

STAND FOR CHILDREN
LEADERSHIP CENTER

Audited Financial Statements
For the Year Ended August 31, 2021



MCDONALD JACOBS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Stand for Children Leadership Center

We have audited the accompanying financial statements of Stand for Children Leadership Center (a nonprofit corporation), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the 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 organization'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 financial statements.

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 financial statements referred to above present fairly, in all material respects, the financial position of Stand for Children Leadership Center as of August 31, 2021, and 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.

Report on Summarized Comparative Information

We have previously audited Stand for Children Leadership Center's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 14, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

McDonald Jacobson, P.C.

Portland, Oregon
December 16, 2021

STAND FOR CHILDREN LEADERSHIP CENTER
STATEMENT OF FINANCIAL POSITION
August 31, 2021
(With comparative totals for 2020)

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 14,262,171	\$ 11,792,876
Contributions and grants receivable	3,014,600	550,000
Accrued interest income	22,736	23,329
Prepaid expenses, deposits and other assets	204,901	263,492
Due from Stand for Children, Inc.	31,938	63,379
Investments	8,837,757	8,849,645
Property and equipment, net	2,530	6,410
 TOTAL ASSETS	 \$ 26,376,633	 \$ 21,549,131
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 93,285	\$ 70,796
Accrued payroll and related liabilities	1,175,062	1,474,885
Deferred revenue	20,001	166,667
Note payable and accrued interest	-	1,482,927
Total liabilities	1,288,348	3,195,275
Net assets:		
Net assets without donor restrictions:		
Undesignated	13,694,864	11,303,066
Board designated operating reserve	2,591,000	2,739,000
Total net assets without donor restrictions	16,285,864	14,042,066
Net assets with donor restrictions	8,802,421	4,311,790
Total net assets	25,088,285	18,353,856
 TOTAL LIABILITIES AND NET ASSETS	 \$ 26,376,633	 \$ 21,549,131

See notes to financial statements.

STAND FOR CHILDREN LEADERSHIP CENTER
STATEMENT OF ACTIVITIES
For the year ended August 31, 2021
(With comparative totals for 2020)

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue:				
Contributions and grants	\$ 4,653,129	\$ 15,374,045	\$ 20,027,174	\$ 15,027,052
Program revenue	618,982	-	618,982	309,726
Investment and other income	158,672	-	158,672	335,713
Paycheck Protection Program loan forgiven	1,491,485	-	1,491,485	-
Net assets released from purpose and time restrictions	10,883,414	(10,883,414)	-	-
Total support and revenue	17,805,682	4,490,631	22,296,313	15,672,491
Expenses:				
Program	11,585,136	-	11,585,136	11,952,831
Management and general	3,353,126	-	3,353,126	3,604,248
Fundraising	623,622	-	623,622	874,430
Total expenses	15,561,884	-	15,561,884	16,431,509
Change in net assets	2,243,798	4,490,631	6,734,429	(759,018)
Net assets:				
Beginning of year	14,042,066	4,311,790	18,353,856	19,112,874
End of year	\$ 16,285,864	\$ 8,802,421	\$ 25,088,285	\$ 18,353,856

See notes to financial statements.

STAND FOR CHILDREN LEADERSHIP CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended August 31, 2021
(With comparative totals for 2020)

	2021				2020 Total
	Program	Management and General	Fundraising	Total	
Salaries, payroll taxes and benefits	\$ 9,004,791	\$ 2,787,988	\$ 534,327	\$ 12,327,106	\$ 13,054,084
Consultants and professional services	1,130,139	76,273	37,100	1,243,512	972,978
Other services	149,934	3,122	24,894	177,950	283,653
Occupancy, equipment and insurance	342,259	158,716	-	500,975	551,075
Travel	36,953	1,138	379	38,470	339,659
Supplies and postage	40,305	13,930	666	54,901	77,009
Telephone, web hosting and information technology	308,366	267,523	17,594	593,483	633,444
Recruitment and staff development	3,590	22,211	-	25,801	38,883
Grants to others	511,099	-	-	511,099	385,835
Other expenses	57,700	22,225	8,662	88,587	94,889
 Total expenses	 <u>\$ 11,585,136</u>	 <u>\$ 3,353,126</u>	 <u>\$ 623,622</u>	 <u>\$ 15,561,884</u>	 <u>\$ 16,431,509</u>

See notes to financial statements.

STAND FOR CHILDREN LEADERSHIP CENTER
STATEMENT OF CASH FLOWS
For the year ended August 31, 2021
(With comparative totals for 2020)

	2021	2020
Cash flows from operating activities:		
Cash received from grantors, donors and others	\$ 18,311,588	\$ 14,841,946
Cash paid to suppliers and employees	<u>(15,736,748)</u>	<u>(15,579,914)</u>
Net cash flows from operating activities	<u>2,574,840</u>	<u>(737,968)</u>
Cash flows from investing activities:		
Net proceeds from investments	4,850,000	4,630,000
Purchase of investments	<u>(4,955,545)</u>	<u>(5,615,197)</u>
Net cash flows from investing activities	<u>(105,545)</u>	<u>(985,197)</u>
Cash flows from financing activities:		
Proceeds from note payable	<u>-</u>	<u>1,478,000</u>
Net cash flows from financing activities	<u>-</u>	<u>1,478,000</u>
Net change in cash and cash equivalents	2,469,295	(245,165)
Cash and cash equivalents - beginning of year	<u>11,792,876</u>	<u>12,038,041</u>
Cash and cash equivalents - end of year	<u>\$ 14,262,171</u>	<u>\$ 11,792,876</u>

Non-Cash Financing Activity:

During the year ended August 31, 2021, the Paycheck Protection Program loan was forgiven in full and \$1,491,485 was recognized as revenue.

See notes to financial statements.

STAND FOR CHILDREN LEADERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS
August 31, 2021

I. ORGANIZATION

On June 1, 1996, more than 300,000 people gathered in Washington, DC to attend the first Stand for Children Day, the largest rally for children in American history. Stand for Children Leadership Center (the Organization), a private nonprofit organization incorporated in the District of Columbia in 1996 (at the time under the name of National Day of Commitment for Children), was established to organize the event and build on the momentum gathered from the rally.

The Organization is an education advocacy organization focused on ensuring all students receive a high quality, relevant education, especially those whose boundless potential is overlooked and under-tapped because of their skin color, zip code, first language, or disability.

The Organization advocates mainly at the state and local level for proven policies and funding, primarily focused on helping students reach make-or-break milestones of reading well by the end of third grade and graduating high school ready for college, career training, or career.

Through its work, the Organization ensures the changes fought for reach classrooms and directly support students. The Organization partners with parents to support their children's education journey and to become a strong advocate.

While the Organization supports children's needs throughout the United States, the Organization focuses its efforts in strategically selected states. During 2021, the Organization had staff in Arizona, Colorado, Illinois, Indiana, Louisiana, Oregon, Tennessee, Texas, and Washington.

STAND FOR CHILDREN LEADERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS, CONTINUED
August 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Assets

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- (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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents.

Contributions and Grants Receivable

Contributions and grants receivable are reported at the amount management expects to collect on balances outstanding at period-end. Based on an assessment of the collection history with those having outstanding balances and current relationships with the donors, management has concluded that any uncollectible promises to give will be immaterial. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using estimated market interest rates. Adjustments to the discount are included in contribution support.

Investments

Investments are carried at fair value.

Property and Equipment

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received.

STAND FOR CHILDREN LEADERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS, CONTINUED
August 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Depreciation and Amortization

Depreciation and amortization of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets which range from 3 to 5 years.

Revenue Recognition

Revenues from various sources are recognized as follows:

Contributions and Grants: Contributions and grants, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable. 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 have been substantially met.

Program Revenue: Revenues from program work are recognized over the period in which the programs and other activities are provided. Deferred revenue represents advanced payments for programs that relate to the following year (see Note 12).

Donated Assets and Services: Donations of property, equipment, materials and other assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

The Organization recognizes 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.

The Organization regularly receives contributed services from a large number of volunteers who assist in the Organization's efforts and activities. No amounts have been recorded in the financial statements as the services do not meet the criteria.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and related costs, consultants and professional services, other services, occupancy, equipment and insurance, , telephone, technology, and other expenses which are allocated on the basis of actual hours worked by employees in each area.

STAND FOR CHILDREN LEADERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS, CONTINUED
August 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Advertising

The Organization expenses advertising costs as these are incurred. Advertising expense totaled approximately \$18,600 and \$26,500 for the years ended August 31, 2021 and 2020, respectively.

Income Tax Status

Stand for Children Leadership Center is a nonprofit corporation exempt from income tax under section 501(c)(3) of the Internal Revenue Code and comparable state law. No provision for income taxes is made in the accompanying financial statements, as the Organization has no activities subject to unrelated business income tax. The Organization has no other activities subject to unrelated business income tax. The Organization is not a private foundation.

The Organization follows the provisions of FASB ASC *Topic Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this Topic.

Change in Accounting Principle

The Organization has implemented Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* beginning in 2021. This standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and expands disclosures about revenue. The various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued financial statements were required on a retrospective basis (see Note 12).

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 the 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 and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Summarized Financial Information for 2020

The financial information as of August 31, 2020 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

STAND FOR CHILDREN LEADERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS, CONTINUED
August 31, 2021

3. AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

Financial assets of the Organization consist of the following at August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 14,262,171	\$ 11,792,876
Contributions and grants receivable	3,014,600	550,000
Accrued interest income	22,736	23,329
Investments	8,837,757	8,849,645
	<u>26,137,264</u>	<u>21,215,850</u>
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	8,802,421	4,311,790
Board designated operating reserve	2,591,000	2,739,000
Financial assets available for general expenditure	<u>\$ 14,743,843</u>	<u>\$ 14,165,060</u>

See Note 7 for information about the Organization's line of credit.

The board designated operating reserve is based on two months of operating expenses and is available for spending when approved by the board of directors.

4. CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable are unsecured and represent unconditional promises to give as follows at August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Receivable within one year	\$ 2,885,000	\$ 550,000
Receivable within two to five years	135,000	-
Total contributions receivable	3,020,000	550,000
Less discount for long-term receivables	5,400	-
Contributions receivable, net	<u>\$ 3,014,600</u>	<u>\$ 550,000</u>

At August 31, 2021, \$2 million is receivable from one donor (\$500,000 due from a different donor in 2020.)

STAND FOR CHILDREN LEADERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS, CONTINUED
August 31, 2021

4. CONTRIBUTIONS AND GRANTS RECEIVABLE, Continued

As of August 31, 2021, the Organization has received promises to give contingent on the Organization meeting specific program or matching requirements. Conditional contributions have not been recognized in the accompanying statement of activities because the conditions on which they depend have not been met. Provided the conditions are met, annual installments of the promises to give are as follows:

Within one year	\$ 3,080,000
Within two to five years	<u>1,500,000</u>
Total conditional promises to give	<u><u>\$ 4,580,000</u></u>

5. INVESTMENTS

Investments consist of the following at August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and money fund	\$ 1,450,316	\$ 3,988,715
Corporate bonds - publicly traded	7,387,441	3,604,152
U.S. Treasury bonds	<u>-</u>	<u>1,256,778</u>
Total investments	<u><u>\$ 8,837,757</u></u>	<u><u>\$ 8,849,645</u></u>

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Office and computer equipment	\$ 315,997	\$ 315,997
Leasehold improvements	225,067	225,067
Computer software	<u>7,890</u>	<u>7,890</u>
Total property and equipment	548,954	548,954
Less accumulated depreciation and amortization	<u>546,424</u>	<u>542,544</u>
Property and equipment, net	<u><u>\$ 2,530</u></u>	<u><u>\$ 6,410</u></u>

Depreciation and amortization totaled \$3,880 and \$16,380 for the years ended August 31, 2021 and 2020, respectively.

STAND FOR CHILDREN LEADERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS, CONTINUED
August 31, 2021

7. LINE OF CREDIT

The Organization has a \$750,000 unsecured line of credit with a financial institution. Interest payments are due monthly on the outstanding balance at a variable rate, the greater of prime rate less .5% or 3.25% (prime rate was 3.25% as of August 31, 2021). The line matures March 2022. There were no outstanding advances on the line at August 31, 2021 and 2020.

8. NOTE PAYABLE

The Organization received a Paycheck Protection Program (PPP) loan of \$1,478,000 guaranteed by the Small Business Administration (SBA) in April 2020, which accrues interest at 1%. The loan may be forgiven partially or in its entirety if certain conditions are met, including incurrence of allowable qualifying expenses (mostly personnel and occupancy costs) and acceptance and approval of the forgiveness application by the lender. Upon satisfaction of the conditions, the loan will be recognized as a gain from extinguishment of debt. Management recorded the loan based on the original terms of the loan. In August 2021, the Organization received notice that of the loan and accrued interest were forgiven in full and the amounts have been recognized as revenue.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at August 31, 2021 and 2020:

	2021	2020
State operations	\$ 1,893,714	\$ 1,249,553
Scholarships	283,485	224,569
Program	886,334	-
Other purpose restricted	5,738,888	2,837,668
Total net assets with donor restrictions	\$ 8,802,421	\$ 4,311,790

10. SELF-FUNDED HEALTH INSURANCE

The Organization is self-funded for employee health insurance. An estimated liability of approximately \$91,400 is recorded for claims incurred, including claims incurred but not yet reported as of August 31, 2021 (\$334,600 for 2020). The estimated liability for self-insurance is based on management's judgement, and assumptions and factors related to claims development history and the frequency and severity of claims.

STAND FOR CHILDREN LEADERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS, CONTINUED
August 31, 2021

10. SELF-FUNDED HEALTH INSURANCE, Continued

The Organization limits its exposure and maintains insurance coverage with a third-party insurer to limit individual claims and total exposure under this program. For individual claims over \$75,000, the coverage is unlimited and total Organization's insurance policy covers claims over 125% of estimated annual claims. The ultimate settlement of health insurance claims may differ significantly from amounts accrued in the financial statements.

11. LEASE COMMITMENTS

The Organization leases its office facilities in all states where it conducts business, and certain office equipment under various operating leases that expire through October 2026. In addition, certain offices are leased on a month-to-month basis.

Rent expense totaled approximately \$360,000 and equipment lease expense totaled approximately \$73,400, for the year ended August 31, 2021. For the year ended August 31, 2020, rent expense totaled approximately \$407,000 and equipment lease totaled approximately \$62,400.

Approximate future minimum lease commitments under operating leases are as follows:

Year ending August 31, 2022	\$ 220,200
2023	229,600
2024	211,700
2025	136,800
2026	139,400
Thereafter	<u>56,800</u>
Total	<u>\$ 994,500</u>

12. REVENUE FROM CONTRACTS WITH CUSTOMERS

For revenue from contracts with customers, the timing of revenue recognition, billings, and cash collections may result in billed accounts receivable (contract asset) and customer advances and deposits and deferred revenue (contract liabilities) on the statements of financial position.

STAND FOR CHILDREN LEADERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS, CONTINUED
August 31, 2021

12. REVENUE FROM CONTRACTS WITH CUSTOMERS, Continued

Revenue from customers is recognized as follows:

	<u>2021</u>	<u>2020</u>
Revenue recognized over time:		
Family resources and student advocacy	\$ 323,982	\$ 309,726
Center for High School Success	295,000	-
Total revenue from contracts with customers	<u>\$ 618,982</u>	<u>\$ 309,726</u>

The beginning and ending contract balances are as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Deferred revenue:			
Family resources and student advocacy	\$ -	\$ 166,667	\$ 303,370
Center for High School Success	20,001	-	-
Total deferred revenue	<u>\$ 20,001</u>	<u>\$ 166,667</u>	<u>\$ 303,370</u>

Revenue recognized for the years ended August 31, 2021 and 2020 that was included in the contract liability balance at the beginning of each year was \$166,667 and \$303,370, respectively.

13. RETIREMENT PLAN

The Organization has a defined contribution 401(k) retirement plan (the plan) covering substantially all regular employees, with employees becoming eligible to receive matching contributions after six months of service. Employer contributions are limited to a 4% match of employee elective contributions. Employees are fully vested upon entering the plan. Retirement contributions for the years ended August 31, 2021 and 2020, totaled approximately \$314,900 and \$311,600, respectively. In addition, for the years ended August 31, 2021 and 2020, approximately \$52,900 and \$51,100, respectively, in retirement contributions were incurred by and reimbursed to the Organization under the direct cost reimbursement arrangements between the Organization and Stand for Children, Inc.

STAND FOR CHILDREN LEADERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS, CONTINUED
August 31, 2021

14. TRANSACTIONS WITH AFFILIATED ORGANIZATION

Under a resource sharing agreement between the Organization and Stand for Children, Inc., the Organization is reimbursed by Stand for Children, Inc. for direct costs (primarily personnel) advanced. Total reimbursements from Stand for Children, Inc. under the direct cost reimbursement arrangements approximated \$2,064,200 during the year ended August 31, 2021 and \$1,938,200 during the year ended August 31, 2020.

In addition, the Organization is reimbursed by Stand for Children, Inc. for general and administrative costs on the basis of the proportion of staff hours spent on Stand for Children, Inc. activities. During the years ended August 31, 2021 and 2020, general and administrative cost share charges reimbursed by Stand for Children, Inc. under this agreement are included in other income on the statement of activities and consisted of the following:

	<u>2021</u>	<u>2020</u>
Consultants, accounting and legal	\$ 2,794	\$ 3,080
Other program expenses	12,832	1,953
Recruitment and staff development	3,457	8,667
Occupancy, equipment and insurance	66,751	58,099
Printing, supplies and postage	2,608	5,578
Telephone, web hosting and information technology	63,013	54,083
Other	<u>3,680</u>	<u>3,294</u>
Total cost-share charges	<u>\$ 155,135</u>	<u>\$ 134,754</u>

Under a lobbying grant agreement between the Organization and Stand for Children, Inc., the Organization may grant funds each year to Stand for Children, Inc. to support its direct and grass roots lobbying on legislation of mutual concern to both organizations. During the year ended August 31, 2021, \$340,000 was granted by the Organization to Stand for Children, Inc. pursuant to that agreement. There were no such grants during the year ended August 31, 2020.

Advances and other amounts due from Stand for Children, Inc. approximated \$31,900 and \$63,400, respectively, as of August 31, 2021 and 2020 under the operating agreements described above.

STAND FOR CHILDREN LEADERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS, CONTINUED
August 31, 2021

15. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in two financial institutions. Balances in each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed the federally insured limit. Balances in excess of insured limits were approximately \$14 million and \$11.4 million as of August 31, 2021 and 2020, respectively.

The Organization's revenues are concentrated with 38% of total revenue coming from two donors for the year ended August 31, 2021 and 51% of total revenue coming from three donors for the year ended August 31, 2020.

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 investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

16. COMMITMENTS

Under contracts with various agencies for professional services, the Organization has committed to reimburse expenses up to contracted maximum amounts. Approximate amounts committed but not yet recorded as of August 31, 2021 total \$152,700.

17. FAIR VALUE MEASUREMENTS

Assets and liabilities recorded at fair value in the statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. The inputs are categorized by different levels as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

STAND FOR CHILDREN LEADERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS, CONTINUED
August 31, 2021

17. FAIR VALUE MEASUREMENTS, Continued

Fair values of assets measured on a recurring basis at August 31, 2021 and 2020 included:

	Fair Value	Level 1	Level 2
August 31, 2021			
Money market fund	\$ 1,450,316	\$ 1,450,316	\$ -
Corporate bonds - publicly traded	7,387,441	-	7,387,441
August 31, 2020			
Money market fund	3,988,715	3,988,715	-
Corporate bonds - publicly traded	3,604,152	-	3,604,152
U.S. Treasury bonds	1,256,778	1,256,778	-

Fair values for government securities are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values for investments in corporate bonds are provided by custodians and are based on pricing models that incorporate available trade, bid and other market information.

18. SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through December 16, 2021, the date the financial statements were available to be issued.