THE INSTITUTE FOR CITIZENS AND SCHOLARS
Financial Statements
June 30, 2022
With Independent Auditor's Report

ADVISORY TAX AUDIT

Institute for Citizens and Scholars
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June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
Institute for Citizens and Scholars:

Opinion

We have audited the financial statements of Institute for Citizens and Scholars (the "Organization"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Institute for Citizens and Scholars as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

WithumSmith+Brown, PC

November 8, 2022

Institute for Citizens and Scholars
Statement of Financial Position
June 30, 2022

Assets	
Current assets	
Cash and cash equivalents	$ 3,453,965
Unconditional promises to give, current portion	4,110,362
Prepaid expenses & other current assets	33,359
Total current assets	7,597,686
Investments	8,303,693
Unconditional promises to give, noncurrent portion	1,168,664
Property and equipment, at cost, net of accumulated depreciation	179,500
Security deposits	68,163
Total assets	$ 17,317,706
Liabilities and Net Assets	
Current liabilities	
Accounts payable and accrued expenses	$ 510,047
Fellowships payable	1,295,700
Accrued vacation	84,508
Total current liabilities	1,890,255
Net assets	
Without donor restrictions	2,648,892
With donor restrictions	12,778,559
Total net assets	15,427,451
Total liabilities and net assets	$ 17,317,706

The Notes to Financial Statements are an integral part of this statement.

Institute for Citizens and Scholars
Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and other revenue			
Public support			
Foundations	$ 256,450	$ 7,277,246	$ 7,533,696
Individuals	718,135	120,719	838,854
Net assets released from restrictions	6,859,844	(6,859,844)	-
Total public support	7,834,429	538,121	8,372,550
Other revenue			
Investment return, net	(336,255)	(283,528)	(619,783)
Service fees	284,785	-	284,785
Total revenue and support	7,782,959	254,593	8,037,552
Expenses			
Program services			
Higher education	2,805,728	-	2,805,728
Teaching and leadership	2,937,760	-	2,937,760
Civics education	1,492,756	-	1,492,756
Total program services	7,236,245	-	7,236,244
Supporting services			
Management and general	1,226,595	-	1,226,595
Fundraising	951,697	-	951,697
Total supporting services	2,178,292	-	2,178,292
Total expenses	9,414,537	-	9,414,536
Changes in net assets	(1,631,578)	254,593	(1,376,984)
Net assets			
Beginning of year	4,280,470	12,523,966	16,804,436
End of year	$ 2,648,892	$ 12,778,559	$ 15,427,451

The Notes to Financial Statements are an integral part of this statement.

Institute for Citizens and Scholars
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services				Supporting Services			
	Higher Education	Teaching & Leadership	Civics Education	Total Program Services	Management and General	Fundraising (Dev)	Total Supporting Services	Total Expenses
Grants and fellowships to individuals and organizations	$ 1,999,573	$ 1,187,432	$ 67,563	$ 3,254,568	$ -	$ (350)	$ (350)	$ 3,254,218
Salary, fringe benefits, and payroll taxes	619,739	952,178	967,850	2,539,767	763,541	711,635	1,475,176	4,014,943
Service and professional fees	106,671	444,674	403,270	954,615	224,100	116,970	341,070	1,295,685
Travel and accommodations	51,666	300,871	19,154	371,691	52,993	31,125	84,118	455,809
Printing, postage, delivery, copying, and other expenses	1,108	6,369	1,677	9,154	16,139	40,145	56,284	65,438
Other office and business expenses	26,971	46,236	33,242	106,449	162,572	52,172	214,744	321,193
Total expenses before depreciation	2,805,728	2,937,760	1,492,756	7,236,244	1,219,345	951,697	2,171,042	9,407,286
Depreciation	-	-	-	-	7,250	-	7,250	7,250
Total expenses	$ 2,805,728	$ 2,937,760	$ 1,492,756	$ 7,236,244	$ 1,226,595	$ 951,697	$ 2,178,292	$ 9,414,536

The Notes to Financial Statements are an integral part of this statement.

Institute for Citizens and Scholars
Statement of Cash Flows
Year Ended June 30, 2022

Operating activities	
Change in net assets	$ (1,376,984)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation	7,250
Realized gain on sale of investments	(1,476,413)
Unrealized loss on investments	2,178,238
Donated securities	(59,231)
Changes in operating assets and liabilities	
Unconditional promises to give	478,058
Prepaid expenses and other current assets	(24)
Accounts payable and accrued expenses	167,314
Fellowships payable	(434,050)
Accrued vacation	(41,110)
Net cash used in operating activities	(556,952)
Investing activities	
Purchases of property and equipment	(105,000)
Purchases of investments	(28,613,061)
Proceeds from sales of investments	30,516,863
Net cash provided by investing activities	1,798,802
Net change in cash and cash equivalents	1,241,850
Cash and cash equivalents	
Beginning of year	2,212,115
End of year	$ 3,453,965

The Notes to Financial Statements are an integral part of this statement.

1. NATURE OF ORGANIZATION

Institute for Citizens and Scholars (the "Organization") is a not-for-profit charitable organization located in Princeton, New Jersey. The primary mission of the Organization is to prepare leaders and engage networks of people and organizations to meet urgent education challenges. The overarching goal is to shape an informed, productively engaged, and hopeful citizenry. The Organization's mission reflects its twin commitments: to strengthen American education and to rebuild a flourishing civil society.

As a fellowship organization, the Organization focuses primarily on Higher Education Fellowships, Teaching and Leadership Fellowships, and a Civics Education project.

The Higher Education Fellowships include a suite of fellowships that support the development of future leaders at a variety of career stages in several critical fields. These programs strengthen the representation of diverse groups in the professorate, support the work of emerging scholars and young faculty in the social sciences and humanities, and prepare experts for the United States Foreign Service.

The Teaching and Leadership Fellowships represent a major effort to recruit, prepare and mentor school leaders as well as candidates for teaching in high-need subjects like mathematics and the sciences, transform their clinical preparation for teaching, and support their commitment to long-term careers in high-need urban and rural schools.

The Civics Education project, known as the Civics Spring Project, will catalyze a broad array of organizations to increase civic learning opportunities for young people. The Civic Spring Project will increase civic knowledge, skills and engagement by creating incentives, support and rewards for locally defined youth civic engagement initiatives aimed at meeting acute needs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Trustees are referred to as Board-designated net assets and are also reported as net assets without donor restrictions. As of June 30, 2022, Board designated net assets totaled $518,989.

Net assets with donor restrictions: 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 and/or a 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 statement 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 estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains and losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents
Cash and cash equivalents consist of all cash held in banks and highly liquid debt instruments with original maturities of three months or less, and exclude money market funds included in the investment portfolio.

Unconditional Promises to Give
Unconditional promises to give are recorded in the year the promise is made. The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value present value of their net realizable value, using risk-free prevailing interest rates applicable to the years in which the promises are received to discount the amounts. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities.

In estimating the fair value of unconditional promises to give, management considers promises of $5,000 or more individually. The relationship with the donor, the donor's past history of making timely payments, and the donor's overall creditworthiness are considered and incorporated into a fair value measurement computed using present value techniques. Unconditional promises to give less than $5,000 are measured in the aggregate using present value techniques, and management considers historical trends of collection, the type of donor (individual, corporation/foundation), general economic conditions in the geographical area in which the majority of the donors live, the Organization's policies concerning enforcement of promises to give, and market interest rate assumptions. The change in amortization of the discount for the time value of money, computed using the effective interest rate method, is reported as contribution revenue.

The Organization determined the allowance for uncollectable promises to give based on historical collection history, type of contribution, and nature of fundraising activity. Promises to give are written off when deemed uncollectable. As of June 30, 2022, no allowance was recorded.

Unconditional promises to give totaled $5,279,026 as of June 30, 2022.

Investments
Investments in equity securities are stated at fair value. Interest, dividends, gains and losses, both realized and unrealized, resulting from changes in the fair value of investments, net of investment expenses are reflected in the statement of activities as increases or decreases in net assets without donor restrictions unless the use is restricted by explicit donor stipulations or by law.

Property and Equipment

The Organization records property and equipment additions at cost, or if donated, at fair value on the date of donation. It is the Organization's policy to capitalize expenditures for individual items costing in excess of $5,000. Lesser amounts are expensed. When donors stipulate how long the assets must be used, the contributions are recorded as support with donor restrictions. Depreciation and amortization are computed using the straight-line method, with a half year deprecation recognized in years of acquisition and disposal, over the estimated useful lives of the assets ranging from 3 to 5 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

Intangible assets of the Organization are included in property and equipment and consist of website and database development costs. These costs enhance the Organization's website and online operations. The Organization capitalizes costs associated with internally developed and/or purchased systems for new products that have reached the application stage and meet recoverability tests. Capitalized costs include external direct costs of materials and services utilized in developing or obtaining the applications and begins when the preliminary project stage is complete and ceases no later than the point at which the project is substantially complete and ready for its intended purpose. These costs are amortized over the anticipated useful life using the straight-line method, beginning in the month the software or website is placed in service over their estimated useful life of three to five years. Other costs, such as maintenance and training, are expensed as incurred.

Carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2022.

Revenue and Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

Contributions are recognized when cash, securities, other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give (that is, those with a measurable performance or other barrier and a right of return or release) are not recognized until the conditions on which they depend have been substantially met. When collected prior to satisfaction of donor restrictions, amounts are reported as refundable advances. All contributions are considered to be net assets without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor-restricted support that increases that net asset class.

Contributed property and equipment and other non-cash assets are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. During the year ended June 30, 2022, the Organization received $59,231 in donated securities.

Revenue Accounted for as Contracts with Customers
Revenue is recognized when the Organization satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Organization expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Organization combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statement of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Specifically, the Organization recognizes revenues from contracts with customers as follows:

Service fees consist of monies received under shared service arrangements with the Ford Foundation and are recognized as revenue over time as such services are provided.

Revenue from all other sources is recognized when earned.

The Organization's revenue disaggregated according to timing of when revenue is recognized is as follows:

Revenue recognized at a point in time (ASC 606)	
Service fees	$ 284,785
Contributions and other revenue not subject to ASC 606	
Foundations	7,533,696
Individuals	838,854
Investment return	(619,783)
Total contributions and other revenue	7,752,767
Total revenue	$ 8,037,552

Donated Services and In-Kind Contributions
Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria under U.S. GAAP. The Organization records donated professional services at the respective fair values of the services received for donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ended June 30, 2022, the Organization did not receive any donated services.

Tax-Exempt Status
The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law and has been designated as a public charity. Income generated by activities that would be considered unrelated to the Organization's mission would be subject to tax, which, if incurred, would be recognized as an expense. No such tax has been recognized as of June 30, 2022.

Uncertain Tax Positions
U.S. GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. For the year ended June 30, 2022, management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements.

The Organization did not record any interest or penalties on uncertain tax positions in the accompanying statement of financial position as of June 30, 2022, or in the accompanying statement of activities for the year then ended. If the Organization were to incur any income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as other expenses.

Fellowships and Grants

The Organization recognizes grants made, including unconditional promises, as expenses in the period made. Conditional promises, that is, those with a measurable performance or other barrier, and a right of return or release, are not recognized in expense until the conditions on which they depend have been substantially met. Fellowships payable are expected to be paid within one year.

Functional Expense Allocation

The costs of providing various programs and supporting services of the Organization have been summarized on a functional basis in the statement of activities and detailed within the statement of functional expenses. The Organization's financial statements report certain categories of expenses that are attributable to one or more of the Organization's programs or supporting services. Therefore, certain expenses require allocation where the Organization can demonstrate direct conduct and direct supervision of programs or supporting services that receive a benefit. Such expenses include salaries, fringe benefits, payroll taxes, service and professional fees, travel and accommodations, printing, postage, delivery, copying, and other office expenses and business expenses. Salaries, fringe benefits, and payroll taxes are allocated based on time and effort estimated by employee, and all other expense allocations are based on estimates of use or benefit received to the program or supporting functions of the Organization.

Accounting Pronouncements Adopted in the Current Year

Gifts In-Kind

During 2022, the Organization adopted the presentation and disclosure requirements of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). This ASU requires presentation of contributed nonfinancial assets apart from contributions of cash and other financial assets, along with expanded disclosure requirements. The adoption of this ASU had no material impact on the Organization's financial statements.

Accounting Pronouncements Issues Not Yet Effective

Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842) ("ASU 2016-02"), which requires lessees to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by leases with lease terms of more than 12 months. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee will continue to primarily depend on its classification as a finance or operating lease. However, unlike current U.S. GAAP, which requires only capital leases to be recognized on the statement of financial position, ASU 2016-02 will require both types of leases to be recognized on the statement of financial position. ASU 2016-02 also requires disclosures about the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. This ASU is effective for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the effect of this standard and the impact it will have depending on leasing arrangements entered in the future.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

As of June 30, 2022, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and fulfillment of liabilities, were as follows:

Cash and cash equivalents	$ 3,453,965
Unconditional promises to give, current portion	4,110,362
Investments	8,303,693
Less: Donor-restricted portion of unconditional promises to give and investments	(11,181,958)
Financial assets available to meet general expenditures	$ 4,686,062

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures come due. The Organization invests cash in excess of operating requirements in its investment portfolio. Although the Organization's investments, excluding endowment assets, are intended to be held to maturity or for long-term growth purposes, they are available to be liquidated to fund general operations and unanticipated liquidity needs should the need arise.

4. INVESTMENTS

Investments whose fair values are measured on a recurring basis as of June 30, 2022 are as follows:

	Cost	Fair Value	Unrealized Losses
Money market funds	$ 3,718,345	$ 3,718,345	$ -
Mutual funds	5,307,582	4,585,348	722,234
Total	$ 9,025,927	$ 8,303,693	$ 722,234

Investment loss consists of the following for the year ended June 30, 2022:

Interest and dividend income	$ 114,562
Realized gain on sale of investments	1,476,413
Unrealized loss on investments	(2,178,238)
Less: Investment expenses	(32,520)
Total investment return, net	$ (619,783)

5. FAIR VALUE MEASUREMENTS AND DISCLOSURES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another evaluation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 - Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk, or liquidity profile of the asset or liability.

All investments are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values.

Financial assets carried at fair value at June 30, 2022 are classified in the table as follows:

	Level 1
Money market funds	$ 3,718,345
Mutual funds	4,585,348
Total	$ 8,303,693

6. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following as of June 30, 2022:

Teaching and leadership fellowship	$ 2,529,155
Higher education fellowships	1,424,835
Civics education	1,150,000
Annual fund	50,000
Other	179,034
Total unconditional promises to give	5,333,024
Less: Discounts to net present value	(53,998)
Net unconditional promises to give	$ 5,279,026

Unconditional promises to give in the amount of $1,222,662 are discounted at varying short-term treasury rates and are estimated to be collected as follows during the year ended June 30,

2024	$ 897,662
2025	325,000
	$ 1,222,662

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2022:

Description	Estimated Life (Years)	
Furniture and equipment	3-5	$ 96,820
Software	3-5	105,000
		201,820
Less: Accumulated depreciation		(22,320)
Net property and equipment		$ 179,500

Depreciation expense amounted to approximately $7,250 for the year ended June 30, 2022.

8. NET ASSETS

Without Donor Restrictions
The Organization's Board of Trustees has chosen to place a designation on a portion of the net assets without donor restrictions:

Board designated - Pennsylvania Teaching Fellowship	$ 518,989
Undesignated	2,129,903
Total	$ 2,648,892

The board-designated net assets presented above pertain to the Pennsylvania Teaching Fellowship. As the program incurs expenses, the Organization allocates the expenses against both the purpose restricted funds and board designated funds that were established to fund the program. The total spending of board designated net assets was $46,113 for the year ended June 30, 2022.

With Donor Restrictions

The financial assistance the Organization receives comes from all sources and is restricted based on the donor intent. At the time that the donation is made, donors designate the use of their contributions towards various projects. The earnings on the endowments are to be used for various program initiatives as stipulated by the donors.

9. ENDOWMENT POLICY

The Organization's endowment consists of five individual funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") to require standard care that is reasonable and prudent over its endowed funds. The Board of Trustees also interpreted the UPMIFA as requiring the investments held in an endowment fund consisting of the original gifts and all accrued investment income thereon, to be classified as net assets with donor restrictions until appropriated for expenditure by the Board of Trustees, unless stated otherwise in the gift instrument. In accordance with 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 various funds, (2) the purposes of the Organization and donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation or depreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies

Current spending from the endowment equals interest and investment income net of fees, and net realized and unrealized gains. Funds from earnings on net assets with donor restrictions appropriated for expenditure are expended according to donor restrictions and are classified as net assets released from restrictions on the accompanying statement of activities.

The Board of Trustees has adopted the investment objective of preserving the endowment's principal by investing in high quality instruments. The return on endowment funds includes dividends, interest, capital gains/losses, and expenses. The holdings must adhere to asset allocation ranges in the Organization's Investment Policy Statement. The securities held must be appropriate for the objectives selected under the Organization's investment management process.

Changes in endowment net assets with donor restrictions for the year ended June 30, 2022, are as follows:

Invested endowment balance, June 30, 2021	$ 1,596,603
Investment income	34,584
Investment fees	(2,442)
Net depreciation (realized & unrealized)	(243,672)
Net investment loss	(211,530)
Invested endowment balance, June 30, 2022	$ 1,385,073

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). Management has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. Amounts from net assets without donor restrictions are utilized to coverage any endowment shortfall. The aggregate fair value of underwater funds totaled $1,385,073 with an aggregate cost of $1,596,605 resulting in an underwater amount of $211,530.

At June 30, 2022, net assets with donor restrictions consist of the following:

Purpose restricted	
Teaching and leadership fellowships	$ 5,512,564
Higher education fellowships	3,452,968
Civics Education	1,928,526
Other awards and prizes	287,898
Subtotal	11,181,956
Endowments given in perpetuity	
Humanities Initiatives Funds	603,609
Richard W. Couper Humanities Funds	400,000
Taplin Endowment	379,825
Gorheen Endowment	120,375
General Endowment	92,794
Subtotal	1,596,603
Total net assets with donor restrictions	$ 12,778,559

Net assets totaling $6,859,844 were released from donor restrictions for the year ended June 30, 2022, and represent expenses incurred to satisfy donor restrictions or other events specified by the donors.

10. COMMITMENTS AND CONTINGENCIES

Concentration of Credit Risk

The Organization maintains its cash, cash equivalents, and investment balances at multiple financial institutions. The balances are insured by the Federal Deposit Insurance Corporation ("FDIC") or the Securities Investor Protection Corporation ("SIPC") up to specified limits by each institution. At times, the balances may exceed these insurance limits; however, the Organization has not experienced, and does not expect to experience, any losses with respect to its balances in excess of FDIC or SIPC insurance. Management believes that no significant concentration of credit risk exists as of June 30, 2022.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of these securities will occur in the near term and that such changes could materially affect the amounts reported on the statement of financial position.

Concentration of Revenue

During the year ended June 30, 2022, approximately 72% of the Organization's public support was from five entities.

Concentration of Receivables

As of June 30, 2022, approximately 64% of the Organization's gross unconditional promises to give were from three entities.

Private Foundation Grants

Certain private foundation grants are subject to audit by the granting agencies.

Operating Lease

The Organization has a non-cancelable operating lease agreement for its headquarters office space in Princeton, New Jersey, that currently expires on July 1, 2030. The lease required minimum monthly lease payments of $20,730 through June 30, 2021, with 1% annual escalations beginning in July 2021 for the duration of the lease. Rent expense for the year ended June 30, 2022 was $251,184.

Future minimum lease payments, subject to annual operating expense increases, under the terms of the office lease are as follows as of June 30:

2023	$ 255,670
2024	259,125
2025	262,580
2026	266,035
2027	269,490
Thereafter	829,200
	$ 2,142,100

11. RISKS AND UNCERTAINTIES

Management continues to evaluate the impact of the COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization's financial position and changes in net assets, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

12. RETIREMENT PLAN

The Organization has a contributory defined contribution retirement plan under Internal Revenue Code Section 403(b). Employees that meet certain eligibility criteria are eligible to participate. Employees are fully vested in the plan when they become eligible to participate. The Organization is required to match employee contributions up to 10% of the employee's salary, provided the employee contributes a minimum of 5% of their salary to the plan. The Organization's contribution to the plan for the year ended June 30, 2022, was $297,415. The plan is administered by TIAA.

13. RELATED PARTIES

Total gifts and pledges from various board members were $499,705 for the year ended June 30, 2022. Of the total gifts and pledges, including those made in prior years, there was no amount outstanding at June 30, 2022. The Organization believes that all remaining gifts and pledges from related parties are collectible.

14. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring after the statement of financial position date through November 8, 2022, which is the date the financial statements were available to be issued and has determined the following events occurred that require disclosure in the financial statements:

Employee Retention Tax Credit

In August 2022, the Organization received $396,277 of funding through the federal government's employee retention tax credit program. Laws and regulations concerning these government programs are complex and may be subject to audit or review.

The Civic Network

On July 29, 2022, The Organization entered into an agreement to become a member of The Civic Network, LLC (the "Company"), a Delaware Limited Liability Company. The Company was organized to acquire, develop, commercialize and license online civic-based educational software and related intellectual property rights, with the primary objective of the Company to make a significant contribution to building the civic skills and dispositions of young Americans and activating their sense of human responsibility. The Organization owns two million (2,000,000) Class A shares out of a total of five million (5,000,000) Class A shares issued on July 29, 2022.