70 percent of 2022 total grants and contributions revenue was contributed by five foundations, of which $1,420,756 is included in grants and contributions receivable on the statement of financial position as of July 31, 2022.

Note 10 - Leases

The Organization is obligated under an operating lease for office space, which commenced in November 2016 and expires in November 2030. The right-of-use asset and related lease liability have been calculated using a discount rate of 2.64 percent. The leases require the Organization to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under this lease was $348,221 for 2023.

Lease expense for operating leases includes $958 related to leases classified as short-term leases during the year ended July 31, 2023.

The Organization made a policy election not to separate lease and nonlease components for operating leases. Therefore, the full amount of the lease payment is included in the recorded right-of-use asset and lease liability.

In connection with the operating lease for office space, the Organization was granted lease incentives, including a tenant improvement allowance totaling $328,265. Lease incentives are treated as a reduction of the right-of-use asset and are recognized as a reduction in lease expense on a straight-line basis over the term of the lease.

Note 10 - Leases (Continued)

Future minimum annual commitments under these operating leases are as follows:

Years Ending July 31	Amount
2024	$ 203,240
2025	274,675
2026	287,815
2027	392,240
2028	408,414
Thereafter	1,018,033
Total	2,584,417
Less amount representing interest	266,900
Present value of net minimum lease payments	2,317,517
Less current obligations	144,349
Long-term obligations under leases	$ 2,173,168

Expenses recognized under these leases for the year ended July 31, 2023 consist of the following:

Lease cost:	
Operating lease cost	$ 348,221
Short-term lease cost	958
Total lease cost	$ 349,179
Other information:	
Cash paid for amounts included in the measurement of lease liabilities - Operating cash flows from operating leases	$ 397,031
Weighted-average remaining lease term (years) - Operating leases	7.3
Weighted-average discount rate - Operating leases	2.6 %

Note 11 - Contributed Nonfinancial Assets

A significant amount of volunteer services is contributed to the Organization to support its activities. These volunteer activities include participating on the board of directors and numerous other committees. The value of these services is not recorded in the financial statements. These volunteer services are not recordable under GAAP.

The value of contributed services included in the statement of activities and changes in net assets and allocated to management and general and program service expense for the years ended July 31, 2023 and 2022 are as follows:

	2023	2022
Professional services - Legal	$ 72,079	$ 83,161
Professional services - Marketing	-	50,000
Total	$ 72,079	$ 133,161

Note 11 - Contributed Nonfinancial Assets (Continued)

Contributed nonfinancial assets did not have donor-imposed restrictions. Contributed professional services are valued and reported at their estimated fair value in the financial statements based on current rates for similar professional services.

Note 12 - Employee Benefit Plan

The Organization instituted a 403(b) plan available to all employees, with an employer match of 40 percent of the employees' contributions up to 6 percent of the salary. During the years ended July 31, 2023 and 2022, the employer match was $172,856 and $152,133, respectively.