

CHATHAM EDUCATION FOUNDATION

Financial Statements

For the years ended June 30, 2025 and 2024

(With Independent Auditor's Report Thereon)

CHATHAM EDUCATION FOUNDATION
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Chatham Education Foundation

Opinion

We have audited the accompanying financial statements of Chatham Education Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chatham Education Foundation as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Chatham Education Foundation 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

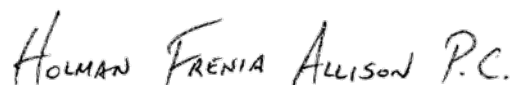
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the 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 Chatham Education Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Chatham Education Foundation'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.



HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

March 10, 2026
Lakewood, New Jersey

CHATHAM EDUCATION FOUNDATION
Statements of Financial Position
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets:		
Cash	\$ 79,501	\$ 37,837
Investments	59,675	39,327
Accounts receivable	-	788
Endowment pledges receivable, current	<u>13,637</u>	<u>161,044</u>
Total current assets	152,813	238,996
Non-current assets:		
Cash - restricted to endowments	1,117	42,882
Endowment pledges receivable, net of current	50,898	21,020
Investments, net of current	<u>2,277,865</u>	<u>1,925,312</u>
Total non-current assets	<u>2,329,880</u>	<u>1,989,214</u>
Total assets	<u><u>\$ 2,482,693</u></u>	<u><u>\$ 2,228,210</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accrued expenses	<u>\$ 59,458</u>	<u>\$ 2,745</u>
Total liabilities	59,458	2,745
Net assets:		
Without donor restrictions:		
Undesignated	10,976	35,881
Quasi endowment fund	<u>110,454</u>	<u>573,917</u>
Total net assets without donor restrictions	121,430	609,798
With donor restrictions	<u>2,301,805</u>	<u>1,615,667</u>
Total net assets	<u>2,423,235</u>	<u>2,225,465</u>
Total liabilities and net assets	<u><u>\$ 2,482,693</u></u>	<u><u>\$ 2,228,210</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

CHATHAM EDUCATION FOUNDATION
Statement of Activities
For the year ended June 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and other support:			
Contributions	\$ 83,131	\$ 24,767	\$ 107,898
Special events	42,284	-	42,284
Other income	1,163	-	1,163
Net assets released from restrictions	<u>89,911</u>	<u>(89,911)</u>	<u>-</u>
Total revenue and other support	216,489	(65,144)	151,345
Expenses:			
Program services	144,939	-	144,939
Management and general services	40,257	-	40,257
Fundraising	<u>35,850</u>	<u>-</u>	<u>35,850</u>
Total expenses	<u>221,046</u>	<u>-</u>	<u>221,046</u>
Change in net assets from operations	(4,557)	(65,144)	(69,701)
Non-operating income			
Investment return, net of related expenses	<u>(24,595)</u>	<u>292,066</u>	<u>267,471</u>
Total non-operating income	<u>(24,595)</u>	<u>292,066</u>	<u>267,471</u>
Change in net assets	(29,152)	226,922	197,770
Net assets, beginning of year	609,798	1,615,667	2,225,465
Funding of required match from Quasi endowments	<u>(459,216)</u>	<u>459,216</u>	<u>-</u>
Net assets, end of year	<u><u>\$ 121,430</u></u>	<u><u>\$ 2,301,805</u></u>	<u><u>\$ 2,423,235</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

CHATHAM EDUCATION FOUNDATION
Statement of Activities
For the year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Contributions	\$ 79,774	\$ 185,000	\$ 264,774
Special events	58,671	-	58,671
Other income	1,480	-	1,480
Net assets released from restrictions	39,327	(39,327)	-
	<u>179,252</u>	<u>145,673</u>	<u>324,925</u>
Total revenue and other support			
Expenses:			
Program services	77,201	-	77,201
Management and general services	28,347	-	28,347
Fundraising	68,373	-	68,373
	<u>173,921</u>	<u>-</u>	<u>173,921</u>
Total expenses			
Change in net assets from operations	5,331	145,673	151,004
Non-operating income:			
Investment return, net of related expenses	97,288	208,004	305,292
	<u>97,288</u>	<u>208,004</u>	<u>305,292</u>
Total non-operating income			
Change in net assets	102,619	353,677	456,296
Net assets, beginning of year	651,968	968,514	1,620,482
Prior period adjustment (Note 10)	20,165	128,522	148,687
	<u>672,133</u>	<u>1,097,036</u>	<u>1,769,169</u>
Net assets, beginning of year (restated)			
Funding of required match from Quasi endowments	(164,954)	164,954	-
	<u>(164,954)</u>	<u>164,954</u>	<u>-</u>
Net assets, end of year	<u>\$ 609,798</u>	<u>\$ 1,615,667</u>	<u>\$ 2,225,465</u>

The accompanying notes to the financial statements are an integral part of this statement.

CHATHAM EDUCATION FOUNDATION
Statement of Functional Expenses
For the year ended June 30, 2025

	Program Services	Management and General	Fundraising	Total
Grant and contract expenses	\$ 144,939	\$ -	\$ -	\$ 144,939
Contractor services	-	25,150	-	25,150
Fundraising expenses	-	-	20,518	20,518
Printing	-	528	6,071	6,599
Software and internet	-	6,208	-	6,208
Indirect fundraising	-	-	4,221	4,221
Miscellaneous	-	3,244	-	3,244
Office supplies	-	3,074	-	3,074
Credit card fees	-	-	3,021	3,021
Postage	-	176	2,018	2,194
Insurance liability	-	1,172	-	1,172
Registration fees	-	706	-	706
	<u>\$ 144,939</u>	<u>\$ 40,257</u>	<u>\$ 35,850</u>	<u>\$ 221,046</u>

The accompanying notes to the financial statements are an integral part of this statement.

CHATHAM EDUCATION FOUNDATION
Statement of Functional Expenses
For the year ended June 30, 2024

	Program Services	Management and General	Fundraising	Total
Grant and contract expenses	\$ 77,201	\$ -	\$ -	\$ 77,201
Fundraising expenses	-	-	47,084	47,084
Contractor services	-	17,693	-	17,693
Indirect fundraising	-	-	7,717	7,717
Printing	-	580	7,044	7,624
Software and internet	-	6,014	-	6,014
Credit card fees	-	-	4,326	4,326
Postage	-	194	2,202	2,396
Insurance liability	-	2,078	-	2,078
Miscellaneous	-	1,194	-	1,194
Office supplies	-	424	-	424
Registration fees	-	170	-	170
	<u>\$ 77,201</u>	<u>\$ 28,347</u>	<u>\$ 68,373</u>	<u>\$ 173,921</u>

The accompanying notes to the financial statements are an integral part of this statement.

CHATHAM EDUCATION FOUNDATION
Statements of Cash Flows
For the years ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 197,770	\$ 456,296
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Realized gain on investments	(29,789)	(19,405)
Unrealized gain on investments	(195,704)	(285,886)
Changes in operating assets and liabilities:		
Accounts receivable	788	2,001
Endowment pledges receivable	117,529	(33,377)
Accrued expenses	56,713	739
Net cash flows from operating activities	147,307	120,368
Cash flows from investing activities:		
Purchase of investments	(248,473)	(201,737)
Proceeds from sale of investments	101,065	54,727
Net cash flows from investing activities	(147,408)	(147,010)
Net change in cash	(101)	(26,642)
Cash, beginning of year	80,719	107,361
Cash, end of year	\$ 80,618	\$ 80,719
Reconciliation to Statements of Financial Position		
Cash	\$ 79,501	\$ 37,837
Cash - restricted to endowments	1,117	42,882
Cash and restricted cash, end of year	\$ 80,618	\$ 80,719

The accompanying notes to the financial statements are an integral part of this statement.

CHATHAM EDUCATION FOUNDATION
Notes to Financial Statements

NOTE 1: ORGANIZATION AND PURPOSE

Chatham Education Foundation (the “Organization”) is a nonprofit corporation incorporated under the laws of the State of New Jersey on March 11, 1994. The purpose of the Organization is to promote educational excellence in the School District of the Chathams. The Organization pursues its purpose by soliciting donations from members of the community and through fundraising events. The funds are disbursed to the District in the form of grants.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor imposed (or certain grantor imposed) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of three months or less. The Organization places its temporary cash investments with high credit quality financial institutions.

CHATHAM EDUCATION FOUNDATION
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III).

If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level I – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

Level II – Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level III – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

Subsequent to initial recognition, the Organization may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Assets and liabilities measured at fair value are based on one or more of three valuation techniques. The three valuation techniques are as follows:

Market Approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Cost Approach – Amount that would be required to replace the service capacity of an asset (i.e., replacement cost); and

Income Approach – Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

The Organization utilized the market approach to determine the fair value of its financial instruments for the years ended June 30, 2025 and 2024.

CHATHAM EDUCATION FOUNDATION
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Endowment Pledges Receivable

Unconditional promises to give that are restricted by donors for endowment purposes are recognized as contributions receivable and contribution revenue in the period the promise is made, in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605. Endowment pledges receivable are recorded at their present value of estimated future cash flows, net of an allowance for uncollectible amounts.

Amounts expected to be collected within one year are recorded at net realizable value. Amounts expected to be collected in more than one year are discounted to present value using rates commensurate with the risks associated with the promises to give. The amortization of discounts is recognized as additional contribution revenue over the collection period.

Endowment pledges are reported as net assets with donor restrictions.

Endowment pledges due in one or more years are discounted to their net present value at the time revenue is recognized. The Organization applied discount rates of 3.98% and 4.17% for the years ended June 30, 2025 and 2024, respectively.

The Organization uses the allowance method to estimate uncollectible endowment pledges receivable. The allowance is based on historical collection experience and management's evaluation of specific donor promises. Management determined that all pledges receivable were fully collectible; accordingly, no allowance for doubtful accounts was recorded as of June 30, 2025 and 2024.

Accounts Receivable

The Organization carries its accounts receivable at cost.

Allowance for Credit Losses

Financial assets held by the Organization subject to the guidance under FASB Accounting Standard Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326) are Accounts Receivable.

The Organization recognizes an allowance for credit losses for financial assets carried at amortized cost to present the net amount expected to be collected as of the date of the statements of financial position. The allowance is calculated considering credit losses expected to arise over the life of the asset which includes prepayments and expected recoveries. Chatham Education Foundation pools assets based on similar risk characteristics when estimating expected credit losses. Where financial instruments do not share risk characteristics, losses are estimated on an individual basis.

Assets are written off when deemed uncollectible and the write-offs are recognized as a deduction from the allowance for credit losses. Recoveries not initially expected are reflected in the statements of activity in the period of recovery.

As of June 30, 2025 and 2024, management estimates no credit losses for Accounts Receivable therefore, no allowance for credit losses is deemed necessary.

CHATHAM EDUCATION FOUNDATION
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Contributions and Endowment Funding

Contributions and endowment funding are classified based on the existence or absence of donor-imposed restrictions as either conditional or unconditional as follows:

Conditional – Includes all contributions and endowment funding with donor-imposed conditions or stipulations representing a barrier that must be overcome before the recipient is entitled to the assets being transferred or promised. A failure to overcome the barrier gives the contributor a right of return of the assets it has transferred or the ability to rescind an obligation to transfer.

Unconditional – Includes all contributions and endowment funding that do not contain a barrier to use and therefore are recorded as revenue once cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received.

Contribution and endowment funding are recorded when the unconditional promise to give is received or pledged. Under this method, the recognition of support for financial statement purposes bears no relation to the period in which the expenses are incurred. Revenue related to conditional contributions and endowment funding is recognized once the relevant barriers are met. If funds are received from the donor before the relevant barriers are met, unearned revenue is recorded on the statements of financial position for the amount of funds provided by the donor.

Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend are substantially met and the promises become unconditional.

Special Events

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event- the exchange component, and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit.

The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the statements of activities or the notes to financial statements. The performance obligation is delivery of the event, which is usually accompanied by a presentation. The event fee is set by the Organization. FASB ASU 2014-09 requires allocation of the transaction price to the performance obligation(s). Accordingly, the Organization separately presents in its statements of activities or notes to financial statements the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Organization in advance of its delivery are initially recognized as liabilities (unearned revenue) and recognized as special event revenue after delivery of the event. For special event fees received before year-end for an event to occur after year-end, the Organization follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

CHATHAM EDUCATION FOUNDATION
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that have been allocated include printing and postage which were allocated on the basis of direct costs.

Income Taxes

The Organization is a non-profit entity as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, there is no provision for income taxes.

The Organization is required to file Form 990, *Return of Organization Exempt from Income Tax*, with the Internal Revenue Service and the *New Jersey Charities Registration & Investigation Form (CRI)*. The Organization follows the income tax standard for uncertain tax positions. This standard had no impact on the Organization's financial statements. The Organization's income tax returns are subject to review and examination by federal and state authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status or any activities that are subject to tax on unrelated business income taxes.

Subsequent Events

Chatham Education Foundation has evaluated subsequent events occurring after June 30, 2025 through the date of March 10, 2026, which is the date the financial statements were available to be issued.

NOTE 3: CASH AND RESTRICTED CASH

Cash and restricted cash held by the Organization at June 30, 2025 and 2024, and reported at fair value, consisted of demand deposits totaling \$80,618 and \$80,719, respectively.

Custodial Credit Risk

Deposits in financial institutions, reported as components of cash and restricted cash had a bank balance of \$81,069 and \$80,783 as of June 30, 2025 and 2024, respectively. Of the bank balances, \$81,069 and \$80,783 was insured by depository insurance at June 30, 2025 and 2024, respectively.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash investments. At June 30, 2025 and 2024, all of the Organization's cash and restricted cash held by Citizen's Bank.

CHATHAM EDUCATION FOUNDATION
Notes to Financial Statements (continued)

NOTE 4: ENDOWMENT PLEDGES RECEIVABLE

Endowment pledges receivable consisted of the following as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Pedges expected to be collected in:		
Less than one year	\$ 13,637	\$ 161,044
One to five years	48,608	21,020
More than five years	<u>9,907</u>	<u>-</u>
Total pledges receivable	72,152	182,064
Less: current portion	(13,637)	(161,044)
Less: discount on pledge receivable	<u>(7,617)</u>	<u>-</u>
Long-term portion	<u>\$ 50,898</u>	<u>\$ 21,020</u>

As the calculated discount on non-current endowment pledges was de minimis for the year ended June 30, 2024, the Organization did not record a discount as of June 30, 2024.

NOTE 5: INVESTMENTS

The following table sets forth by level, with in the fair value hierarchy (as described in Note 2), the Organization's investments at fair value as of June 30, 2025 and 2024.

<i>Investments at Fair Value as of December 31, 2025</i>				
	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Registered Investment Companies	<u>\$ 2,337,540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,337,540</u>
Total investments at fair value	<u>\$ 2,337,540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,337,540</u>
 <i>Investments at Fair Value as of December 31, 2024</i>				
	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Registered Investment Companies	<u>\$ 1,964,639</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,964,639</u>
Total investments at fair value	<u>\$ 1,964,639</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,964,639</u>

CHATHAM EDUCATION FOUNDATION
Notes to Financial Statements (continued)

NOTE 6: LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general use within one year of the statements of financial position date because of contractual or donor-imposed restrictions or designations:

	<u>2025</u>	<u>2024</u>
Current financial assets:		
Cash	\$ 79,501	\$ 37,837
Investments, current	59,675	39,327
Accounts receivable	-	788
Endowment pledges receivable, current	<u>13,637</u>	<u>161,044</u>
Total current financial assets	152,813	238,996
Less amounts not available to be used within one year:		
Net assets with donor restrictions for specified purposes	<u>(13,637)</u>	<u>(161,044)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 139,176</u>	<u>\$ 77,952</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has a goal to maintain financial assets on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$54,000.

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2025 and 2024, net assets with donor restrictions are available for the following purposes:

	<u>2025</u>	<u>2024</u>
Endowment contributions not yet received or invested	\$ 74,719	\$ 224,945
Principal of term & permanent endowment funds	1,659,808	1,076,183
Investment income generated from endowment funds available for programs	<u>567,278</u>	<u>314,539</u>
Total net assets with donor restrictions	<u>\$ 2,301,805</u>	<u>\$ 1,615,667</u>

Net assets released from restrictions during the years ended June 30, 2025 and 2024 totaled \$89,911 and \$39,327, in accordance with the Organization's spending policy.

CHATHAM EDUCATION FOUNDATION
Notes to Financial Statements (continued)

NOTE 8: ENDOWMENTS

The Organization's endowment consists of donor-restricted funds established to provide long-term financial support for its mission. In accordance with FASB ASC 958-205 and the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Organization classifies as net assets with donor restrictions: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with donor stipulations at the time the accumulation is added.

Management of the Organization has interpreted state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The income of the donor restricted endowment fund is classified as with donor restriction until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by state law. From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or the UPMIFA requires the organization to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2025 and 2024.

Net appreciation earned on the corpus of restricted endowment net assets, under UPMIFA, is classified as restricted. On a related note, donor instructions override guidelines dictated by UPMIFA. Accordingly, if the donor dictates specific spending and/or investment guidelines, then those guidelines overrule the principles promulgated by UPMIFA.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purpose of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

The Board of Directors' primary objective, in this regard, is to add value and minimize risk in managing the assets of the fund while providing a hedge against inflation into the future. It is the intent of the Board of Directors to grow the endowment and utilize the total return (income plus capital change) to further the purpose of the endowment. In recognition of the prudence required of fiduciaries, reasonable diversification of quality investment securities will be sought where possible, knowing that fluctuating rates of return are a characteristic of the investment market and performance cycles cannot be accurately predicted.

CHATHAM EDUCATION FOUNDATION
Notes to Financial Statements (continued)

NOTE 8: ENDOWMENTS (continued)

The fair value of endowments totaled \$2,337,540 and \$1,964,639 as of June 30, 2025 and 2024 and consists of the following net asset classes:

	Quasi	With Donor Restrictions		
	Endowment	Term	Permanent	
	Funds	Endowment	Endowment	
		Funds	Funds	Total
Endowment net assets, June 30, 2023	\$ 543,824	\$ 251,410	\$ 717,104	\$ 1,512,338
Contributions	58,432	22,147	66,430	147,009
Annual spend withdrawal	39,327	-	(39,327)	-
Quasi-funded match	(164,954)	41,239	123,715	-
Investment return, net	97,288	53,738	154,266	305,292
Endowment net assets, June 30, 2024	573,917	368,534	1,022,188	1,964,639
Contributions	-	43,748	131,245	174,993
Annual spend withdrawal	20,348	-	(89,911)	(69,563)
Quasi-funded match	(459,216)	114,804	344,412	-
Investment return, net	(24,595)	(50,555)	342,621	267,471
Endowment net assets, June 30, 2025	<u>\$ 110,454</u>	<u>\$ 476,531</u>	<u>\$ 1,750,555</u>	<u>\$ 2,337,540</u>

NOTE 9: SPECIAL EVENTS

Gross receipts from fundraising events recorded by the Organization consist of exchange transaction revenue and contribution revenue. In accordance with FASB ASU 2014-09, *Revenue from Contracts with Customers*, the Organization is required to separately present the components of this revenue. See below for approximated contribution and exchange component revenues recorded in accordance with fundraising events held during the years ended June 30, 2025 and 2024:

	2025	2024
Contributions	\$ 42,284	42,621
Event revenue - exchange component	-	16,050
Event revenue - gross	42,284	58,671
Less - direct expenses	(20,518)	(47,084)
Special event revenue, net of direct expenses	<u>\$ 21,766</u>	<u>\$ 11,587</u>

NOTE 10: PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2024, it was noted that pledges receivable were understated by \$148,687 due to a misapplication of revenue recognition principles. Management corrected this with a prior period adjustment to net assets in the amount of \$148,687.