

**FINANCIAL STATEMENTS**



**THE NEA FOUNDATION FOR THE  
IMPROVEMENT OF EDUCATION**

**FOR THE YEAR ENDED AUGUST 31, 2024  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2023**

**THE NEA FOUNDATION FOR THE IMPROVEMENT OF EDUCATION**

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**CPAs & ADVISORS**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
The NEA Foundation for the Improvement of Education  
Washington, D.C.

### **Opinion**

We have audited the accompanying financial statements of The NEA Foundation for the Improvement of Education (the Foundation), which comprise the statement of financial position as of August 31, 2024, and the related statements of activities and change in net assets, functional expenses and cash flows for the year 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 the Foundation as of August 31, 2024, and the change 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. 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 Foundation 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 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.

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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 the 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 the 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.

#### **Report on Summarized Comparative Information**

We have previously audited the Foundation's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 14, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



January 6, 2025

## THE NEA FOUNDATION FOR THE IMPROVEMENT OF EDUCATION

STATEMENT OF FINANCIAL POSITION  
AS OF AUGUST 31, 2024  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

<b>ASSETS</b>		<b>2024</b>	<b>2023</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		\$ 723,715	\$ 1,622,073
Interest receivable		29,591	37,448
Contributions receivable		512,555	107,655
Prepaid expenses		<u>188,356</u>	<u>122,537</u>
Total current assets		<u>1,454,217</u>	<u>1,889,713</u>
<b>FIXED ASSETS</b>			
Software		49,625	-
Equipment		44,671	57,903
Furniture		<u>41,691</u>	<u>41,691</u>
		135,987	99,594
Less: Accumulated depreciation and amortization		<u>(81,681)</u>	<u>(96,202)</u>
Net fixed assets		<u>54,306</u>	<u>3,392</u>
<b>OTHER ASSETS</b>			
Restricted cash		213,926	207,306
Investments		50,530,507	45,115,446
Contributions receivable, net		<u>480,403</u>	<u>-</u>
Total other assets		<u>51,224,836</u>	<u>45,322,752</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 52,733,359</u></b>	<b><u>\$ 47,215,857</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Grants payable		\$ 1,672,740	\$ 1,772,191
Accounts payable		143,238	195,940
Accrued expenses		219,547	168,606
Deferred revenue		-	18,000
Capital lease obligation		-	2,011
Scholarship funds held as fiscal agent		<u>213,926</u>	<u>207,306</u>
Total liabilities		<u>2,249,451</u>	<u>2,364,054</u>
<b>NET ASSETS</b>			
Without donor restrictions		49,634,679	44,607,976
With donor restrictions		<u>849,229</u>	<u>243,827</u>
Total net assets		<u>50,483,908</u>	<u>44,851,803</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b><u>\$ 52,733,359</u></b>	<b><u>\$ 47,215,857</u></b>

See accompanying notes to financial statements.

## THE NEA FOUNDATION FOR THE IMPROVEMENT OF EDUCATION

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED AUGUST 31, 2024  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023**

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>SUPPORT</b>				
Contributions:				
From NEA - Contributed nonfinancial assets	\$ 262,620	\$ -	\$ 262,620	\$ 261,120
From NEA members passed through NEA	1,787,430	-	1,787,430	1,790,234
From all others - Cash	472,812	1,541,420	2,014,232	1,739,821
Net assets released from donor restrictions	<u>936,018</u>	<u>(936,018)</u>	<u>-</u>	<u>-</u>
Total support	<u>3,458,880</u>	<u>605,402</u>	<u>4,064,282</u>	<u>3,791,175</u>
<b>EXPENSES</b>				
Program Services	<u>5,258,873</u>	<u>-</u>	<u>5,258,873</u>	<u>4,834,225</u>
Supporting Services:				
Management and General	715,717	-	715,717	849,102
Development	<u>443,427</u>	<u>-</u>	<u>443,427</u>	<u>379,613</u>
Total supporting services	<u>1,159,144</u>	<u>-</u>	<u>1,159,144</u>	<u>1,228,715</u>
Total expenses	<u>6,418,017</u>	<u>-</u>	<u>6,418,017</u>	<u>6,062,940</u>
Change in net assets before other item	(2,959,137)	605,402	(2,353,735)	(2,271,765)
<b>OTHER ITEM</b>				
Net investment return	<u>7,985,840</u>	<u>-</u>	<u>7,985,840</u>	<u>3,308,488</u>
Change in net assets after other item	5,026,703	605,402	5,632,105	1,036,723
Net assets at beginning of year	<u>44,607,976</u>	<u>243,827</u>	<u>44,851,803</u>	<u>43,815,080</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 49,634,679</u></b>	<b><u>\$ 849,229</u></b>	<b><u>\$ 50,483,908</u></b>	<b><u>\$ 44,851,803</u></b>

## THE NEA FOUNDATION FOR THE IMPROVEMENT OF EDUCATION

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2024  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023**

	<b>2024</b>				<b>2023</b>	
	<b>Supporting Services</b>			<b>Total Expenses</b>	<b>Total Expenses</b>	
	<b>Program Services</b>	<b>Management and General</b>	<b>Development</b>			<b>Total Supporting Services</b>
Grants and awards	\$ 1,774,996	\$ 40,000	\$ -	\$ 40,000	\$ 1,814,996	\$ 1,846,639
Salaries	1,188,050	298,323	236,600	534,923	1,722,973	1,469,806
Consultants	529,019	53,484	66,088	119,572	648,591	798,369
Travel	541,421	122,134	5,528	127,662	669,083	561,575
Production management	428,547	-	-	-	428,547	331,922
In-kind rent	183,834	42,019	36,767	78,786	262,620	261,120
Miscellaneous expenses	128,572	56,533	26,703	83,236	211,808	175,924
Employee benefits	138,819	31,730	27,764	59,494	198,313	150,224
Pension	97,500	22,286	19,500	41,786	139,286	117,337
Payroll taxes	87,574	20,017	17,515	37,532	125,106	104,417
Bad debt	-	-	-	-	-	75,000
Equipment rental and maintenance	58,365	-	-	-	58,365	51,222
Office expenses	17,156	11,120	1,589	12,709	29,865	37,271
Professional services	21,753	7,834	4,351	12,185	33,938	32,723
Occupancy	55,150	-	-	-	55,150	27,500
Giveaways and non-cash awards	3,612	7,150	535	7,685	11,297	13,531
Depreciation and amortization	2,435	557	487	1,044	3,479	5,245
Legal fees	2,070	-	-	-	2,070	2,907
Taxes	-	2,500	-	2,500	2,500	-
Interest	-	30	-	30	30	208
<b>TOTAL</b>	<b>\$ 5,258,873</b>	<b>\$ 715,717</b>	<b>\$ 443,427</b>	<b>\$ 1,159,144</b>	<b>\$ 6,418,017</b>	<b>\$ 6,062,940</b>

See accompanying notes to financial statements.

## THE NEA FOUNDATION FOR THE IMPROVEMENT OF EDUCATION

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 5,632,105	\$ 1,036,723
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	3,479	5,245
Unrealized gain	(5,168,374)	(3,662,844)
Realized (gain) loss	(2,720,400)	577,547
Discount on long-term receivables	119,597	-
Decrease (increase) in:		
Interest receivable	7,857	(2,026)
Contributions receivable	(1,004,900)	342,045
Prepaid expenses	(65,819)	(38,911)
(Decrease) increase in:		
Grants payable	(99,451)	(27,388)
Accounts payable	(52,702)	(103,091)
Accrued expenses	50,941	30,930
Deferred revenue	(18,000)	18,000
Grant funds held as fiscal agent	-	(50,000)
Scholarship funds held as fiscal agent	<u>6,620</u>	<u>14,888</u>
Net cash used by operating activities	<u>(3,309,047)</u>	<u>(1,858,882)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	(54,393)	-
Purchase of investments	(9,373,340)	(459,944)
Proceeds from sale of investments	<u>11,847,053</u>	<u>2,160,355</u>
Net cash provided by investing activities	<u>2,419,320</u>	<u>1,700,411</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments on capital lease obligations	<u>(2,011)</u>	<u>(3,872)</u>
Net cash used by financing activities	<u>(2,011)</u>	<u>(3,872)</u>
Net decrease in cash and cash equivalents	(891,738)	(162,343)
Cash and cash equivalents at beginning of year	<u>1,829,379</u>	<u>1,991,722</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR, INCLUDING RESTRICTED CASH OF \$213,926 AND \$207,306, RESPECTIVELY</b>	<b><u>\$ 937,641</u></b>	<b><u>\$ 1,829,379</u></b>
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest Paid	<u>\$ 30</u>	<u>\$ 208</u>
Taxes Paid	<u>\$ 2,500</u>	<u>\$ -</u>

See accompanying notes to financial statements.



# THE NEA FOUNDATION FOR THE IMPROVEMENT OF EDUCATION

## NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2024

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

#### Organization -

The NEA Foundation for the Improvement of Education (the Foundation), a public charity, is a national nonprofit and philanthropic organization based in Washington, D.C. Founded by educators, our mission is to work in partnership with others to promote the absolute best in public education. We believe that the most innovative and effective policies and strategies emanate from educators engaged in authentic partnership with policymakers, students, parents, and others who are committed to educational equity, excellence, and opportunity. Through the transformative power of these partnerships, we believe we can improve both students' and communities' educational experiences.

The Foundation provided grants to 190 individual educators during the year ended August 31, 2024, supporting more than 150,000 students.

#### Program Services -

*Community Schools Initiative* - The Foundation's Community Schools Initiative supports the development of community schools as an educational justice and equity strategy in the American South, a region with persistent patterns of underinvestment in public education and the highest child poverty rate in the nation. Community schools are co-created through partnerships among educators and school leaders, community organizations, students, families, and local business and institutions to meet students' academic and non-academic needs. Through its initiative, the Foundation has built a regional community of practice to support the development of community schools across Arkansas, Louisiana and Mississippi.

*Awards for Teaching Excellence* – The Foundation presents the Awards for Teaching Excellence at our annual gala to honor the critical work that public school educators do every day. In 2024, we celebrated 44 exemplary educators, all from different states, in front of an audience of thousands of people online.

*Grants to Educators* – To improve student learning, the Foundation provides grants to individuals and teams of educators to support instructional practice and professional development across all subject areas and grade levels. By directly funding educator-conceived and led projects, the Foundation enables educators to chart their own course to solve teaching and learning challenges. The Foundation gleans knowledge from these grants to share what works with the field and to inform our broader body of work.

*Global Learning Fellowship* – The Foundation leads an annual, cohort-based professional development program to provide educators with a blend of online, peer, and field-based learning opportunities to prepare themselves and their students for global citizenship. Fellows share what they learn with educators around the country and world.

#### Basis of presentation -

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) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

THE NEA FOUNDATION FOR THE IMPROVEMENT OF EDUCATION

NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2024

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
**(Continued)**

Basis of presentation (continued) -

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 are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the 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. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The financial statements include certain prior year summarized comparative information in total but not by net asset class; such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended August 31, 2023, from which the summarized information was derived.

Cash and cash equivalents -

The Foundation considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Foundation maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal. Refer to Note 10 for a description of restricted cash.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, and realized and unrealized gains and losses are included in investment return, which is presented net of investment expenses paid to external investment advisors, in the accompanying Statement of Activities and Change in Net Assets.

Contributions receivable -

Contributions receivable include unconditional promises to give that are expected to be collected in future years. Contributions receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term contributions receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Management considers all amounts to be fully collectable.

Fixed assets -

Fixed assets in excess of \$1,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years.

**THE NEA FOUNDATION FOR THE IMPROVEMENT OF EDUCATION**

**NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2024**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Fixed assets (continued) -

The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended August 31, 2024 totaled \$3,479.

Income taxes -

The Foundation is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Foundation is not a private foundation.

Support from contributions -

Contributions are recognized in the appropriate category of net assets in the period received. The Foundation performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction, depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

Support from contributions is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements.

Conditional contributions contain a right of return and a measurable barrier. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, the Foundation had no refundable advances as of August 31, 2024.

In addition, the Foundation may obtain funding source agreements related to conditional contributions, which will be received in future years. However, the Foundation had no conditional contributions to be received in future years as of August 31, 2024.

Approximately 44% of the Foundation's revenue for the year ended August 31, 2024, excluding investment income, was derived from support from members of the National Education Association (NEA). The Foundation has no reason to believe that the relationship with this organization will be discontinued in the foreseeable future. However, any interruption of this relationship would adversely affect the Foundation's ability to finance ongoing operations.

Contributed nonfinancial assets -

Contributed nonfinancial assets are recorded at their fair value as of the date of the gift and consisted of contributed office space and printers. Contributed office space is valued using the prevailing market rent for similar space in a similar location. Contributed printers are valued using the prevailing market sale prices of printers of similar condition. None of the contributed nonfinancial assets were restricted by donors and none were monetized through sale or subleasing.

THE NEA FOUNDATION FOR THE IMPROVEMENT OF EDUCATION

NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2024

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
(Continued)

Use of estimates -

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the Foundation's programs and supporting services have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area are reported as direct expenses within that functional area and expenses that benefited more than one functional area, such as personnel costs, were allocated based on estimated time and effort.

Risks and uncertainties -

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rates, 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 accompanying financial statements.

2. **INVESTMENTS AND FAIR VALUE MEASUREMENTS**

In accordance with FASB ASC 820, *Fair Value Measurement*, the Foundation has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Foundation has the ability to access.

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**THE NEA FOUNDATION FOR THE IMPROVEMENT OF EDUCATION**

**NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2024**

**2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the year ended August 31, 2024. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission (SEC). These funds are required to publish their daily value and to transact at that price. Mutual funds held by the Foundation are deemed to be actively traded.
- *Common Collective Trust Funds* - The fair value is equal to the reported net asset value of the fund as provided by the trust.
- *Common Stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *U.S. Government Securities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Corporate Securities* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.
- *Alternative Investments* - These instruments do not have a readily determinable fair value. Fair value for these instruments is measured using the net asset value per share practical expedient, in accordance with ASU 2015-07.

US GAAP permits, as a practical expedient, the fair value of investments within scope to be estimated using the net asset value (NAV) or its equivalent. NAV or its equivalent is the value per share or value of ownership interest in partner's capital, as provided by the fund, whose financial statements are prepared in a manner consistent with measurement principles of an investment company or that have the attributes of an investment company. In many instances, NAV will not equal fair value that would be calculated pursuant to the Fair Value Measurement Topic.

The net asset value amounts presented in the tables below are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statement of Financial Position. Following is a description of those alternative investments:

The Foundation's alternative investments are Master Limited Partnerships (MLPs) that are publicly listed limited partnerships and trade on a national securities exchange.

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy and those invested and measured at NAV as a practical expedient as of August 31, 2024.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments:</b>				
Mutual funds	\$ 32,232	\$ -	\$ -	\$ 32,232
Common stocks	12,512,936	-	-	12,512,936
U.S. Government Securities	2,449,370	-	-	2,449,370
Corporate securities	<u>-</u>	<u>272,726</u>	<u>-</u>	<u>272,726</u>
Subtotal	14,994,538	272,726	-	15,267,264
Investments measured in NAV per practical expedient	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,263,243</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 14,994,538</u></b>	<b><u>\$ 272,726</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 50,530,507</u></b>

**THE NEA FOUNDATION FOR THE IMPROVEMENT OF EDUCATION**

**NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2024**

**2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

The following is a summary of the investments valued using NAV as a practical expedient and the related unfunded commitments and redemption restrictions associated with each major category at August 31, 2024.

	<u>Net Asset Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency Ranges</u>	<u>Redemption Notice Requirement</u>
<b>Alternative Investments:</b>				
Master Limited Partnership Funds	\$ 30,957,922	\$ -	Quarterly	30 days
Common Collective Trust Funds	<u>4,305,321</u>	<u>-</u>	Daily	30 days
	<b><u>\$ 35,263,243</u></b>	<b><u>\$ -</u></b>		

Net investment return consisted of the following for the year ended August 31, 2024:

Interest and dividends	\$ 320,209
Unrealized gain	5,168,374
Realized gain	2,720,400
Investment expenses provided by external investment advisors	<u>(223,143)</u>
<b>NET INVESTMENT RETURN</b>	<b><u>\$ 7,985,840</u></b>

**3. CONTRIBUTIONS RECEIVABLE**

The Foundation has received written promises to give from various donors totaling \$1,091,725 as of August 31, 2024. Contributions receivable that are due in more than one year have been recorded at the net present value of their estimated future cash flows, using a discount rate of 8%. Contributions receivable are expected to be collected as follows as of August 31, 2024:

Less than one year	\$ 512,555
One to five years	<u>600,000</u>
Total	1,112,555
Less: Allowance to discount balance to present value	<u>(119,597)</u>
<b>CONTRIBUTIONS RECEIVABLE, NET</b>	<b><u>\$ 992,958</u></b>

**4. GRANTS PAYABLE**

As of August 31, 2024, grants payable were related to the following programs:

Grants to Educators	\$ 88,990
Community Schools	1,426,000
Other Grants	<u>157,750</u>
<b>GRANTS PAYABLE</b>	<b><u>\$ 1,672,740</u></b>

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5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at August 31, 2024:

Subject to expenditure for specified purpose:	
2025 Salute to Excellence in Education Gala	\$ 200,000
2026 Salute to Excellence in Education Gala	100,000
Breakfast in the Classroom	38,239
Open Arms Fund	25,430
STEM	5,157
Subject to passage of time	<u>480,403</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 849,229</u></b>

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the year ended August 31, 2024:

Purpose restrictions accomplished:	
2024 Salute to Excellence in Education Gala	\$ 235,000
Community Schools	392,541
Grants to Educators	201,916
Global Learning Fellows	6,561
Expiration of time restrictions	<u>100,000</u>
<b>NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 936,018</u></b>

6. CONTRIBUTED NONFINANCIAL ASSETS

The Foundation was the beneficiary of certain contributed nonfinancial assets which allowed the Foundation to provide greater resources towards its various programs. No donor-imposed restrictions were associated with the contributed nonfinancial assets, which are recorded at their estimated fair market value as of the date of the gift. In addition, none of the donated goods were monetized through sale or subleasing.

The contributed nonfinancial assets consisted of the following for the year ended August 31, 2024:

Rent	\$ 261,120
Printers	<u>1,500</u>
<b>TOTAL</b>	<b><u>\$ 262,620</u></b>

The contributed nonfinancial assets have been recorded in support and in the following functional expense categories for the year ended August 31, 2024:

Program Services	\$ 183,834
Management and General	42,019
Development	<u>36,767</u>
<b>TOTAL</b>	<b><u>\$ 262,620</u></b>

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7. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 723,715
Interest receivable	29,591
Contributions receivable	512,555
Investments	<u>50,530,507</u>
Subtotal financial assets available within one year	51,796,368
Less: Donor restricted funds	<u>(749,229)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 51,047,139</u></b>

The Foundation has a policy to structure its financial assets to be available and liquid as its obligations become due.

8. RETIREMENT PLAN

The Foundation provides retirement benefits to its employees through a defined contribution plan under Section 403(b) covering all employees. For employees hired on September 1, 2009 or later, the Foundation contributes 10% of an employee's gross salary after a six-month introductory period. For employees who were employed at August 31, 2009, the Foundation contributes 18.5% of an employee's gross salary. Contributions to the Plan during the year ended August 31, 2024 totaled \$139,286.

The Foundation also sponsors a tax-deferred annuity plan under Section 403(b) of the IRC, available to all employees. Participants may voluntarily contribute and defer a portion of their wages, up to the maximum as defined in the IRC. The Foundation does not contribute to the tax-deferred annuity plan.

9. RELATED PARTY

The Foundation receives contributions from NEA members and the NEA to partially fund programs and supporting services. During the year ended August 31, 2024, the Foundation received revenue from NEA members and the NEA made a contribution to the Foundation as follows:

Contributions from NEA members	\$ 1,787,430
Donated Office Space	<u>261,120</u>
<b>TOTAL</b>	<b><u>\$ 2,048,550</u></b>

Additionally, NEA regularly bills the Foundation for administrative services such as life insurance premiums. Payments to the NEA for these services were \$935 for the year ended August 31, 2024. As of August 31, 2024, the Foundation did not owe any amounts to the NEA for administrative services.



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**10. RESTRICTED CASH**

The Foundation acts as a fiscal agent for scholarship funds on behalf of two parties, National Education Association of the United States (NEA) and Kentucky Education Association (KEA). The agreements with NEA and KEA were entered into in March 2014 and May 2016, respectively. The agreements will continue indefinitely unless terminated by the parties.

Contributions to the scholarship funds are initially received by NEA or KEA, as applicable, and then transferred to the Foundation. Disbursements from the scholarship funds are made at the written request of NEA or KEA, as applicable. The Foundation does not charge either party an administrative fee for its fiscal sponsorship services. As of August 31, 2024, the Foundation maintained a total of \$213,926 in funds on behalf of the parties. These amounts are included as restricted cash and scholarship funds held as fiscal agent on the accompanying Statement of Financial Position.

**11. SUBSEQUENT EVENTS**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through January 6, 2025, the date the financial statements were issued.