

**THE EDUCATION TRUST**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

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## Independent Auditor's Report

Board of Directors  
**The Education Trust**  
Washington, D.C.

We have audited the accompanying consolidated financial statements of **The Education Trust** (the Organization) which comprise the Consolidated Statements of Financial Position as of June 30, 2020 and 2019, 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 consolidated financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

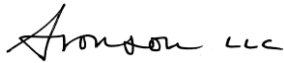
An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, 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 consolidated 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 consolidated financial statements.

## Independent Auditor's Report (continued)

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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of **The Education Trust** as of June 30, 2020 and 2019, 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.



Rockville, Maryland  
October 22, 2020

# The Education Trust

## Consolidated Statements of Financial Position

<i>June 30,</i>	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 5,305,343	\$ 4,995,090
Contributions receivable, current portion	11,077,625	11,151,667
Accounts receivable	437,230	244,617
Prepaid expenses	448,261	360,527
<b>Total current assets</b>	<b>17,268,459</b>	<b>16,751,901</b>
<b>Investments</b>	<b>9,956,696</b>	<b>6,572,588</b>
<b>Contributions receivable, net of current portion</b>	<b>1,597,967</b>	<b>2,674,883</b>
<b>Property and equipment, net</b>	<b>391,116</b>	<b>606,747</b>
<b>Deposits</b>	<b>391,960</b>	<b>175,325</b>
<b>Total assets</b>	<b>\$ 29,606,198</b>	<b>\$ 26,781,444</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 1,048,747	\$ 811,234
Accrued payroll and related expenses	1,874,885	1,356,303
Deferred revenue	43,295	-
Deferred rent, current portion	88,856	251,391
<b>Total current liabilities</b>	<b>3,055,783</b>	<b>2,418,928</b>
<b>Long term liabilities</b>		
Deferred rent, net of current portion	810,763	186,475
<b>Total liabilities</b>	<b>3,866,546</b>	<b>2,605,403</b>
<b>Net assets</b>		
Without donor restrictions	8,813,157	6,334,934
With donor restrictions	16,926,495	17,841,107
<b>Total net assets</b>	<b>25,739,652</b>	<b>24,176,041</b>
<b>Total liabilities and net assets</b>	<b>\$ 29,606,198</b>	<b>\$ 26,781,444</b>

The accompanying Notes to 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>	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>						
Grants and contributions	\$ 7,020,252	\$ 18,330,200	\$ 25,350,452	\$ 62,787	\$ 21,921,775	\$ 21,984,562
Contracts	468,212	-	468,212	404,513	-	404,513
Program service fees	-	-	-	173,417	-	173,417
Registration fees	90,490	-	90,490	70,979	-	70,979
Investment income	274,664	-	274,664	218,034	-	218,034
Other income	533,581	-	533,581	69,853	-	69,853
Net assets released from restrictions (Purpose)	16,744,812	(16,744,812)	-	17,310,965	(17,310,965)	-
Net assets released from restrictions (Time)	2,500,000	(2,500,000)	-	3,558,333	(3,558,333)	-
<b>Total support and revenue</b>	<b>27,632,011</b>	<b>(914,612)</b>	<b>26,717,399</b>	<b>21,868,881</b>	<b>1,052,477</b>	<b>22,921,358</b>
<b>Expenses</b>						
Program services	21,605,901	-	21,605,901	18,711,005	-	18,711,005
Fundraising	535,935	-	535,935	472,188	-	472,188
General and administrative	3,011,952	-	3,011,952	1,165,099	-	1,165,099
<b>Total expenses</b>	<b>25,153,788</b>	<b>-</b>	<b>25,153,788</b>	<b>20,348,292</b>	<b>-</b>	<b>20,348,292</b>
<b>Change in net assets</b>	<b>2,478,223</b>	<b>(914,612)</b>	<b>1,563,611</b>	<b>1,520,589</b>	<b>1,052,477</b>	<b>2,573,066</b>
<b>Net assets, beginning of year</b>	<b>6,334,934</b>	<b>17,841,107</b>	<b>24,176,041</b>	<b>4,814,345</b>	<b>16,788,630</b>	<b>21,602,975</b>
<b>Net assets, end of year</b>	<b>\$ 8,813,157</b>	<b>\$ 16,926,495</b>	<b>\$ 25,739,652</b>	<b>\$ 6,334,934</b>	<b>\$ 17,841,107</b>	<b>\$ 24,176,041</b>

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

# The Education Trust

## Consolidated Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services										2020 Total
	P -12 Policy & Practice	Higher Education Policy & Practice	Advocacy and Legislative Affairs	Communications	Education Trust Midwest	Education Trust New York	Education Trust West	Total Program Services	Fundraising	General and Administrative	
Personnel expenses	\$ 2,229,111	\$ 1,609,026	\$ 2,307,845	\$ 1,487,915	\$ 1,397,702	\$ 1,190,827	\$ 3,119,081	\$ 13,341,507	\$ 405,285	\$ 693,453	\$ 14,440,245
Consulting	233,868	150,075	512,827	330,469	302,139	483,819	909,625	2,922,822	56,360	368,621	3,347,803
Travel and meetings	182,354	284,961	388,230	20,501	35,828	41,109	312,474	1,265,457	9,141	255,220	1,529,818
Subgrants	717,000	-	190,000	-	30,000	485,478	633,772	2,056,250	-	-	2,056,250
Professional resources	9,598	9,352	28,372	61,485	72,069	98,874	89,300	369,050	7,010	460,760	836,820
Depreciation and amortization	39,143	30,682	43,228	32,490	5,457	3,513	37,569	192,082	9,090	169,242	370,414
Occupancy	193,208	151,448	213,370	160,369	128,113	127,281	323,642	1,297,431	44,868	996,152	2,338,451
Office expenses	17,307	15,497	22,888	14,405	28,210	19,378	43,617	161,302	4,181	68,504	233,987
Total expenses	\$ 3,621,589	\$ 2,251,041	\$ 3,706,760	\$ 2,107,634	\$ 1,999,518	\$ 2,450,279	\$ 5,469,080	\$ 21,605,901	\$ 535,935	\$ 3,011,952	\$ 25,153,788

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

# The Education Trust

## Consolidated Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services										2019 Total
	P -12 Policy & Practice	Higher Education Policy & Practice	Advocacy and Legislative Affairs	Communications	Education Trust Midwest	Education Trust New York	Education Trust West	Total Program Services	Fundraising	General and Administrative	
Personnel expenses	\$ 1,964,496	\$ 1,235,189	\$ 1,499,122	\$ 1,727,785	\$ 881,775	\$ 909,883	\$ 3,236,353	\$ 11,454,603	\$ 238,548	\$ 697,489	\$ 12,390,640
Consulting	152,526	89,260	457,070	160,290	209,826	301,510	572,358	1,942,840	185,908	120,120	2,248,868
Travel and meetings	137,885	329,361	330,313	52,504	45,119	71,689	359,325	1,326,196	7,614	73,196	1,407,006
Subgrants	178,557	-	-	-	15,000	450,000	406,807	1,050,364	-	-	1,050,364
Professional resources	43,878	41,412	42,819	167,764	45,803	150,551	164,524	656,751	5,730	54,690	717,171
Depreciation and amortization	45,367	28,524	34,620	39,900	22,792	24,729	100,887	296,819	5,511	32,865	335,195
Occupancy	167,577	102,754	124,710	143,733	190,045	145,102	530,593	1,404,514	19,845	136,044	1,560,403
Office expenses	60,962	38,735	50,527	55,325	76,841	52,119	244,409	578,918	9,032	50,695	638,645
Total expenses	\$ 2,751,248	\$ 1,865,235	\$ 2,539,181	\$ 2,347,301	\$ 1,487,201	\$ 2,105,583	\$ 5,615,256	\$ 18,711,005	\$ 472,188	\$ 1,165,099	\$ 20,348,292

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



# The Education Trust

## Consolidated Statements of Cash Flows

<i>Years Ended June 30,</i>	2020	2019
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,563,611	\$ 2,573,066
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities</b>		
Change in discount on contribution receivable	(37,481)	59,869
Depreciation and amortization	370,414	335,195
Unrealized gain on investments	(54,879)	(69,551)
Loss on disposal	-	2,432
<b>(Increase) decrease in:</b>		
Contributions receivable	1,188,439	(2,915,654)
Accounts receivable	(192,613)	(144,778)
Prepaid expenses	(87,734)	(28,864)
Deposit	(216,635)	(44,208)
<b>Increase (decrease) in:</b>		
Accounts payable	237,513	410,310
Accrued expenses	518,582	409,939
Deferred revenue	43,295	-
Deferred rent	313,341	(222,345)
<b>Net cash provided by operating activities</b>	<b>3,645,853</b>	<b>365,411</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(6,371)	(230,068)
Purchase of investments	(12,800,675)	(3,384,900)
Proceeds from redemptions of investments	9,471,446	3,115,836
<b>Net cash used in investing activities</b>	<b>(3,335,600)</b>	<b>(499,132)</b>
<b>Net change in cash and cash equivalents</b>	<b>310,253</b>	<b>(133,721)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>4,995,090</b>	<b>5,128,811</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 5,305,343</b>	<b>\$ 4,995,090</b>
<b>Non-cash investing and financing activities</b>		
Leasehold improvement additions obtained through tenant allowance	\$ 148,412	\$ -

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

# The Education Trust

## Consolidated Notes to 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 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

## Consolidated Notes to Financial Statements

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**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 shown 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, 2020 and 2019.

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

# The Education Trust

## Consolidated Notes to Financial Statements

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**Investments:** Investments are stated at fair value and consist of money market funds, certificates of deposits, and corporate fixed income. 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.

**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 and \$1,000 for the years ended June 30, 2020 and 2019, respectively.

### **Revenue Recognition:**

**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, 2020 or 2019.

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 statement of activities as net assets released from restrictions.

Donated services, furniture, and software are valued at the vendor's estimated cost of the project or item. For the years ended June 30, 2020 and 2019, the recognized value of donated services and furniture was \$0 and \$10,063, respectively. Donated services, furniture, and software were included in contributions on the Consolidated Statements of Activities and Changes in Net Assets.

**Contracts:** Fees for service contract revenue is recognized and billed monthly as work is performed. Amounts received in advance are included in deferred revenue on the Consolidated Statements of Financial Position.

**Program service fees:** Service fees are collected by the Organization for speaking engagements and consultation support and are recognized upon performance of the service.

**Registration fees:** Fees are recognized by the Organization during the month in which the conference or seminar is held.

# The Education Trust

## Consolidated Notes to Financial Statements

**Other income:** Other income includes rental income from subleases, royalties and other miscellaneous income which are recognized as revenue when earned.

**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:

<b>Expense</b>	<b>Method of Allocation</b>
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 private foundation.

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, 2020, 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 2017 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.

## The Education Trust

### Consolidated Notes to Financial Statements

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**Recently adopted accounting standard:** In June 2018, Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update 2018-08 (“ASU 2018-08”), *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides additional guidance on characterizing grants and similar contracts with resource providers as either exchange transactions or contributions, as well as distinguishing between conditional contributions and unconditional contributions. The updated standard will be effective for resource recipients for annual reporting periods beginning after December 15, 2018 and resource providers one year later. ASU 2018-08 was adopted by the Organization in fiscal year 2020 and was applied to all agreements not completed as of July 1, 2019. There have been no significant changes to the timing of revenue recognition that resulted from adoption; however, the presentation and disclosures of revenue has been enhanced.

**Recent accounting standard not yet adopted:** In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends the existing accounting standards for revenue recognition. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which delayed the effective date of ASU 2014-09 by one year until years beginning after December 31, 2018. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842), Effective Dates for Certain Entities*, which allows organizations to further delay the effective date of ASU 2014-09 to annual reporting periods beginning after December 15, 2019. Entities are also allowed to choose to adopt the standard as of the original effective date. Additionally, various updates have been issued to clarify the guidance in Topic 606. The guidance includes indicators to assist an entity in determining whether it controls a specified good or service before it is transferred to the customers. The new standard permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of applying the guidance recognized at the date of initial application (the modified retrospective method). The Organization elected to defer this new standard until July 1, 2020. The Organization has not yet selected a transition method and is currently evaluating the effect that the standard will have on the consolidated financial statements.

# The Education Trust

## Consolidated Notes to Financial Statements

**Subsequent events:** Management has evaluated subsequent events for disclosure in these consolidated financial statements through October 22, 2020, which is the date the consolidated financial statements were available to be issued.

### 2. Liquidity and availability of resources

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

Financial assets at year-end:	2020	2019
Cash and cash equivalents	\$ 5,305,343	\$ 4,995,090
Investments	9,956,696	6,572,588
Accounts receivable	437,230	244,617
Promise to give	12,675,592	13,826,550
<b>Total resources available</b>	<b>28,374,861</b>	<b>25,638,845</b>
Less amounts not available to be used within one year:		
With donor restrictions for time and purpose long-term	(4,198,459)	(5,051,872)
<b>Financial assets available to meet general expenditures over the next twelve months</b>	<b>\$ 24,176,402</b>	<b>\$ 20,586,973</b>

The Organization strives to maintain liquid financial assets sufficient to cover 3 – 4 months of general expenditures.

### 3. Contributions receivable

At June 30, 2020 and 2019, the Organization has contributions receivable from corporations and private foundations.

Contributions receivable consist of the following as of June 30:

	2020	2019
Due within one year	\$ 11,077,625	\$ 11,151,667
Contributions receivable, one to five years	1,701,369	2,815,666
<b>Subtotal</b>	<b>12,778,994</b>	<b>13,967,333</b>
Present value discount	(103,402)	(140,783)
<b>Total contributions receivable</b>	<b>\$ 12,675,592</b>	<b>\$ 13,826,550</b>

# The Education Trust

## Consolidated Notes to Financial Statements

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

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

	2020	2019
Money market fund	\$ 4,739,373	\$ 1,046,057
Corporate fixed income	1,007,988	21,171
Certificates of deposit	4,209,335	5,505,360
<b>Total investments</b>	<b>\$ 9,956,696</b>	<b>\$ 6,572,588</b>

- 5. Fair value**      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, 2020. The fair value of the Organization's investments is as follows:



# The Education Trust

## Consolidated Notes to 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, 2020	Total			
Money market fund	\$ 4,739,373	\$ 4,739,373	\$ -	\$ -
Corporate fixed income	1,007,988	-	1,007,988	-
Certificates of deposit	4,209,335	-	4,209,335	-
<b>Total</b>	<b>\$ 9,956,696</b>	<b>\$ 4,739,373</b>	<b>\$ 5,217,323</b>	<b>\$ -</b>
June 30, 2019				
Money market fund	\$ 1,046,057	\$ 1,046,057	\$ -	\$ -
Corporate fixed income	21,171	-	21,171	-
Certificates of deposit	5,505,360	-	5,505,360	-
<b>Total</b>	<b>\$ 6,572,588</b>	<b>\$ 1,046,057</b>	<b>\$ 5,526,531</b>	<b>\$ -</b>

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. The money market fund is valued at cost which approximates fair value.

### 6. Property and equipment

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

	2020	2019
Leasehold improvements	\$ 1,554,738	\$ 1,406,326
Furniture and equipment	894,856	888,484
<b>Total</b>	<b>2,449,594</b>	<b>2,294,810</b>
Less: Accumulated depreciation and amortization	(2,058,478)	(1,688,063)
<b>Total property and equipment, net</b>	<b>\$ 391,116</b>	<b>\$ 606,747</b>
Depreciation expense	\$ 151,135	\$ 121,079
Amortization expense	219,279	214,116
<b>Total depreciation and amortization expense</b>	<b>\$ 370,414</b>	<b>\$ 335,195</b>

# The Education Trust

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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, 2020.

Years Ending June 30,	Amount
2021	\$ 731,803
2022	1,488,011
2023	1,621,146
2024	1,501,652
2025	1,378,350
Thereafter	12,759,012
<b>Total</b>	<b>\$ 19,479,974</b>

Total rent expense of the Organization for the years ended June 30, 2020 and 2019 was \$2,338,451 and \$1,560,403, 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, 2019	Contributions	Net assets released from restrictions	Net assets with donor restrictions at June 30, 2020
Advocacy and Legislative Affairs	\$ 2,814,699	\$ 3,849,159	\$ (3,352,463)	\$ <b>3,311,395</b>
P-12 Policy and Practice	2,943,167	2,776,000	(3,087,657)	<b>2,631,510</b>
Higher Education Policy and Practice	1,067,732	2,215,000	(1,861,374)	<b>1,421,358</b>
Communications	305,821	160,000	(441,726)	<b>24,095</b>
General Operation	651,112	2,200,000	(651,112)	<b>2,200,000</b>
Education Trust- Midwest	2,624,045	1,512,842	(2,006,516)	<b>2,130,371</b>
Education Trust- New York	2,896,665	2,542,818	(2,449,760)	<b>2,989,723</b>
Education Trust- West	4,678,649	3,037,000	(5,394,204)	<b>2,321,445</b>
Discount	(140,783)	37,381	-	<b>(103,402)</b>
<b>Total</b>	<b>\$ 17,841,107</b>	<b>\$ 18,330,200</b>	<b>\$ (19,244,812)</b>	<b>\$ 16,926,495</b>

# The Education Trust

## Consolidated Notes to Financial Statements

	Net assets with donor restrictions at June 30, 2018	Contributions	Net assets released from restrictions	Net assets with donor restrictions at June 30, 2019
Advocacy and Legislative Affairs	\$ 3,990,954	\$ 2,685,000	\$ (3,861,255)	\$ 2,814,699
P-12 Policy and Practice	567,773	3,694,235	(1,318,841)	2,943,167
Higher Education Policy and Practice	1,246,906	1,550,000	(1,729,174)	1,067,732
Communications	10,000	490,000	(194,179)	305,821
General Operation	4,130,613	1,850,000	(5,329,501)	651,112
Education Trust- Midwest	1,186,408	2,790,000	(1,352,363)	2,624,045
Education Trust- New York	926,004	3,998,576	(2,027,915)	2,896,665
Education Trust- West	4,810,884	4,923,835	(5,056,070)	4,678,649
Discount	(80,912)	(59,871)	-	(140,783)
<b>Total</b>	<b>\$ 16,788,630</b>	<b>\$ 21,921,775</b>	<b>\$ (20,869,298)</b>	<b>\$ 17,841,107</b>

### 9. Concentration

Concentrations existed for the Organization in support and revenue of 33% and 17% from one private foundation for the years ended June 30, 2020 and 2019, respectively, and contributions receivable of 54% and 42% from three and two private foundations as of June 30, 2020 and 2019, 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 \$720,654 and \$631,908 to the plan during the years ended June 30, 2020 and 2019, 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, 2020 and 2019.

### 11. Risks and uncertainties

As a result of the spread of the coronavirus (COVID-19), the Organization has experienced disruptions to daily operations. Economic uncertainties have arisen which could negatively impact revenues. Other financial impacts could occur, though such potential impacts are unknown at this time.