

STUDENT LEADERSHIP NETWORK, INC.

**Financial Statements
for the years ended
June 30, 2024
and
June 30, 2023**

Independent Auditor's Report

To the Board of Directors
Student Leadership Network, Inc.

Opinion

We have audited the accompanying financial statements of the Student Leadership Network, Inc. (the "Network"), which comprise the statement of financial position as of June 30, 2024 and June 30, 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Network as of June 30, 2024 and June 30, 2023, and the result of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 Network'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 Network'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

Condon O'Keefe McGinty + Donnelly LLP

December 16, 2024

STUDENT LEADERSHIP NETWORK, INC.

Statement of Financial Position

Assets

	June 30	
	2024	2023
Current assets		
Cash and cash equivalents	\$ 2,799,030	\$ 4,040,653
Investments, at fair value	12,842,269	10,287,739
Accounts receivable	1,411,842	2,479,120
Contributions receivable	1,278,714	902,450
Prepaid expenses	495,745	366,885
Total current assets	18,827,600	18,076,847
Cash held for security deposit	82,325	82,325
Property and equipment, at cost	1,542,908	1,519,760
Less: accumulated depreciation	1,208,258	1,056,211
Net property and equipment	334,650	463,549
Right-of-use asset, net – operating leases	1,614,265	2,039,037
Total assets	\$20,858,840	\$20,661,758

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 473,847	\$ 736,326
Unearned revenue	27,145	67,146
Operating lease liability, net	595,000	580,488
Total current liabilities	1,095,992	1,383,960
Operating lease liability, net – long-term portion	1,446,512	1,975,093
Total liabilities	2,542,504	3,359,053
Net assets		
Without donor restrictions		
Operations	3,100,607	3,099,943
Board designated	3,478,488	3,478,488
Growth designated	7,481,707	7,260,000
Total without donor restrictions	14,060,802	13,838,431
With donor restrictions	4,255,534	3,464,274
Total net assets	18,316,336	17,302,705
Total liabilities and net assets	\$20,858,840	\$20,661,758

See notes to financial statements.

STUDENT LEADERSHIP NETWORK, INC.

Statement of Activities

	2024						2023					
	Without Donor Restrictions			With Donor Restrictions			Without Donor Restrictions			With Donor Restrictions		
	Operations	Board-Designated	Growth Designated	Total	Total All Funds	Total All Funds	Operations	Board-Designated	Growth Designated	Total	Total All Funds	Total All Funds
Revenue and support												
Contributions of cash	\$ 4,431,185	\$ -	\$ -	\$ 4,431,185	\$ 3,229,034	\$ 7,660,219	\$ 10,498,954	\$ -	\$ -	\$ 10,498,954	\$ 1,964,274	\$ 12,463,228
Contributed nonfinancial assets	263,001	-	-	263,001	-	263,001	175,105	-	-	175,105	-	175,105
Grants	258,141	-	-	258,141	-	258,141	1,401,020	-	-	1,401,020	-	1,401,020
Program service	4,331,689	-	-	4,331,689	-	4,331,689	3,445,886	-	-	3,445,886	-	3,445,886
Special events	1,151,311	-	-	1,151,311	126,500	1,277,811	1,259,634	-	-	1,259,634	75,000	1,334,634
Net investment return	483,749	-	682,707	1,166,456	-	1,166,456	337,372	-	104,419	441,791	-	441,791
Net assets released from restrictions	2,564,274	-	-	2,564,274	(2,564,274)	-	3,012,475	-	-	3,012,475	(3,012,475)	-
Interfund transfer	461,000	-	(461,000)	-	-	-	(7,500,581)	345,000	7,155,581	-	-	-
Total revenue and support	<u>13,944,350</u>	<u>-</u>	<u>221,707</u>	<u>14,166,057</u>	<u>791,260</u>	<u>14,957,317</u>	<u>12,629,865</u>	<u>345,000</u>	<u>7,260,000</u>	<u>20,234,865</u>	<u>(973,201)</u>	<u>19,261,664</u>
Expenses												
Program services	11,644,334	-	-	11,644,334	-	11,644,334	10,438,284	-	-	10,438,284	-	10,438,284
Supporting activities												
Management and general	1,076,647	-	-	1,076,647	-	1,076,647	992,160	-	-	992,160	-	992,160
Fundraising	1,222,705	-	-	1,222,705	-	1,222,705	1,196,412	-	-	1,196,412	-	1,196,412
Total expenses	<u>13,943,686</u>	<u>-</u>	<u>-</u>	<u>13,943,686</u>	<u>-</u>	<u>13,943,686</u>	<u>12,626,856</u>	<u>-</u>	<u>-</u>	<u>12,626,856</u>	<u>-</u>	<u>12,626,856</u>
Increase (decrease) in net assets	664	-	221,707	222,371	791,260	1,013,631	3,009	345,000	7,260,000	7,608,009	(973,201)	6,634,808
Net assets, beginning of year	<u>3,099,943</u>	<u>3,478,488</u>	<u>7,260,000</u>	<u>13,838,431</u>	<u>3,464,274</u>	<u>17,302,705</u>	<u>3,096,934</u>	<u>3,133,488</u>	<u>-</u>	<u>6,230,422</u>	<u>4,437,475</u>	<u>10,667,897</u>
Net assets, end of year	<u>\$ 3,100,607</u>	<u>\$ 3,478,488</u>	<u>\$ 7,481,707</u>	<u>\$ 14,060,802</u>	<u>\$ 4,255,534</u>	<u>\$ 18,316,336</u>	<u>\$ 3,099,943</u>	<u>\$ 3,478,488</u>	<u>\$ 7,260,000</u>	<u>\$ 13,838,431</u>	<u>\$ 3,464,274</u>	<u>\$ 17,302,705</u>

See notes to financial statements.

STUDENT LEADERSHIP NETWORK, INC.

Statement of Functional Expenses

Year Ended June 30, 2024

(with Summarized Comparative Information for the Year Ended June 30, 2023)

	2024			2023		
	Program Services			Supporting Activities		
	College Bound	Girls' Education	Total	Management and General	Fund-raising	Total
Compensation	\$ 5,360,175	\$ 1,244,368	\$ 6,604,543	\$ 681,787	\$ 575,963	\$ 7,862,293
Contracted services	287,034	61,304	348,338	63,323	103,064	514,725
Employee benefits	1,320,597	294,879	1,615,476	172,383	139,246	1,927,105
Insurance	25,722	5,899	31,621	3,152	2,989	37,762
Occupancy	386,286	88,887	475,173	47,717	45,146	568,036
Postage	586	1,510	2,096	268	2,430	4,794
Printing and multi-media	94,836	22,224	117,060	12,835	17,335	147,230
Subscriptions and books	142	176	318	105	728	1,151
Supplies	21,236	2,437	23,673	2,595	1,417	27,685
Technology and equipment rental	166,598	27,974	194,572	40,480	26,445	261,497
Telephone and telecommunications	15,497	3,599	19,096	2,169	1,832	23,097
Training and recruitment	77,631	3,637	81,268	3,075	3,644	87,987
Travel	40,879	22,763	63,642	7,544	4,304	75,490
TYWLS Network Programs						
Professional development	-	374,765	374,765	-	-	374,765
Student programs	-	421,740	421,740	-	-	421,740
Summer programs	-	254,589	254,589	-	-	254,589
Consulting	-	37,342	37,342	-	-	37,342
College Bound Network Programs						
College/Partner trips	251,144	-	251,144	-	-	251,144
Bridge to college	68,152	-	68,152	-	-	68,152
Alumni programming	63,396	-	63,396	-	-	63,396
Coaching	183,212	-	183,212	-	-	183,212
Other	245,145	-	245,145	-	-	245,145
Special events						
Venue	-	-	-	-	67,245	67,245
Event planner	-	-	-	-	48,600	48,600
Program and audio visual	-	-	-	-	105,186	105,186
Other	-	-	-	-	61,122	61,122
Depreciation and amortization	103,584	23,741	127,325	12,690	12,032	152,047
Other	33,130	7,518	40,648	26,524	3,977	71,149
Total expenses	\$ 8,744,982	\$ 2,899,352	\$ 11,644,334	\$ 1,076,647	\$ 1,222,705	\$ 13,943,686
						\$ 12,626,856

See notes to financial statements.

STUDENT LEADERSHIP NETWORK, INC.

Statement of Functional Expenses

2023

	Program Services			Supporting Activities		
	College Bound	Girls' Education	Total	Management and General	Fund-raising	Total
Compensation	\$ 4,641,792	\$ 1,248,675	\$ 5,890,467	\$ 602,033	\$ 408,848	\$ 6,901,348
Contracted services	281,480	61,183	342,663	60,645	287,326	690,634
Employee benefits	1,016,938	275,483	1,292,421	162,861	83,333	1,538,615
Occupancy	383,649	102,955	486,604	52,612	47,582	586,798
Insurance	24,088	6,600	30,688	3,362	3,043	37,093
Postage	3,440	1,422	4,862	577	1,760	7,199
Printing and multi-media	74,961	20,792	95,753	10,748	9,938	116,439
Subscriptions and books	-	438	438	100	873	1,411
Supplies	21,943	6,435	28,378	2,871	1,693	32,942
Technology and equipment rental	145,090	28,447	173,537	44,112	23,225	240,874
Telephone and telecommunications	8,512	2,397	10,909	1,231	1,121	13,261
Training and recruitment	61,834	8,047	69,881	4,539	6,797	81,217
Travel	49,347	19,863	69,210	5,104	6,617	80,931
TYWLS Network Programs						
Professional development	-	361,087	361,087	-	-	361,087
Student programs	-	432,397	432,397	-	-	432,397
Summer programs	-	295,743	295,743	-	-	295,743
Consulting	-	55,903	55,903	-	-	55,903
College Bound Network Programs						
College/Partner trips	191,541	-	191,541	-	-	191,541
Bridge to college	70,733	-	70,733	-	-	70,733
Alumni programming	69,197	-	69,197	-	-	69,197
Coaching	115,492	-	115,492	-	-	115,492
Other	172,579	-	172,579	-	-	172,579
Special events						
Venue	-	-	-	-	73,962	73,962
Event planner	-	-	-	-	48,600	48,600
Program and audio visual	-	-	-	-	102,054	102,054
Other	-	-	-	-	72,060	72,060
Depreciation and amortization	111,543	30,624	142,167	15,588	14,106	171,861
Other	27,476	8,158	35,634	25,777	3,474	64,885
Total expenses	\$ 7,471,635	\$ 2,966,649	\$ 10,438,284	\$ 992,160	\$ 1,196,412	\$ 12,626,856

See notes to financial statements.

STUDENT LEADERSHIP NETWORK, INC.

Statement of Cash Flows

	Year Ended	
	June 30	
	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Increase in net assets	\$1,013,631	\$6,634,808
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	152,047	171,861
Change in right-of-use asset, net – operating lease	491,191	491,191
Realized (gain) on sale of investments	(36,444)	(4,317)
Unrealized (gain) on investments	(635,127)	(35,021)
Donated investments	(50,621)	(40,048)
Proceeds from the sale of donated investments	50,621	40,048
(Increase) decrease in current assets		
Accounts receivable	1,067,278	(1,927,154)
Prepaid expenses	(128,860)	15,475
(Increase) decrease in pledges receivable	(376,264)	100,000
Increase (decrease) in current liabilities		
Accounts payable and accrued expenses	(262,479)	413,117
Unearned revenue	(40,001)	7,146
(Repayment) of operating lease liability	(580,488)	(550,086)
Net cash provided by operating activities	<u>664,484</u>	<u>5,317,020</u>
Cash flows from investing activities		
Purchase of property and equipment	(23,148)	(40,545)
Proceeds from sales of investments	3,513,060	162,053
Purchases of investments	<u>(5,396,019)</u>	<u>(5,314,961)</u>
Net cash (used in) investing activities	<u>(1,906,107)</u>	<u>(5,193,453)</u>
Net increase (decrease) in cash and cash equivalents	(1,241,623)	123,567
Cash and cash equivalents, beginning of year	<u>4,122,978</u>	<u>3,999,411</u>
Cash and cash equivalents, end of year	<u>\$2,881,355</u>	<u>\$4,122,978</u>
Consist of:		
Cash and cash equivalents for operations	\$2,799,030	\$4,040,653
Cash held for security deposit	<u>82,325</u>	<u>82,325</u>
Total	<u>\$2,881,355</u>	<u>\$4,122,978</u>

See notes to financial statements.

STUDENT LEADERSHIP NETWORK, INC.

Notes to Financial Statements June 30, 2024 and June 30, 2023

Note 1 – Nature of organization

Student Leadership Network, Inc. (the “Network”), formerly known as the Young Women’s Leadership Network, was incorporated on May 14, 1998 under the General Corporation Law of the State of Delaware. The Network is a non-stock, non-profit corporation. The Network supports young people growing up in diverse underserved communities to gain access to higher education, helping them fulfill their dreams. Through our work in college access and success and girls’ and gender-expansive youth education, we are working towards a future without barriers to the educational opportunities all students deserve.

1. Girls’ Education (TYWLS) programs encompass both our six The Young Women's Leadership Schools in New York City and the Young Women's Leadership Network (YWLN) which is a national network of single-gender public schools providing an excellent whole girl education model that challenges the educational and gender inequities that persist in our country. Our NYC schools’ high-quality education and comprehensive college guidance programs ensure that 96% of our girls’ school graduates are accepted to college. Over 50% of these girls are first-generation college students.
2. CollegeBound Initiative (CBI): CBI is a comprehensive school-based college guidance program for low-income single-sex and co-ed public schools that supports 6th through 12th grade students in achieving their college-going dreams. CBI’s goal is to raise parents’ and students’ expectations, create a school wide culture of success, increase students’ college enrollment rates, and secure critical financial aid to make higher education affordable. The Network supported the development and operation of CollegeBound in twenty-six public high schools in New York City, one Charter School in Rochester, New York and six public high schools in Buffalo.

Note 2 – Summary of significant accounting policies

Basis of presentation

The financial statements of the Network have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Net assets

Under GAAP, the Network’s 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

The Network’s net assets without donor restrictions consists of three funds as outlined on the next page.

STUDENT LEADERSHIP NETWORK, INC.**Notes to Financial Statements (continued)
June 30, 2024 and June 30, 2023****Note 2 – Summary of significant accounting policies (continued)**Net assets (continued)Net assets without donor restrictions (continued)Operations

These net assets are expendable for any purpose in performing the primary objectives of the Network and consist of amounts that can be spent at the discretion of the Network.

Board designated

The Board-designated fund consists of amounts set aside for any future operating needs including infrastructure spending for the expansion of CollegeBound Initiative as approved by the Board of Directors. During the fiscal year ended June 30, 2023, the Network made an interfund transfer of \$345,000 from operations to the Board-designated fund.

Board Designated Growth

The Board-designated growth fund consists of amounts set aside for future expansion plans including adding capacity building to new school districts, expanding our CollegeBridge (formerly Bridge through College) Program and adding more TYWLS Schools. During the fiscal year ended June 30, 2023, in connection with a donation from MacKenzie Scott Foundation, without donor restrictions, the Network made an interfund transfer of \$7,155,581 from operations to the Growth Fund for future fiscal years. During the fiscal year ended June 30, 2024, the Network made an interfund transfer of \$461,000 from the Growth Fund to operations. Included in the Board-designated growth fund is the internal Board-designated endowment.

Net assets with donor restrictions

Net assets with donor restrictions include contributions received with donor stipulations that limit the use of the donated assets for a specific purpose or relate to future periods. When a donor time restriction expires or the purpose restriction is accomplished, net assets with temporary donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. During the 2024 and 2023 fiscal years, \$2,564,274 and \$3,012,475, respectively, were released from restrictions for the programs and events discussed in notes 1 and 11.

Cash equivalents

For financial reporting purposes, operating cash equivalents include cash in bank accounts and money market funds with original maturities of ninety days or less from the time of purchase. Cash equivalents that are part of the Network's investment portfolio are reported as investments and included in Note 4.

STUDENT LEADERSHIP NETWORK, INC.**Notes to Financial Statements (continued)
June 30, 2024 and June 30, 2023****Note 2 – Summary of significant accounting policies (continued)**Investments

The Network records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

Fair value measurements

For assets measured at fair value on a recurring basis, accounting standards require quantitative disclosures about the fair value measurement separately for each major category of assets. The Network's investments are classified in the highest level of the hierarchy (Level 1). Their quoted prices are in active markets for identical assets.

Contributions Receivable

The Network 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, if any, are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization, if any, of the discounts is included in contribution revenue in the statement of activities. As of June 30, 2024, contributions receivable are expected to be collected in the next 12 months.

Allowance for doubtful accounts

As of June 30, 2024 and June 30, 2023, the Network does not have an allowance for doubtful accounts for potentially uncollectible receivables. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

Property and equipment

The Network's property and equipment is recorded at cost. The Network capitalizes, as property and equipment expenditures for assets in excess of a nominal amount with a useful life of greater than one year. Depreciation is being provided in the financial statements utilizing the straight-line method over the estimated useful lives of the assets ranging from three to ten years.

STUDENT LEADERSHIP NETWORK, INC.

**Notes to Financial Statements (continued)
June 30, 2024 and June 30, 2023**

Note 2 – Summary of significant accounting policies (continued)

Property and equipment (continued)

Property and equipment consist of the following as of June 30, 2024 and June 30, 2023:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Leasehold improvements	\$ 753,655	\$ 753,655
Furniture	256,185	256,185
Equipment	456,818	433,670
Website	<u>76,250</u>	<u>76,250</u>
Sub-total	1,542,908	1,519,760
Less:		
Accumulated amortization – leasehold improvements	(489,081)	(413,715)
Accumulated depreciation – furniture	(216,797)	(184,976)
Accumulated depreciation – equipment/website	<u>(502,380)</u>	<u>(457,520)</u>
Net property and equipment	<u>\$ 334,650</u>	<u>\$ 463,549</u>

Leases

The Network follows the guidance issued in FASB ASU No. 2016-02, Leases (Topic 842) (“ASC 842”). ASC 842 requires a lessee to recognize a right-of-use (“ROU”) asset, which represents the right to control the use of a respective asset for the lease term, and a lease liability on the statement of financial position at the present value of the remaining future payments due under the lease. The Network has elected not to include leases with terms less than twelve months.

Contributions

The Network records contributions as revenue without donor restrictions unless the donor stipulates a time restriction or limits the use of the donated assets. The Network’s policy is to record contributions with donor-imposed restrictions that are met in the same fiscal year that the contributions are received as revenue without donor restrictions. Contributions of stock are recorded at the fair value at the date of receipt.

Program services

Program services revenue is recognized when services are performed. Certain program/contract services revenue are recognized over the term of the service and the unearned portion is reflected as unearned revenue on the statement of financial position. The Network has elected to use the portfolio approach as a practical expedient to account for program/contract services as a collective group, rather than individually, because the financial statements effects are not expected to materially differ from an individual approach. The Network has also elected the practical expedient and does not adjust the promised amount of consideration from the program/service contract customer for the effects of a significant financing component due to the Network’s expectation that the period between the time the program/service contract is provided to the various schools and the time the schools pays for that service will be one year or less.

STUDENT LEADERSHIP NETWORK, INC.**Notes to Financial Statements (continued)****June 30, 2024 and June 30, 2023****Note 2 – Summary of significant accounting policies (continued)****Donated services**

The Network receives donated services rendered by volunteers who have donated significant amounts of their time to the Network's activities. These services do not meet the criteria to be recorded and have not been included in the financial statements.

Contributed nonfinancial assets

In-kind contributions are estimated at their fair value and reported as both support and expenses in the period in which they are used. In-kind contributions are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Network. For the fiscal years ended June 30, 2024 and June 30, 2023, the Network received donated legal services totaling \$263,001 and \$175,105, respectively, which are reflected as contributed nonfinancial assets and a corresponding expense in contracted services on the statement of functional expenses. The donated legal services are valued and reported at the estimated fair value based on current rates for similar legal services.

Functional allocation of expenses

The costs of providing the various programs and other supporting activities have been summarized on a functional basis on the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting activities benefited. Expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques primarily consisting of salary and wages and time and effort reporting.

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 amounts reported in the financial statements. Actual results could differ from these estimates.

STUDENT LEADERSHIP NETWORK, INC.

Notes to Financial Statements (continued)
June 30, 2024 and June 30, 2023

Note 2 – Summary of significant accounting policies (continued)

Concentration of credit risk

The Network's financial instruments that are potentially exposed to concentration of credit risk consist primarily of cash, cash equivalents, investments and receivables. The Network maintains its cash balances with what it believes to be quality financial institutions. At times, cash balances may be in excess of F.D.I.C. insurance limits. The Network has not experienced any losses in these accounts to date. The Network's investments are subject to certain risks including interest rate, market volatility, liquidity and credit risk. Due to the uncertainty related to the aforementioned risks, it is reasonably possible that changes in these risks could materially affect the fair value of the Network's investments reported in the accompanying statement of financial position at June 30, 2024. The Network routinely assesses the financial strength of its financial institutions. Account receivables consist of amounts due for services rendered. Contributions receivable consists of unconditional promises to make donations from various donors and amounts due from the employee retention credit. Management monitors the collectability of the receivables. The Network believes no significant concentrations of credit risk exist with respect to its cash, cash equivalents, investments and receivables.

Subsequent events

The Network has evaluated events and transactions for potential recognition or disclosure through December 16, 2024, which is the date the financial statements were available to be issued. This evaluation did not result in any subsequent events that necessitated additional disclosures and/or adjustments.

Note 3 – Financial assets and liquidity resources

The Network's working capital and cash flows have seasonal variations during the year attributable to the timing when donors make contributions and other revenue items.

The following is a summary of the Network's financial assets as of June 30, 2024 and June 30, 2023 reduced by amounts not available for general use within one year due to internal Board designations. The Network's designated cash and cash equivalents can be drawn upon, as deemed necessary, through a Board resolution:

	<u>2024</u>	<u>2023</u>
Financial assets		
Cash and cash equivalents	\$ 2,799,030	\$ 4,040,653
Investments, at fair value	12,842,269	10,287,739
Current receivables	<u>2,690,556</u>	<u>3,381,570</u>
Sub-total	18,331,855	17,709,962
Less: Net assets with donor restrictions	(4,255,534)	(3,464,274)
Board/Growth designated net assets	<u>(10,960,195)</u>	<u>(10,738,488)</u>
Total	<u>\$ 3,116,126</u>	<u>\$ 3,507,200</u>

STUDENT LEADERSHIP NETWORK, INC.

Notes to Financial Statements (continued)
June 30, 2024 and June 30, 2023

Note 4 - Investments

The following is a summary of investments at June 30, 2024 and June 30, 2023:

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash	\$ 5,538	\$ 5,538	\$ -	\$ -
Mutual funds	4,009,246	4,581,936	4,033,293	4,126,538
Exchange-Traded-Funds	492,396	510,255	211,039	212,772
Bonds Intermediate-term	3,906,349	3,529,410	3,242,317	2,861,981
Bonds Short-term	<u>4,326,109</u>	<u>4,215,130</u>	<u>3,333,586</u>	<u>3,086,448</u>
Total	<u>\$12,739,638</u>	<u>\$12,842,269</u>	<u>\$10,820,235</u>	<u>\$10,287,739</u>
Unrealized gain (loss)		<u>\$ 102,631</u>		<u>\$ (532,496)</u>
Change in unrealized gain		<u>\$ 635,127</u>		<u>\$ 35,021</u>

The following schedule summarizes the net investment return for the years ended June 30, 2024 and June 30, 2023:

	<u>2024</u>	<u>2023</u>
Interest and dividends, net	\$ 494,885	\$ 402,453
Realized gain on sale of investments	36,444	4,317
Unrealized gain on investments	<u>635,127</u>	<u>35,021</u>
Net investment return	<u>\$ 1,166,456</u>	<u>\$ 441,791</u>

Note 5 – Lease agreements

The Network has an agreement to lease office space beginning on January 1, 2018 and terminating December 31, 2027. The lease requires an annual base rent of \$477,300 with an escalating increase of 2.5% per annum plus a \$3 per square foot increase on the 6th year of the lease. The lease also included a landlord contribution of \$610,500 for construction costs. These costs and contribution will be recognized on a straight-line basis over the life of the lease rather than in accordance with actual lease payments. In connection with the amended leases, the Network has paid a total of \$82,325 in security deposits.

The following is the required annual payments under the lease agreement (exclusive of certain increases in operating costs of the landlord):

<u>Fiscal year</u>	<u>Total</u>
2025	\$ 595,000
2026	609,875
2027	625,122
2028	<u>316,420</u>
Total	2,146,417
Less: current portion	(595,000)
Less: present value discount	<u>(104,905)</u>
Net long-term operating lease liability	<u>\$ 1,446,512</u>

STUDENT LEADERSHIP NETWORK, INC.**Notes to Financial Statements (continued)
June 30, 2024 and June 30, 2023****Note 6 – Employee retention credits**

In response to the coronavirus emergency, the Coronavirus Aid, Relief and Economic Security Act and subsequent legislation (the “Acts”) were signed into law. The Acts provided, among other things, a refundable payroll tax credit of certain qualified wages per eligible employee for wages which includes medical premiums paid or incurred from March 13, 2020 through September 30, 2021. In connection therewith, the Network filed amended payroll tax forms and during the fiscal year ended June 30, 2023 recorded payroll tax credits totaling \$1,148,384, net of consulting expenses, which are recorded as grants in the fiscal year 2023 statement of activities. Subsequent to June 30, 2023, these credits were received by the Network.

Note 7 – Retirement plan

The Network maintains a 401(k)-retirement plan, which is available to all eligible employees. Participants may contribute up to 15% of their compensation, not to exceed the limitations established by the Internal Revenue Code. The Network makes matching contributions equal to 100% of the employee’s contributions, not to exceed 4% of the employee’s compensation.

During the years ended June 30, 2024 and June 30, 2023, the Network’s contributions to the plan amounted to \$235,871 and \$188,972, respectively.

Note 8 – Tax status

The Network is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). In addition, the Network is a Section 509(a) organization as defined in the Code, and, therefore, is not a private foundation and qualifies for the maximum charitable contribution deduction for donors.

Note 9 – Board Designated Quasi Endowment fund

The Network’s quasi endowment fund is designated internally by the Board. As required by accounting principles generally accepted in the United States of America (“GAAP”), net assets associated with endowment fund, including funds designated by the Board to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions. The activities of the Board designated quasi-endowment fund are recorded in the growth designated fund, net assets without donor restrictions, in the statement of activities.

The Network follows the New York State Not-For-Profit Corporation Law (N-PCL). The Network preserves the fair value of the original gift, absent explicit donor stipulations to the contrary. In a manner consistent with the standard of prudence prescribed by N-PCL, the Network considers the following factors in making a determination to appropriate or accumulate board designated endowment fund:

STUDENT LEADERSHIP NETWORK, INC.**Notes to Financial Statements (continued)
June 30, 2024 and June 30, 2023****Note 9 – Board Designated Quasi Endowment fund (continued)**

- (1) General economic conditions;
- (2) The possible effect of inflation or deflation;
- (3) The expected tax consequences, if any, of investment decisions or strategies;
- (4) The role that each investment or course of action plays within the overall investment portfolio of the fund;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the institution;
- (7) The needs of the institution and the fund to make distributions and to preserve capital;
- (8) An asset's special relationship or special value, if any, to a charitable purpose of the Network.

Objectives and goals

The Network relies on its longer-term investment funds to provide support to the various missions of the organization, and desires to maintain that support both now and into the future. Accordingly, the longer-term objective of this portfolio is to support a spending rate, as determined by the Board, of the value of the portfolio, plus enough return to protect the assets from inflation and preserve the purchasing power of the assets over time. The Network takes a total return approach to its investment portfolio, and does not need to generate returns solely from current yield or dividend income. The Network recognizes that the optimal portfolio structure to meet this objective will be partially equity-oriented, and also acknowledges the role of more tactical and non-traditional assets in a well-balanced portfolio. The role of fixed income in the portfolio is to provide more reliable current income, liquidity and stability to offset more volatile asset classes elsewhere in the portfolio. Accordingly, the Network anticipates that the equity exposure in the portfolio will be 70% with Global Equity and 30% in Investment Grade Fixed Income, as defined in the Network's Endowment Investment Guidelines.

The Network acknowledges that the actual allocations over time may vary widely depending on market conditions, investment opportunities, and strategies employed by the Network's investment advisor.

Cash flow expectations

The Network currently has moderate cash flow needs from this portfolio of investments.

STUDENT LEADERSHIP NETWORK, INC.**Notes to Financial Statements (continued)
June 30, 2024 and June 30, 2023****Note 9 – Board Designated Quasi Endowment fund (continued)****Risk tolerance**

The portfolio will invest in accordance with the Target Allocations and Minimum-Maximum Asset Class Allocation Limits set forth in the Network's Endowment Investment Guidelines. Measured at the time of purchase, the allocation to each Asset Category is limited by the corresponding and applicable Minimum-Maximum Allocation Limit (expressed as a percentage of the account's net assets). The Manager, at its sole discretion, will determine how each investment is classified within the Target Allocation categories.

Given the need to generate returns to support a spending rate, as determined by the Board, while protecting against inflation, the Network recognizes that shorter-term equity investment return may exhibit a more volatile pattern. Taking a long-term investment viewpoint, the Network defines risk as the possibility of a shortfall in the support of the mission of the organization, not short-term volatility of returns. The Network appreciates the role of non-traditional assets in providing returns that are uncorrelated with more traditional asset classes, thereby providing the possibility of smoother returns over time.

Rebalancing

The Minimum-Maximum Allocation Limits will not be deemed to have been breached as a result of changes in the value of the assets in the account brought about solely through movements in the market value thereof. In the event that market action results in a Minimum-Maximum Allocation Limit being exceeded, the Manager will reallocate the account as soon as reasonably practicable to bring the account into conformity with the terms of Network's Endowment Investment Guidelines.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds, if any, may fall below the level that the donor requires the Network, to retain as a fund of perpetual duration. There were no perpetually donor restricted endowment fund deficiencies as of June 30, 2024 and June 30, 2023.

STUDENT LEADERSHIP NETWORK, INC.

Notes to Financial Statements (continued)

June 30, 2024 and June 30, 2023

Note 9 – Board Designated Quasi Endowment fund (continued)

Changes in Board Designated Quasi Endowment Net Assets and the operating growth fund for the Years Ended June 30, 2024 and Ended June 30, 2023, are as follows:

	<u>2024</u>	<u>2023</u>
	Without Donor Restrictions/ Designated	Without Donor Restrictions/ Designated
Board-designated endowment net assets beginning of year	\$ 5,104,419	\$ -
Contributions/interfund transfers	-	5,000,000
Sub-total	<u>5,104,419</u>	<u>5,000,000</u>
Investment return:		
Interest and dividends, net	95,837	2,137
Net appreciation (realized and unrealized, net)	<u>586,870</u>	<u>102,282</u>
Total investment return	<u>682,707</u>	<u>104,419</u>
Board-designated endowment net assets, end of year	<u>5,787,126</u>	<u>5,104,419</u>

Note 10 – Net assets with donor restrictions

The transactions in the net assets with temporary donor restrictions during the year ended June 30, 2024 were as follows:

<u>Purpose</u>	<u>Balance June 30, 2023</u>	<u>Contributions and Special events</u>	<u>Net Assets Released from Restrictions</u>	<u>Balance June 30, 2024</u>
To support CollegeBound programs	\$ 1,087,000	\$ 1,645,000	\$ (1,087,000)	\$ 1,645,000
To support GE programs	353,835	856,300	(353,835)	856,300
To support College Access @YWLN	600,000	600,000	(600,000)	600,000
Special Event-Restricted & Wish List	75,000	126,500	(75,000)	126,500
To support alumni programming	88,439	125,834	(88,439)	125,834
Individuals	<u>1,260,000</u>	<u>1,900</u>	<u>(360,000)</u>	<u>901,900</u>
Total	<u>\$ 3,464,274</u>	<u>\$ 3,355,534</u>	<u>\$ (2,564,274)</u>	<u>\$ 4,255,534</u>

<u>Purpose</u>	<u>Balance June 30, 2022</u>	<u>Contributions and Special events</u>	<u>Net Assets Released from Restrictions</u>	<u>Balance June 30, 2023</u>
To support CollegeBound programs	\$ 1,155,000	\$ 862,000	\$ (930,000)	\$ 1,087,000
To support GE programs	519,451	353,835	(519,451)	353,835
To support College Access @YWLN	600,000	600,000	(600,000)	600,000
Special Event-Restricted & Wish List	468,080	75,000	(468,080)	75,000
To support alumni programming	74,944	88,439	(74,944)	88,439
Individuals	<u>1,620,000</u>	<u>60,000</u>	<u>(420,000)</u>	<u>1,260,000</u>
Total	<u>\$ 4,437,475</u>	<u>\$ 2,039,274</u>	<u>\$ (3,012,475)</u>	<u>\$ 3,464,274</u>