

THE EDUCATION TRUST
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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Independent Auditor's Report

To the Board of Directors
The Education Trust
Washington, D.C.

Opinion

We have audited the accompanying consolidated financial statements of **The Education Trust** (a nonprofit organization), which comprise the Consolidated Statements of Financial Position as of June 30, 2022 and 2021, and the related Consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of **The Education Trust** as of June 30, 2022 and 2021, and the changes in net assets and their 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. 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 Education Trust** 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **The Education Trust's** ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Independent Auditor's Report (Continued)

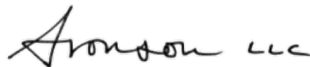
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Education Trust'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **The Education Trust'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.



Rockville, Maryland
November 9, 2022

The Education Trust

Consolidated Statements of Financial Position

<i>June 30,</i>	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 16,921,554	\$ 35,222,076
Contributions receivable, current portion	8,353,545	9,615,453
Accounts receivable	157,402	173,852
Investments - operating	4,089,163	9,970,589
Prepaid expenses	740,258	504,172
Total current assets	30,261,922	55,486,142
Investments - long-term	23,882,869	-
Contributions receivable, net of current portion	3,457,600	737,221
Property and equipment, net	2,494,034	2,664,845
Deposits	288,238	399,032
Total assets	\$ 60,384,663	\$ 59,287,240
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 940,534	\$ 655,676
Accrued payroll and related expenses	1,664,814	1,572,189
Deferred revenue	300,740	33,950
Deferred rent, current portion	270,728	634,329
Total current liabilities	3,176,816	2,896,144
Long-term liabilities		
Deferred rent, net of current portion	4,415,559	3,856,020
Total liabilities	7,592,375	6,752,164
Net assets		
Without donor restrictions - undesignated	10,565,806	34,998,817
Without donor restrictions - board designated	23,882,869	-
Total without donor restrictions	34,448,675	34,998,817
With donor restrictions	18,343,613	17,536,259
Total net assets	52,792,288	52,535,076
Total liabilities and net assets	\$ 60,384,663	\$ 59,287,240

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

The Education Trust

Consolidated Statements of Activities and Changes in Net Assets

<i>Years Ended June 30,</i>	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Grants and contributions	\$ 10,134,158	\$ 17,300,275	\$ 27,434,433	\$ 29,715,509	\$ 20,445,171	\$ 50,160,680
In-kind contributions and donated services	-	-	-	21,500	-	21,500
Contracts	1,101,619	-	1,101,619	594,683	-	594,683
Speaking fees/honorariums	33,400	-	33,400	84,909	-	84,909
Interest income, net	139,635	-	139,635	250,791	-	250,791
Other income	24,569	-	24,569	22,235	-	22,235
Net assets released from restrictions (Purpose)	16,292,493	(16,292,493)	-	17,348,626	(17,348,626)	-
Net assets released from restrictions (Time)	200,428	(200,428)	-	2,486,781	(2,486,781)	-
Total operating revenue	27,926,302	807,354	28,733,656	50,525,034	609,764	51,134,798
Expenses						
Program services	23,146,131	-	23,146,131	21,141,752	-	21,141,752
Fundraising	660,639	-	660,639	643,157	-	643,157
General and administrative	2,365,026	-	2,365,026	2,473,429	-	2,473,429
Total expenses	26,171,796	-	26,171,796	24,258,338	-	24,258,338
Change in net assets from operations	1,754,506	807,354	2,561,860	26,266,696	609,764	26,876,460
Non-operating change in net assets						
Unrealized and realized loss on investments	(2,304,648)	-	(2,304,648)	(81,036)	-	(81,036)
Total change in net assets	(550,142)	807,354	257,212	26,185,660	609,764	26,795,424
Net assets, beginning of year	34,998,817	17,536,259	52,535,076	8,813,157	16,926,495	25,739,652
Net assets, end of year	\$ 34,448,675	\$ 18,343,613	\$ 52,792,288	\$ 34,998,817	\$ 17,536,259	\$ 52,535,076

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

The Education Trust

Consolidated Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services											
	P -12	Higher Education	Advocacy and		Education Trust	Education Trust	Education Trust	Total		General		
	Policy & Practice	Policy & Practice	Legislative Affairs	Communications	Midwest	New York	West	Program	Fundraising	and	2022	
								Services		Administrative	Total	
Personnel expenses	\$ 2,308,221	\$ 1,728,026	\$ 3,329,882	\$ 1,568,391	\$ 1,264,894	\$ 1,151,958	\$ 3,222,994	\$ 14,574,366	\$ 531,171	\$ 1,027,793	\$ 16,133,330	
Consulting	345,877	604,293	1,006,177	221,671	518,936	739,594	810,223	4,246,771	27,371	382,765	4,656,907	
Travel and meetings	8,575	54,859	338,081	2,541	16,341	66,841	116,787	604,025	11,010	27,048	642,083	
Subgrants	277,500	-	271,500	-	-	600,000	364,376	1,513,376	-	-	1,513,376	
Professional resources	168,860	68,848	170,170	177,389	53,538	137,670	121,143	897,618	35,333	216,613	1,149,564	
Depreciation and amortization	31,028	23,229	44,762	21,083	406	623	26,516	147,647	7,140	118,309	273,096	
Occupancy	137,156	102,680	248,163	93,195	23,453	42,335	290,391	937,373	31,563	522,951	1,491,887	
Office expenses	55,100	36,877	44,134	47,579	3,225	20,156	17,884	224,955	17,051	69,547	311,553	
Total expenses	\$ 3,332,317	\$ 2,618,812	\$ 5,452,869	\$ 2,131,849	\$ 1,880,793	\$ 2,759,177	\$ 4,970,314	\$ 23,146,131	\$ 660,639	\$ 2,365,026	\$ 26,171,796	

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

The Education Trust

Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services							Total Program Services	Fundraising	General and Administrative	2021 Total
	P -12 Policy & Practice	Higher Education Policy & Practice	Advocacy and Legislative Affairs	Communications	Education Trust Midwest	Education Trust New York	Education Trust West				
Personnel expenses	\$ 2,154,179	\$ 1,325,380	\$ 3,081,901	\$ 1,591,000	\$ 1,466,756	\$ 1,124,405	\$ 2,893,813	\$ 13,637,434	\$ 479,229	\$ 1,298,015	\$ 15,414,678
Consulting	299,073	202,357	767,653	177,659	359,133	542,542	774,915	3,123,332	39,613	170,945	3,333,890
Travel and meetings	553	1,303	46,816	771	10,529	2,353	8,980	71,305	3,939	-	75,244
Subgrants	370,500	-	221,000	-	22,500	524,059	831,294	1,969,353	-	-	1,969,353
Professional resources	78,879	37,296	106,733	117,209	65,361	49,649	140,868	595,995	55,404	60,838	712,237
Depreciation and amortization	49,701	30,579	71,106	36,708	910	2,115	33,924	225,043	11,057	211,295	447,395
Occupancy	175,682	93,999	196,742	95,978	130,427	99,267	297,547	1,089,642	28,910	683,422	1,801,974
Office expenses	40,440	27,900	93,589	63,492	58,958	53,535	91,734	429,648	25,005	48,914	503,567
Total expenses	\$ 3,169,007	\$ 1,718,814	\$ 4,585,540	\$ 2,082,817	\$ 2,114,574	\$ 2,397,925	\$ 5,073,075	\$ 21,141,752	\$ 643,157	\$ 2,473,429	\$ 24,258,338

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

The Education Trust

Consolidated Statements of Cash Flows

<i>Years Ended June 30,</i>	2022	2021
Cash flows from operating activities		
Change in net assets	\$ 257,212	\$ 26,795,424
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in discount on contribution receivable	(151,439)	(64,601)
Depreciation and amortization	273,096	447,395
Unrealized loss on investments	2,131,956	74,502
Loss on disposal	10,013	15,662
(Increase) decrease in:		
Contributions receivable	(1,307,032)	2,387,519
Accounts receivable	16,450	263,378
Prepaid expenses	(236,086)	(55,911)
Deposit	110,794	(7,072)
Increase (decrease) in:		
Accounts payable	284,858	(393,071)
Accrued expenses	92,625	(302,696)
Deferred revenue	266,790	(9,345)
Deferred rent	195,938	891,587
Net cash provided by operating activities	1,945,175	30,042,771
Cash flows from investing activities		
Purchase of property and equipment	(112,298)	(37,643)
Purchase of investments	(29,614,015)	(3,782,395)
Proceeds from redemptions of investments	9,480,616	3,694,000
Net cash used in investing activities	(20,245,697)	(126,038)
Net change in cash and cash equivalents	(18,300,522)	29,916,733
Cash and cash equivalents, beginning of year	35,222,076	5,305,343
Cash and cash equivalents, end of year	\$ 16,921,554	\$ 35,222,076
Non-cash investing and financing activities		
Leasehold improvement additions obtained through tenant allowance	\$ -	\$ 2,699,143

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

The Education Trust

Notes to Consolidated Financial Statements

1. Organization and significant accounting policies

Organization – The Education Trust is a nonprofit organization that promotes high academic achievement for all students at all levels - pre-kindergarten through college. The Education Trust's goal is to close the gaps in opportunity and achievement that consign far too many young people - especially those from low-income families or who are black, Latino, or American Indian - to lives on the margins of the American mainstream.

Although many organizations speak up for the adults employed by schools and colleges, The Education Trust speaks up for students, especially those whose needs and potential are often overlooked. The Education Trust evaluates every policy, every practice, and every dollar spent through a single lens: what is right for students. The Education Trust carries out its mission in three primary ways:

Working alongside educators, parents, students, policymakers, and civic and business leaders in communities across the country, providing practical assistance in their efforts to transform schools and colleges into institutions that serve all students well.

Analyzing local, state, and national data and using what is learned to help build broader understanding of achievement and opportunity gaps and the actions necessary to close them.

Participating actively in national and state policy debates, bringing lessons learned from on-the-ground work and from unflinching data analyses to build the case for policies that will help all students and schools reach high levels of achievement.

In July 2010, EdInnovations Inc., was incorporated in the District of Columbia. EdInnovations Inc. is a nonprofit organization set up to carry out the purposes of The Education Trust, primarily by improving the quality of America's schools and colleges. EdInnovations Inc. primarily operates in regions, like Louisiana where The Education Trust is unable to operate under the Education Trust name due to local laws.

Basis of consolidation: The consolidated financial statements include the accounts of The Education Trust and EdInnovations Inc. (collectively referred to as "the Organization"). Because the organizations are under common control and an economic interest exists between them, they have been consolidated as required under accounting principles generally accepted in the United States of America. All material intercompany accounts and transactions have been eliminated in consolidation.

Basis of accounting: The Organization maintains its records using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations.

The Education Trust

Notes to Consolidated Financial Statements

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets subject to donor-imposed stipulations in perpetuity that neither expire by the passage of time nor can be fulfilled or otherwise removed by the actions of the Organization.

Cash and cash equivalents: For purposes of financial statement presentation, the Organization considers all highly liquid debt instruments with initial maturities of ninety days or less to be cash equivalents. The Organization maintains cash balances which may exceed federally insured limits. Management does not believe that this results in any significant credit risk.

Contributions receivable: The Organization records unconditional contributions of gifts in the consolidated financial statements at the time contributions are made or received. The allowance for doubtful accounts reflects the best estimate of probable losses determined principally on the basis of historical experience and specific allowances for known trouble accounts. All accounts or portions thereof that are deemed to be uncollectible or that require an excessive collection cost are written off to the allowance for doubtful accounts. Receivables expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on contributions is computed at a discount rate approximating the prevailing borrowing rate of 5%.

Management believes that all contributions are collectible; therefore, there is no provision for doubtful accounts in the accompanying consolidated financial statements.

Accounts receivable: Services performed and billed under contracts but not yet received are presented as accounts receivable. The allowance for doubtful accounts reflects the best estimate of probable losses determined principally on the basis of historical experience and specific allowances for known trouble accounts. All accounts or portions thereof that are deemed to be uncollectible or that require an excessive collection cost are written off to the allowance for doubtful accounts. Receivables expected to be collected in future years are recorded at the present value of their estimated future cash flows. All balances are considered fully collectible by the Organization; therefore, no allowance was deemed necessary as of June 30, 2022 and 2021.

Prepaid expenses: Prepaid expenses are predominantly payments for rent and insurance paid in advance.

The Education Trust

Notes to Consolidated Financial Statements

Investments: Investments are stated at fair value and consist of money market funds, certificates of deposits, and corporate fixed income - bonds. Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

The Organization value certain assets at fair value in accordance with a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1. Observable inputs such as quoted prices in active markets for identical assets or liabilities;

Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3. Unobservable inputs in which there is little or no market data, which require the entity to develop its own assumptions.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. There have been no changes in the fair value methodologies used at June 30, 2022 and 2021.

Property and equipment: Property and equipment of the Organization are recorded at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is being computed on a straight-line basis over estimated lives of three to thirteen years. Leasehold improvements are amortized over their remaining useful life or remaining lease term, whichever is shorter. The Organization capitalizes all fixed assets greater than \$5,000 for the years ended June 30, 2022 and 2021.

Revenue Recognition:

The Organization recognizes certain revenue in accordance with Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606). The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The five-step model is outlined below:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Education Trust

Notes to Consolidated Financial Statements

Contracts: The Organization's contracts generally entail a single performance obligation since the promised services are considered highly interrelated or dependent in order to achieve a single, critical overall objective. The transaction prices are fixed as detailed in the contract. There are no discounts or warranties that would result in variable transaction prices. The Organization allocates the transaction price to its performance obligations in the proportion of their respective standalone selling prices or best estimate thereof. The standalone selling prices of the Organization's performance obligations are generally based on an estimated cost-plus margin approach with relatively consistent margins applied within each major customer group. The transaction price is allocated based on the output method, measuring results achieved and value transferred to the customer.

Contracts for services fall under the following categories:

Speaking engagement/honoraria – Occasionally the Organization's President and other key employees are invited as key-note speakers to events or panels. In return, the Education Trust receives fees, and recognizes this revenue at a point in time upon completion of the performance of the service.

Contracts with school districts – The Organization is occasionally engaged by schools or school districts to provide research or analysis for varieties of scope of work such as coaching equity, instructions through monthly lessons, professional learning to understand and grow abolitionist instruction. Revenue is recognized upon successful completion of the research or analysis at a point in time.

Subject matter expertise – The Education Trust President and key experts of the Organization are asked to serve on various advisory boards or panels for organizations and universities, or to provide reviews of various white papers or books. Fees collected are recognized as revenue at a point in time upon completion of the service provided.

Contract liabilities: Any amounts received in advance for contracted services that have not yet been provided or registration for events that have not yet taken place, are recorded as deferred revenue in the accompanying Consolidated Statements of Financial Position. Deferred revenue related to contracted services totaled \$300,740 and \$33,950 at June 30, 2022 and 2021. Deferred revenue at July 1, 2020 was \$43,295.

Contract costs: Contract costs generally include direct costs such as compensation expenses for program personnel, travel reimbursements, and other direct costs incurred including costs of materials and indirect costs identifiable with and allocable to the contract program. The Organization does not incur significant incremental costs to acquire contracts.

The Education Trust

Notes to Consolidated Financial Statements

The following revenue streams are outside of the scope of ASC 606:

Grants and contributions: The Organization recognizes all unconditional contributions and grants received as income in the period received or pledged. Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the absence or existence of donor stipulations that limit the use of the contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization had no conditional promises to give as of June 30, 2022 or 2021.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities and Changes in Net Assets as net assets released from restrictions.

In-kind contributions and donated services: Donated services, furniture, and software are valued at the vendor's estimated cost of the project or item. For the years ended June 30, 2022 and 2021, the recognized value of donated services and furniture was \$0 and \$21,500, respectively.

Functional allocation of expenses: The costs of the Organization providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses that are allocated include the following:

Expense	Method of Allocation
Personnel expenses	Time and effort by department
Professional resources	Time and effort by department
Depreciation	Time and effort by department
Occupancy	Time and effort by department
Office expenses	Time and effort by department

Income tax status: The Organization is exempt from federal income tax under 501(c)(3) of the Internal Revenue Code, and is classified as an organization that is not a private foundation.

The Education Trust

Notes to Consolidated Financial Statements

The Organization evaluates uncertainty in income tax positions based on a more-likely-than-not recognition standard. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement. As of June 30, 2022, there are no accruals for uncertain tax positions. If applicable, the Organization records interest and penalties as a component of income tax expense. Tax years from 2019 through the current year remain open for examination by tax authorities.

Use of estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting standard not yet adopted: In February 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. ASU 2016-02 was originally effective for the Organization on July 1, 2021. In June 2020, the FASB issued ASU No. 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842), Effective Dates for Certain Entities, which delays the effective date of ASU 2016-02 to annual reporting periods beginning after December 15, 2021. The Organization plans to adopt ASU 2016-02 in accordance with the prescribed guidance effective July 1, 2022.

Reclassification: Certain 2021 balances have been reclassified to conform with 2022 presentation.

Subsequent events: Management has evaluated subsequent events for disclosure in these consolidated financial statements through November 9, 2022, which is the date the consolidated financial statements were available to be issued.

The Education Trust

Notes to Consolidated Financial Statements

2. Liquidity and availability of resources

The following represents the Organization's financial assets at June 30:

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	\$ 16,921,554	\$ 35,222,076
Investments	27,972,032	9,970,589
Accounts receivable	157,402	173,852
Contributions receivable	11,811,145	10,352,674
Total resources available	56,862,133	55,719,191
Less amounts not available to be used within one year:		
Investments held for long-term purposes	(23,882,869)	-
Net assets with donor restrictions for time	(3,457,600)	(3,145,917)
Financial assets available to meet general expenditures over the next twelve months	\$ 29,521,664	\$ 52,573,274

The Organization strives to maintain liquid financial assets sufficient to cover 6 months of general expenditures.

3. Contributions receivable

At June 30, 2022 and 2021, the Organization has contributions receivable from corporations and private foundations.

Contributions receivable consist of the following as of June 30:

	2022	2021
Due within one year	\$ 8,353,545	\$ 9,615,453
Contributions receivable, one to five years	3,647,840	776,022
Subtotal	12,001,385	10,391,475
Present value discount	(190,240)	(38,801)
Total contributions receivable	\$ 11,811,145	\$ 10,352,674

The receivables collectible beyond one year have been discounted to their present value using a discount rate of 5%.

The Education Trust

Notes to Consolidated Financial Statements

- 4. Investments** The following is a summary of the Organization's investments as of June 30:

	2022	2021
Money market and insured cash	\$ 17,000,000	\$ 8,276,472
Corporate fixed income - bonds	10,559,938	10,066
Certificates of deposit	412,094	1,684,051
Total investments	\$ 27,972,032	\$ 9,970,589

- 5. Fair value** The fair value of the Organization's investments is as follows:

		Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
June 30, 2022	Total			
Corporate fixed Income - bonds	\$ 10,559,938	\$ -	\$ 10,559,938	\$ -
Certificates of deposit	412,094	-	412,094	-
Total at fair value	\$ 10,972,032	\$ -	\$ 10,972,032	\$ -
Investment valued at cost:				
Money market and insured cash	17,000,000			
Total investment portfolio	\$ 27,972,032			

The Education Trust

Notes to Consolidated Financial Statements

		Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
June 30, 2021	Total			
Corporate fixed				
Income - bonds	\$ 10,066	\$ -	\$ 10,066	\$ -
Certificates of deposit	1,684,051	-	1,684,051	-
Total at fair value	\$ 1,694,117	\$ -	\$ 1,694,117	\$ -
Investment valued at cost				
Money market and insured cash	8,276,472			
Total investment portfolio	\$ 9,970,589			

Level 2 values were developed utilizing the current interest rates for certificates of deposit with similar time to maturity, discounting the future payments to present value at year end. Corporate fixed income values were developed utilizing prices for similar assets in markets without active trading volumes.

6. Property and equipment

Property and equipment of the Organization consist of the following at June 30:

	2022	2021
Leasehold improvements	\$ 1,406,326	\$ 1,406,326
Furniture and equipment	538,092	508,912
Tenant improvements	2,920,659	2,847,555
Total	4,865,077	4,762,793
Less: Accumulated depreciation and amortization	(2,371,043)	(2,097,948)
Total property and equipment, net	\$ 2,494,034	\$ 2,664,845
Depreciation expense	\$ 62,511	\$ 88,612
Amortization expense	210,585	358,783
Total depreciation and amortization expense	\$ 273,096	\$ 447,395

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7. Operating leases

The Education Trust is obligated, as lessee, under non-cancelable operating leases for office spaces in Washington, D.C., Royal Oak, Michigan, and Oakland, California, through various dates up to September 2033. The minimum payments required under the lease are expensed on a pro rata basis over the term of the lease.

The difference between the amounts expensed and the required lease payments is reflected as deferred rent in the accompanying Consolidated Statement of Financial Position. The following is a schedule by year of future minimum rental payments required under the operating leases that have an initial or remaining non-cancelable lease term in excess of one year as of June 30, 2022.

Years Ending June 30,	Amount
2023	\$ 1,015,568
2024	1,501,652
2025	1,378,350
2026	1,409,363
2027	1,441,074
Thereafter	9,767,469
Total	\$ 16,513,476

Total rent expense of the Organization for the years ended June 30, 2022 and 2021 was \$1,469,945 and \$1,757,315, respectively.

8. Net assets with donor restrictions

Net assets with donor restrictions of the Organization consist of amounts restricted for time and purpose by donors for the following programs:

P - 12 Policy and Practice: Work alongside educations, advocates, and policymakers to identify causes of the achievement gap and to promote the practices and policies for P-12 Education.

Higher Education Policy and Practice: Work equity-centered and focuses on closing gaps in access and success and on making college more affordable for students, particularly those from low-income families and families of color.

Communications: Provide creative visual and digital voice through editorial and digital communications.

Advocacy and Legislative Affairs: Engage policymakers and diverse coalitions of advocates in demanding and securing equity-advancing policy change at the national and state levels.

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Education Trust – Midwest: Fierce advocates for the high academic achievement of all students - particularly those of color and living in poverty in Midwest region.

Education Trust - New York: Relentless advocates of educational justice for students across New York State - particularly those of color or living in poverty.

Education Trust – West: Advocates for educational justice and the high academic achievement of all California students, pre-k through college, particularly those of color and living in poverty.

Net assets with donor restrictions were as follows:

	Net assets with donor restrictions at June 30, 2021	Contributions	Net assets released from restrictions	Net assets with donor restrictions at June 30, 2022
Advocacy and Legislative Affairs	\$4,421,281	\$ 6,408,494	\$ (4,180,968)	\$ 6,648,807
P-12 Policy and Practice	2,945,814	3,271,680	(3,479,638)	2,737,856
Higher Education Policy and Practice	2,332,263	1,875,000	(2,266,481)	1,940,782
Communications	161,716	-	(161,716)	-
General Operation	454,000	1,837,500	(416,352)	1,875,148
Education Trust- Midwest	2,376,623	750,000	(2,020,504)	1,106,119
Education Trust- New York	2,217,322	1,431,040	(1,427,714)	2,220,648
Education Trust- West	2,666,041	1,878,000	(2,539,549)	2,004,492
Discount	(38,801)	(151,439)	-	(190,240)
Total	\$ 17,536,259	\$ 17,300,275	\$ (16,492,921)	\$ 18,343,613

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	Net assets with donor restrictions at June 30, 2020	Contributions	Net assets released from restrictions	Net assets with donor restrictions at June 30, 2021
Advocacy and Legislative Affairs	\$3,311,395	\$ 4,868,001	\$ (3,758,115)	\$4,421,281
P-12 Policy and Practice	2,631,510	2,980,226	(2,665,922)	2,945,814
Higher Education Policy and Practice	1,421,358	2,361,272	(1,450,367)	2,332,263
Communications	24,095	350,000	(212,379)	161,716
General Operation	2,200,000	454,000	(2,200,000)	454,000
Education Trust- Midwest	2,130,371	2,479,500	(2,233,248)	2,376,623
Education Trust- New York	2,989,723	1,689,737	(2,462,138)	2,217,322
Education Trust- West	2,321,445	5,197,834	(4,853,238)	2,666,041
Discount	(103,402)	64,601	-	(38,801)
Total	\$16,926,495	\$20,445,171	\$ (19,835,407)	\$ 17,536,259

9. Concentration

Concentrations existed for the Organization in support and revenue of 30% and 39% from one private foundation for the years ended June 30, 2022 and 2021, respectively, and contributions receivable of 50% and 62% from two and three private foundations as of June 30, 2022 and 2021, respectively.

10. Pension plan

The Organization maintains a 403(b) defined contribution retirement plan. All employees of the Organization are eligible to participate following the completion of three months of service. The Organization contributes 4% of each participant's annual salary and will match up to an additional 3% of an employee's contribution. The participants are immediately fully vested in all contributions. The Organization contributed \$800,997 and \$795,390 to the plan during the years ended June 30, 2022 and 2021, respectively.

The Organization also maintains a tax deferred annuity plan. Employees of the Organization are eligible to participate in this plan immediately upon hire. The Organization made no contributions to this plan during the years ended June 30, 2022 and 2021.

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11. Risks and uncertainties

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The Organization is closely monitoring its liquidity and is actively working to minimize the impact of the pandemic on its operations. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on its donors, customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain and the accompanying consolidated financial statements include no adjustment relating to the effects of this pandemic.