

THE EDUCATION TRUST
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

Table of Contents

	Page
Independent Auditor's Report	1 - 2
Audited Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities and Changes in Net Assets	4
Consolidated Statements of Functional Expenses	5 - 6
Consolidated Statements of Cash Flows	7
Notes to the Consolidated Financial Statements	8 - 20



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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, 2021 and 2020, 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)

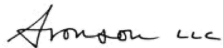
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2021 and 2020, 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.

Adoption of Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606)

As discussed in Note 1 to the consolidated financial statements, effective July 1, 2020, the Organization changed its method of accounting for revenue in these consolidated financial statements due to the adoption of ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended, using the modified retrospective adoption method. Our opinion is not modified with respect to this matter.



Rockville, Maryland
October 28, 2021

The Education Trust

Consolidated Statements of Financial Position

<i>June 30,</i>	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 35,222,076	\$ 5,305,343
Contributions receivable, current portion	9,615,453	11,077,625
Accounts receivable	173,852	437,230
Prepaid expenses	504,172	448,261
Total current assets	45,515,553	17,268,459
Investments	9,970,589	9,956,696
Contributions receivable, net of current portion	737,221	1,597,967
Property and equipment, net	2,664,845	391,116
Deposits	399,032	391,960
Total assets	\$ 59,287,240	\$ 29,606,198
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 655,676	\$ 1,048,747
Accrued payroll and related expenses	1,572,189	1,874,885
Deferred revenue	33,950	43,295
Deferred rent, current portion	634,329	88,856
Total current liabilities	2,896,144	3,055,783
Long term liabilities		
Deferred rent, net of current portion	3,856,020	810,763
Total liabilities	6,752,164	3,866,546
Net assets		
Without donor restrictions	34,998,817	8,813,157
With donor restrictions	17,536,259	16,926,495
Total net assets	52,535,076	25,739,652
Total liabilities and net assets	\$ 59,287,240	\$ 29,606,198

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>	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Grants and contributions	\$ 29,715,509	\$ 20,445,171	\$ 50,160,680	\$ 7,020,252	\$ 18,330,200	\$ 25,350,452
In-kind contributions and donated services	21,500	-	21,500	-	-	-
Contracts	594,683	-	594,683	468,212	-	468,212
Speaking fees/honorariums	84,909	-	84,909	80,950	-	80,950
Registration fees	-	-	-	90,490	-	90,490
Investment income	169,755	-	169,755	274,664	-	274,664
Other income	22,235	-	22,235	452,631	-	452,631
Net assets released from restrictions (Purpose)	17,348,626	(17,348,626)	-	16,744,812	(16,744,812)	-
Net assets released from restrictions (Time)	2,486,781	(2,486,781)	-	2,500,000	(2,500,000)	-
Total support and revenue	50,443,998	609,764	51,053,762	27,632,011	(914,612)	26,717,399
Expenses						
Program services	21,141,752	-	21,141,752	21,605,901	-	21,605,901
Fundraising	643,157	-	643,157	535,935	-	535,935
General and administrative	2,473,429	-	2,473,429	3,011,952	-	3,011,952
Total expenses	24,258,338	-	24,258,338	25,153,788	-	25,153,788
Change in net assets	26,185,660	609,764	26,795,424	2,478,223	(914,612)	1,563,611
Net assets, beginning of year	8,813,157	16,926,495	25,739,652	6,334,934	17,841,107	24,176,041
Net assets, end of year	\$ 34,998,817	\$ 17,536,259	\$ 52,535,076	\$ 8,813,157	\$ 16,926,495	\$ 25,739,652

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											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	Total Program Services	Fundraising	General and Administrative		
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 Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services										Fundraising	General and Administrative	2020 Total
	P -12	Higher Education	Advocacy and		Education Trust	Education Trust	Education Trust	Total					
	Policy & Practice	Policy & Practice	Legislative Affairs	Communications	Midwest	New York	West	Program Services					
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 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>	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 26,795,424	\$ 1,563,611
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in discount on contribution receivable	(64,601)	(37,481)
Depreciation and amortization	447,395	370,414
Unrealized loss (gain) on investments	74,502	(54,879)
Loss on disposal	15,662	-
(Increase) decrease in:		
Contributions receivable	2,387,519	1,188,439
Accounts receivable	263,378	(192,613)
Prepaid expenses	(55,911)	(87,734)
Deposit	(7,072)	(216,635)
Increase (decrease) in:		
Accounts payable	(393,071)	237,513
Accrued expenses	(302,696)	518,582
Deferred revenue	(9,345)	43,295
Deferred rent	891,587	313,341
Net cash provided by operating activities	30,042,771	3,645,853
Cash flows from investing activities		
Purchase of property and equipment	(37,643)	(6,371)
Purchase of investments	(3,782,395)	(12,800,675)
Proceeds from redemptions of investments	3,694,000	9,471,446
Net cash used in investing activities	(126,038)	(3,335,600)
Net change in cash and cash equivalents	29,916,733	310,253
Cash and cash equivalents, beginning of year	5,305,343	4,995,090
Cash and cash equivalents, end of year	\$ 35,222,076	\$ 5,305,343
Non-cash investing and financing activities		
Leasehold improvement additions obtained through tenant allowance	\$ 2,699,143	\$ 148,412

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, 2021 and 2020.

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, 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, 2021 and 2020.

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.

Registration fees: Fees are recognized by the Organization at a point in time during the month in which the conference or seminar is held.

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.

The Education Trust

Notes to Consolidated Financial Statements

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 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, 2021 or 2020.

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, 2021 and 2020, the recognized value of donated services and furniture was \$21,500 and \$0, 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, 2021, 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 2018 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.

Recently adopted accounting standard: In May 2014, the Financial Accounting Standards Board (“FASB”) issued guidance, Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers*, which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in the U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. ASC 606 only applies to revenue generated from exchange transactions.

ASC 606 was effective for annual reporting periods beginning after December 15, 2018. However, in accordance with Accounting Standards Update (“ASU”) 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842), Effective Dates for Certain Entities*, the Organization could elect to follow the original effective date for ASU 2014-09, or elect to adopt the requirements on July 1, 2020. Accordingly, effective July 1, 2020, the Organization elected to adopt the requirements of ASC 606, using the modified retrospective method. As part of the adoption of ASC 606, the Organization elected to use the following practical expedients: (1) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocation the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not substantially completed at the initial date of application.

The adoption of ASC 606 did not have a material impact on the Organization as the revenue continues to be recognized at a point in time and use the same measure of progress that was applied under the prior revenue recognition standard.

The Education Trust

Notes to Consolidated Financial Statements

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 January 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 2020 balances have been reclassified to conform with 2021 presentation.

Subsequent events: Management has evaluated subsequent events for disclosure in these consolidated financial statements through October 28, 2021, 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:	2021	2020
Cash and cash equivalents	\$ 35,222,076	\$ 5,305,343
Investments	9,970,589	9,956,696
Accounts receivable	173,852	437,230
Contributions receivable	10,352,674	12,675,592
Total resources available	55,719,191	28,374,861
Less amounts not available to be used within one year:		
With donor restrictions for time and purpose	(3,145,917)	(4,198,459)
Financial assets available to meet general expenditures over the next twelve months	\$ 52,573,274	\$ 24,176,402

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

The Education Trust

Notes to Consolidated Financial Statements

- 3. Contributions receivable** At June 30, 2021 and 2020, the Organization has contributions receivable from corporations and private foundations.

Contributions receivable consist of the following as of June 30:

	2021	2020
Due within one year	\$ 9,615,453	\$ 11,077,625
Contributions receivable, one to five years	776,022	1,701,369
Subtotal	10,391,475	12,778,994
Present value discount	(38,801)	(103,402)
Total contributions receivable	\$ 10,352,674	\$ 12,675,592

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:

	2021	2020
Money market and insured cash	\$ 8,276,472	\$ 4,739,373
Corporate fixed income - bonds	10,066	1,007,988
Certificates of deposit	1,684,051	4,209,335
Total investments	\$ 9,970,589	\$ 9,956,696

The Education Trust

Notes to Consolidated Financial Statements

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, 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			

		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			
Corporate fixed Income - bonds	\$ 1,007,988	\$ -	\$ 1,007,988	\$ -
Certificates of deposit	4,209,335	-	4,209,335	-
Total at fair value	\$ 5,217,323	\$ -	\$ 5,217,323	\$ -
Investment valued at cost				
Money market and insured cash	4,739,373			
Total investment portfolio	\$ 9,956,696			

The Education Trust

Notes to Consolidated Financial Statements

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:

	2021	2020
Leasehold improvements	\$ 1,406,326	\$ 1,554,738
Furniture and equipment	508,912	894,856
Tenant improvements	2,847,555	-
Total	4,762,793	2,449,594
Less: Accumulated depreciation and amortization	(2,097,948)	(2,058,478)
Total property and equipment, net	\$ 2,664,845	\$ 391,116
Depreciation expense	\$ 88,612	\$ 151,135
Amortization expense	358,783	219,279
Total depreciation and amortization expense	\$ 447,395	\$ 370,414

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, 2021.

Years Ending June 30,	Amount
2022	\$ 1,175,676
2023	1,621,146
2024	1,501,652
2025	1,378,350
2026	1,409,363
Thereafter	11,349,649
Total	\$ 18,435,836

Total rent expense of the Organization for the years ended June 30, 2021 and 2020 was \$1,757,315 and \$2,338,451, respectively.

The Education Trust

Notes to Consolidated Financial Statements

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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 educators, 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.

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.

The Education Trust

Notes to Consolidated Financial Statements

Net assets with donor restrictions were as follows:

	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

	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)	\$3,311,395
P-12 Policy and Practice	2,943,167	2,776,000	(3,087,657)	2,631,510
Higher Education Policy and Practice	1,067,732	2,215,000	(1,861,374)	1,421,358
Communications	305,821	160,000	(441,726)	24,095
General Operation	651,112	2,200,000	(651,112)	2,200,000
Education Trust- Midwest	2,624,045	1,512,842	(2,006,516)	2,130,371
Education Trust- New York	2,896,665	2,542,818	(2,449,760)	2,989,723
Education Trust- West	4,678,649	3,037,000	(5,394,204)	2,321,445
Discount	(140,783)	37,381	-	(103,402)
Total	\$17,841,107	\$18,330,200	\$ (19,244,812)	\$ 16,926,495

The Education Trust

Notes to Consolidated Financial Statements

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- 9. Concentration** Concentrations existed for the Organization in support and revenue of 39% and 33% from one private foundation for the years ended June 30, 2021 and 2020, respectively, and contributions receivable of 62% and 54% from three private foundations as of June 30, 2021 and 2020, 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 \$795,390 and \$720,654 to the plan during the years ended June 30, 2021 and 2020, 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, 2021 and 2020.
- 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.