
Collaborative for Academic, Social, and Emotional Learning

**Financial Report
June 30, 2023**

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Independent Auditor's Report

To the Board of Directors
Collaborative for Academic, Social,
and Emotional Learning

Opinion

We have audited the financial statements of Collaborative for Academic, Social, and Emotional Learning (CASEL), which comprise the statement of financial position as of June 30, 2023 and 2022 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CASEL as of June 30, 2023 and 2022 and the changes in its net assets, functional expenses, and 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 (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of CASEL and to meet our 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 CASEL's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits 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 audits conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors
Collaborative for Academic, Social,
and Emotional Learning

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 CASEL'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 CASEL'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moran, PLLC

November 21, 2023

Collaborative for Academic, Social, and Emotional Learning

Statement of Financial Position

June 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 9,128,729	\$ 17,188,510
Investments	3,274,477	-
Receivables:		
Trade accounts receivable	171,402	337,582
Contributions receivable	208,478	1,665,504
Total receivables	379,880	2,003,086
Contract assets - Costs and estimated earnings in excess of billings	58,006	-
Prepaid expenses and deposits	158,710	-
Right-of-use operating lease asset	76,578	-
Total assets	\$ 13,076,380	\$ 19,191,596
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 211,692	\$ 580,105
Contract liabilities - Deferred revenue:		
Program revenue	77,000	279,917
SEL Exchange	308,000	50,000
Accrued liabilities	499,646	380,899
Lease liability - Operating	76,578	-
Total liabilities	1,172,916	1,290,921
Net Assets		
Without donor restrictions	9,168,236	13,158,394
With donor restrictions	2,735,228	4,742,281
Total net assets	11,903,464	17,900,675
Total liabilities and net assets	\$ 13,076,380	\$ 19,191,596

Collaborative for Academic, Social, and Emotional Learning

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support						
Contributions	\$ 363,415	\$ 2,071,741	\$ 2,435,156	\$ 10,448,435	\$ 4,223,654	\$ 14,672,089
Government grants	13,172	-	13,172	1,091	-	1,091
Donated services	-	-	-	26,111	-	26,111
Program revenue	1,161,263	-	1,161,263	1,365,432	-	1,365,432
SEL Exchange	543,310	-	543,310	553,648	-	553,648
SEL virtual workshop	268,600	-	268,600	535,661	-	535,661
SEL Fellows Academy	230,500	-	230,500	77,500	-	77,500
Net realized and unrealized gains on investments	92,834	1,560	94,394	-	-	-
Interest income	311,460	5,233	316,693	6,039	-	6,039
Net assets released from restrictions	4,085,587	(4,085,587)	-	4,472,849	(4,472,849)	-
Total revenue and other support	7,070,141	(2,007,053)	5,063,088	17,486,766	(249,195)	17,237,571
Expenses						
Program services	8,345,147	-	8,345,147	7,204,615	-	7,204,615
Support services:						
Management and general	2,297,483	-	2,297,483	1,934,683	-	1,934,683
Fundraising	417,669	-	417,669	323,180	-	323,180
Total expenses	11,060,299	-	11,060,299	9,462,478	-	9,462,478
(Decrease) Increase in Net Assets - Before nonoperating income	(3,990,158)	(2,007,053)	(5,997,211)	8,024,288	(249,195)	7,775,093
Nonoperating Income - Forgiveness of Paycheck Protection Program note	-	-	-	812,700	-	812,700
(Decrease) Increase in Net Assets	(3,990,158)	(2,007,053)	(5,997,211)	8,836,988	(249,195)	8,587,793
Net Assets - Beginning of year	13,158,394	4,742,281	17,900,675	4,321,406	4,991,476	9,312,882
Net Assets - End of year	\$ 9,168,236	\$ 2,735,228	\$ 11,903,464	\$ 13,158,394	\$ 4,742,281	\$ 17,900,675

See notes to financial statements.

Collaborative for Academic, Social, and Emotional Learning

Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services				Support Services		
	Practice and External Affairs	Research	SEL Exchange	Total	Management and General	Fundraising	Total
Contractors	\$ 907,959	\$ 390,627	\$ 439,403	\$ 1,737,989	\$ 413,560	\$ 5,894	\$ 2,157,443
Office equipment expenses	2,809	1,253	250	4,312	723	195	5,230
Insurance	6,050	2,700	538	9,288	1,562	420	11,270
IT services	56,346	25,143	5,010	86,499	14,551	3,912	104,962
Legal and audit	-	-	-	-	67,541	-	67,541
Materials and supplies	55,724	43,982	6,009	105,715	11,440	3,275	120,430
Meetings	270,954	83,713	398,512	753,179	127,417	6,907	887,503
Miscellaneous	51,675	7,482	3,978	63,135	31,992	478	95,605
Rent	92,935	41,470	8,263	142,668	24,000	6,453	173,121
Payroll and employee benefits	3,464,146	1,441,301	152,258	5,057,705	1,448,778	383,567	6,890,050
Repairs and maintenance	7,176	3,202	638	11,016	1,855	498	13,369
Shipping and postage	3,450	1,340	340	5,130	546	426	6,102
Software expense	70,557	36,490	3,026	110,073	44,691	1,974	156,738
Staff development	10,810	6,710	1,828	19,348	54	874	20,276
Telecommunications	22,297	9,950	1,982	34,229	5,564	1,743	41,536
Travel	139,874	45,295	9,403	194,572	101,477	589	296,638
Utilities	6,702	2,991	596	10,289	1,732	464	12,485
Total functional expenses	\$ 5,169,464	\$ 2,143,649	\$ 1,032,034	\$ 8,345,147	\$ 2,297,483	\$ 417,669	\$ 11,060,299

Collaborative for Academic, Social, and Emotional Learning

Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services				Support Services		
	Practice and External Affairs	Research	SEL Exchange	Total	Management and General	Fundraising	Total
Contractors	\$ 1,882,935	\$ 122,326	\$ 399,017	\$ 2,404,278	\$ 486,686	\$ 6,175	\$ 2,897,139
Office equipment expenses	3,450	1,319	-	4,769	1,015	282	6,066
Insurance	6,078	2,324	-	8,402	1,790	497	10,689
IT services	60,044	22,962	-	83,006	17,681	4,912	105,599
Legal and audit	34,089	13,036	-	47,125	10,040	2,788	59,953
Materials and supplies	13,781	11,570	134	25,485	38,922	1,009	65,416
Meetings	94,513	16,110	939	111,562	23,381	-	134,943
Miscellaneous	16,731	568	4,926	22,225	16,104	1,280	39,609
Rent	108,593	41,527	-	150,120	32,642	8,883	191,645
Payroll and employee benefits	2,255,745	1,858,214	25,000	4,138,959	1,193,514	293,727	5,626,200
Repairs and maintenance	-	-	-	-	3,600	-	3,600
Shipping and postage	(1,140)	-	-	(1,140)	3,224	-	2,084
Software expense	78,817	11,029	468	90,314	55,549	-	145,863
Staff development	-	2,072	-	2,072	8,547	740	11,359
Telecommunications	16,033	5,767	-	21,800	15,039	1,234	38,073
Travel	69,948	19,634	1,064	90,646	25,885	1,357	117,888
Utilities	3,610	1,382	-	4,992	1,064	296	6,352
Total functional expenses	\$ 4,643,227	\$ 2,129,840	\$ 431,548	\$ 7,204,615	\$ 1,934,683	\$ 323,180	\$ 9,462,478

Collaborative for Academic, Social, and Emotional Learning

Statement of Cash Flows

Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
(Decrease) increase in net assets	\$ (5,997,211)	\$ 8,587,793
Adjustments to reconcile (decrease) increase in net assets to net cash and cash equivalents from operating activities:		
Forgiveness of note payable	-	(812,700)
Contributions restricted for endowment	-	(197,885)
Net realized and unrealized gain on investments	(94,394)	-
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Accounts receivable	1,623,206	861,056
Costs and estimated earnings in excess of billings	(58,006)	-
Prepaid expenses and deposits	(158,710)	29,466
Accounts payable	(368,413)	212,978
Accrued and other liabilities	118,747	(187,811)
Deferred revenue	55,083	(386,800)
Net cash and cash equivalents (used in) provided by operating activities	(4,879,698)	8,106,097
Cash Flows from Investing Activities		
Purchases of investments	(4,850,336)	-
Proceeds from sales and maturities of investments	1,670,253	-
Contributions restricted for investment in endowment	-	197,885
Net cash and restricted cash (used in) provided by investing activities	(3,180,083)	197,885
Net (Decrease) Increase in Cash and Cash Equivalents	(8,059,781)	8,303,982
Cash and Cash Equivalents - Beginning of year	17,188,510	8,884,528
Cash and Cash Equivalents - End of year	\$ 9,128,729	\$ 17,188,510

Note 1 - History and Nature of Business

In 1994, a group of researchers, educators, child advocates, and philanthropists founded an organization now known as Collaborative for Academic, Social, and Emotional Learning, more commonly referred to as CASEL. In 1996, CASEL was based at the University of Illinois at Chicago (UIC). As an organization based at UIC, CASEL conducted research and also translated science into forms that educators and others can apply to the context of schools so that children can receive the maximum benefit from scientific understanding and new knowledge.

As the leaders of CASEL looked toward its future, they determined that, in order to ensure the sustainability and momentum of the synergies CASEL had built in the areas of research and education, and by way of its collaborations with a wide variety of organizations, there was a need to establish an organization associated with, but governed separately from, UIC. Consequently, CASEL was incorporated as a 501(c)(3) organization in 2006 in order to accomplish its overall mission.

CASEL is now one of the world's leading organizations advancing one of the most important fields in education: systemic academic, social, and emotional learning for all children in preschool through high school.

CASEL provides a unique combination of research, practice, and policy to support high-quality social and emotional learning in school districts and schools nationwide. Leaders of the Chicago-based nonprofit organization catalyzed the collaboration that defined the field 25 years ago.

CASEL's mission is to help make evidence-based social and emotional learning (SEL) an integral part of education from preschool through high school.

As a thought leader, field builder, and advocate, CASEL spans three worlds:

- Research to build the evidence base by developing, synthesizing, and disseminating evidence that documents the impact of social and emotional learning
- Practice to demonstrate and codify what is possible in classrooms, schools, school districts, and communities that prioritize SEL, including our work with partner districts, which impacts 1.7 million students in 20 districts across 3,000 schools. Our work focuses on implementing, refining, and demonstrating high-quality SEL in school districts and creating scalable tools and resources.
- Policy to help pave the way for SEL practices that are scalable and sustainable, setting a new standard for high-quality education in the United States. Through collaborating with states and informing federal policy efforts, CASEL is helping create the conditions for success.

Note 2 - Significant Accounting Policies

Basis of Accounting

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

Cash

CASEL routinely maintains balances in bank accounts in excess of federally insured limits. At June 30, 2023 and 2022, the amount of funds exceeding federally insured limits was approximately \$8,630,000 and \$16,390,000, respectively.

Cash Equivalents

CASEL considers all investments with an original maturity of three months or less when purchased to be cash equivalents.

Note 2 - Significant Accounting Policies (Continued)

Receivables

Receivables represent amounts due from customers and donors at June 30, 2023 and 2022 and are recorded at the present value of estimated future cash flows. At June 30, 2023 and 2022, all receivables are due within one year. CASEL provides for an allowance, as needed, for estimated uncollectible amounts based on its assessment of the current status of donor or customer history and collection experience. The allowance for doubtful accounts was \$0 as of June 30, 2023 and 2022.

Prepaid Expenses and Deposits

Prepaid expenses and deposits as presented on the statement of financial position represent cash paid in advance of the receipt of goods or services.

Investments

Investments in marketable equity securities with readily determinable fair values are valued at their fair values in the statement of financial position. Interest and dividend income and unrealized and realized gains are reported as income on the statement of activities and changes in net assets. Interest and dividend income is recorded on the accrual basis. Realized gains and losses are recognized on a specific identification basis of cost.

Property and Equipment

Property and equipment are recorded at cost or estimated fair value if donated. The capitalization policy is set at \$3,000. Depreciation and amortization are charged to expense using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of their useful life or remaining lease term. As of June 30, 2023 and 2022, all property and equipment are fully depreciated or amortized. Estimated useful lives of property and equipment are as follows:

	Depreciable Life - Years
Furnishings and equipment	5-7
Software	3-5
Leasehold improvements	3

Classification of Net Assets

Net assets of CASEL are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of CASEL.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CASEL or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows.

Note 2 - Significant Accounting Policies (Continued)

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the period in which the gift is received are both reported as contributions without donor restrictions.

Conditional promises to give are not recognized as revenue until barriers prescribed by the grant agreements or pledge agreements are overcome. CASEL records cash received in advance of meeting conditions as a refundable advance on the statement of financial position. Conditional contributions that have been awarded but not yet recognized as revenue total \$500,000 and \$25,000 as of June 30, 2023 and 2022, respectively.

Concentration

Approximately 74 percent of contribution revenue was from five donors for the year ended June 30, 2023. Approximately 68 percent of contribution revenue was from a single donor for the year ended June 30, 2022. There were no related receivables from these grantors at June 30, 2023 or 2022.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the statement of functional expenses. Costs are charged to program and support services on an actual basis when available. Additionally, the following indirect costs have been allocated between program and support services based on estimates determined by management:

- Information technology services, rent, utilities, insurance, office equipment - By head count per department
- Salaries and benefits - By estimates of time and effort

Income Taxes

CASEL is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Leases

CASEL has an operating lease for its office space, as described in Note 12. CASEL recognizes expense for operating leases on a straight-line basis over the lease term. CASEL made a policy election not to separate lease and nonlease components. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability.

CASEL elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

Certain 2022 programmatic functional expense classifications have been reclassified to conform to the 2023 presentation. A portion of practice and external affairs expenses was reclassified to research expenses to better align with their programmatic nature.

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The ASU includes changes to the accounting and measurement of financial assets, including CASEL's accounts receivable, by requiring CASEL to recognize an allowance for all expected losses over the life of the financial asset at origination. This is different from the current practice where an allowance is not recognized until the losses are considered probable. The new guidance will be effective for CASEL's year ending June 30, 2024. Upon adoption, the ASU will be applied on a modified retrospective basis to the beginning of year net assets in the year of adoption. CASEL believes the adoption of the new standard will not have a significant effect on its financial statements.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including November 21, 2023, which is the date the financial statements were available to be issued.

Note 3 - Adoption of New Accounting Pronouncement

As of July 1, 2022, CASEL adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-02, *Leases*. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. CASEL elected to adopt the ASU using the modified retrospective method as of July 1, 2022 and applied the following practical expedients:

- CASEL did not reassess if expired or existing contracts are or contain a lease.
- CASEL did not reassess the lease classification for expired or existing leases.
- CASEL did not reassess initial direct costs for any existing leases.

As a result of the adoption of the ASU, CASEL recorded a right-of-use asset and a lease liability of \$101,518 as of July 1, 2022 for its existing operating lease. There was no impact on net assets as a result of adopting the new ASU.

Note 4 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that CASEL has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Notes to Financial Statements

June 30, 2023 and 2022

Note 4 - Fair Value Measurements (Continued)

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. CASEL’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The following table presents information about CASEL’s assets measured at fair value on a recurring basis at June 30, 2023 and the valuation techniques used by CASEL to determine those fair values. There were no assets held as of June 30, 2022 requiring disclosure.

<u>Assets Measured at Fair Value on a Recurring Basis at June 30, 2023</u>				
	<u>Quoted Prices in</u>			
	<u>Active Markets</u>	<u>Significant Other</u>	<u>Significant</u>	
	<u>for Identical</u>	<u>Observable</u>	<u>Unobservable</u>	
	<u>Assets</u>	<u>Inputs</u>	<u>Inputs</u>	<u>Balance at</u>
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>June 30, 2023</u>
Assets - U.S. Treasury securities	\$ -	\$ 3,274,477	\$ -	\$ 3,274,477

U.S. Treasury bills and bonds are valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities.

Note 5 - Line of Credit

Under a line of credit agreement with a bank, CASEL has available borrowings of \$400,000. Interest was payable monthly at a rate of the one-month LIBOR plus 2 percent until March 30, 2023, when the rate was amended to the base rate less 1.00 percent. The base rate is defined as 1.11 percent above the one-month Secured Overnight Financing Rate (SOFR) (an effective rate of 5.18 and 3.80 percent at June 30, 2023 and 2022, respectively). There were no borrowings on the line in 2023 or 2022, and the balance as of June 30, 2023 and 2022 was \$0. The line of credit is unsecured.

Note 6 - Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30, 2023 and 2022 are available for the following purposes:

	<u>2023</u>	<u>2022</u>
Subject to expenditures for a specified purpose:		
Research	\$ 1,476,985	\$ 2,860,680
Practice	50,000	165,863
Policy	147,340	388,001
Communications	106,225	133,696
Endowment earnings	6,793	-
Total subject to expenditures for a specified purpose	<u>1,787,343</u>	<u>3,548,240</u>
Subject to the passage of time - Various grant dates expiring through October 31, 2023	750,000	996,156
Not subject to appropriation or expenditure	<u>197,885</u>	<u>197,885</u>
Total	<u>\$ 2,735,228</u>	<u>\$ 4,742,281</u>

Note 6 - Net Assets with Donor Restrictions (Continued)

Net assets released from donor restrictions as of June 30, 2023 and 2022 were as follows:

	2023	2022
Purpose restrictions:		
Research	\$ 2,404,442	\$ 2,649,411
Practice	143,862	268,384
Policy	590,661	592,242
Communications	200,466	758,968
Time restrictions	746,156	203,844
Total	\$ 4,085,587	\$ 4,472,849

Note 7 - Revenue from Contracts with Customers

CASEL derives its revenue from contracts with customers primarily from program revenue, SEL Exchange, and SEL virtual workshops. During the years ended June 30, 2023 and 2022, CASEL recognized revenue from contracts with customers of \$2,203,673 and \$2,532,241, respectively. For the year ended June 30, 2023, the beginning balance of CASEL's receivables from contracts with customers was \$337,582 and the closing balance was \$171,402. For the year ended June 30, 2022, the beginning balance of CASEL's receivables from contracts with customers was \$558,856 and the closing balance was \$337,582.

For each revenue stream identified above, revenue recognition is subject to the completion of performance obligations. For each contract with a customer, CASEL determined whether performance obligations in the contract are distinct or should be bundled. Factors to be considered include the pattern of transfer, whether customers can benefit from the resources, and whether the resources are readily available.

CASEL's revenue is recognized when a given performance obligation is satisfied, either over a period of time or at a given point in time. CASEL recognizes revenue over a period of time if the customer receives and consumes the benefits that CASEL provides simultaneously or if CASEL's performance does not create an asset with an alternative use and has an enforceable right to payment for the performance. The revenue is recognized at a given point in time when the control of the goods or service is transferred to the customer and when the customer can direct its use and obtain substantial benefit from the goods.

The transaction price is calculated as the amount of consideration to which CASEL expects to be entitled (such as accreditation price, application price, and conference admission price). The transaction price is allocated to the various revenue streams for product bundles based on a fair market value of the individual products approach. For program revenue, CASEL invoices in accordance with the underlying executed contracts. For all other revenue streams, CASEL invoices and receives payment at the time of purchase. Payment terms are generally 30 days after the issuance of the invoice. In some situations, CASEL bills customers and collects cash prior to the satisfaction of the performance obligations, which results in CASEL recognizing contract liabilities upon receipt of payment. For the year ended June 30, 2023, the beginning balance of CASEL's contract liabilities was \$329,917 and the closing balance was \$385,000. For the year ended June 30, 2022, the beginning balance of CASEL's contract liabilities was \$716,717 and the closing balance was \$329,917. In some cases, CASEL bills for contracts following the satisfaction of performance obligations, which results in CASEL recognizing a contract asset. For the year ended June 30, 2023, the beginning balance of CASEL's contract assets was \$0 and the closing balance was \$58,006. For the year ended June 30, 2022, the beginning balance of CASEL's contract liabilities was \$0 and the closing balance was \$0. Contract assets are presented on the accompanying statement of financial position as contract assets - costs and estimated earnings in excess of billings.

Note 7 - Revenue from Contracts with Customers (Continued)

The following explains the performance obligations related to each revenue stream and how they are recognized:

Program Revenue

CASEL has entered into various contracts with customers, which are primarily school districts, to provide consulting services. The fees under these contracts are billed ratably over the term of the contract, and revenue is recognized over the term of the contract based on the benefit provided to the customer.

SEL Exchange and SEL Virtual Workshop

CASEL hosts an annual conference in addition to a number of virtual workshops for which it sells registrations and sponsorships. CASEL has a performance obligation to host the events and recognizes revenue at the time the events are held.

SEL Fellows

CASEL trains registered individuals in social and emotional learning over a 10-month period. CASEL has a performance obligation to provide the training and recognizes the associated revenue over the term of the contract based on the benefit provided to those in the program.

Note 8 - Donated Services

Donated services received by CASEL for the year ended June 30, 2022 consist of donated professional services and have no associated donor restrictions. The fair value of these donated professional services was estimated based on the current rates for similar legal services. CASEL did not receive donated services during 2023.

Note 9 - Related Party Transactions

Related Party Contributions

CASEL receives contributions from related parties, including employees and board members. The amount received from related parties for the years ended June 30, 2023 and 2022 was \$67,253 and \$194,426, respectively.

Note 10 - Transactions with UIC

CASEL reimburses UIC for personnel, materials, services, facilities, and equipment. For the years ended June 30, 2023 and 2022, CASEL was charged \$273,708 and \$174,469, respectively, by UIC for these expenses. At June 30, 2023 and 2022, the amount due to UIC included in accounts payable on the statement of financial position was \$0 and \$39,732, respectively.

Note 11 - Donor-restricted Endowment

During the year ended June 30, 2022, CASEL established the CASEL Weissberg Scholars Endowment Fund, a donor-restricted endowment aimed to provide educational and professional development opportunities to early career scholars, with the goal of inspiring the next generation of innovators who will strengthen the future vision of social and emotional learning for many years to come. CASEL's goal is to raise \$4,000,000 for the endowment. During the year ended June 30, 2022, CASEL received \$197,885 in contributions for the endowment that will be maintained in perpetuity. There were no additional contributions received in 2023.

Note 11 - Donor-restricted Endowment (Continued)

Interpretation of Relevant Law

CASEL is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions because those net assets are time restricted until such amounts are appropriated for expenditure. Those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of CASEL has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary.

As a result of this interpretation, when reviewing its donor-restricted endowment funds, CASEL considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. CASEL has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. In accordance with SPMIFA, CASEL considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of CASEL
- The investment policies of CASEL

Endowment Net Asset Composition by Type of Fund as of June 30, 2023			
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	\$ -	\$ 197,885	\$ 197,885
Accumulated investment income	-	6,793	6,793
Total	\$ -	\$ 204,678	\$ 204,678
Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2023			
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ -	\$ 197,885	\$ 197,885
Investment income	-	6,793	6,793
Endowment net assets - End of year	\$ -	\$ 204,678	\$ 204,678
Endowment Net Asset Composition by Type of Fund as of June 30, 2022			
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 197,885	\$ 197,885

Note 11 - Donor-restricted Endowment (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Contributions	\$ -	\$ 197,885	\$ 197,885

Underwater Endowment Funds

As of June 30, 2023 and 2022, there were no funds with deficiencies.

Return Objectives and Risk Parameters

CASEL is in the process of adopting investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that CASEL must hold in perpetuity.

Note 12 - Leases

CASEL was obligated under an operating lease for its office space, expiring in March 2023. During the year ended June 30, 2023, CASEL extended its lease for an additional year. The right-of-use asset and related lease liability have been calculated using a discount rate of 4.64 percent.

CASEL made a policy election not to separate lease and nonlease components for its operating lease. Therefore, the full amount of the lease payment is included in the recorded right-of-use asset and lease liability. Total rent expense under this lease was \$173,121 and \$191,645 for the years ended June 30, 2023 and 2022, respectively.

Future minimum annual commitments under this operating lease are as follow:

Year Ending June 30	Amount
2024	\$ 78,066
Less amount representing interest	1,488
Present value of net minimum lease payments	<u>\$ 76,578</u>

Note 13 - Defined Contribution Plan

CASEL sponsors a defined contribution plan for full-time employees who have completed three months of service. The plan provides for CASEL to make a required matching contribution up to a maximum of 4 percent of participants' gross salaries. Contributions to the plan totaled \$161,076 and \$141,048 for the years ended June 30, 2023 and 2022, respectively.

Notes to Financial Statements

June 30, 2023 and 2022

Note 14 - Liquidity and Availability of Resources

The following reflects CASEL's financial assets as of June 30, 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 9,128,729	\$ 17,188,510
Investments	3,274,477	-
Accounts receivable	171,402	337,582
Contributions receivable	208,478	1,665,504
Contract assets - Costs and estimated earnings in excess of billings	<u>58,006</u>	<u>-</u>
Financial assets - At year end	12,841,092	19,191,596
Less those unavailable for general expenditures within one year due to donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions - Net of expected collections on pledge receivables	2,338,865	4,368,188
Endowment funds to be maintained in perpetuity	<u>197,885</u>	<u>197,885</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 10,304,342</u>	<u>\$ 14,625,523</u>

CASEL is supported by contributions with and without donor restrictions and also manages an earned revenue stream to help buffer its dependence on donors. CASEL regularly monitors liquidity to meet operating needs and to fulfill the requirements of net assets with donor restrictions. This is achieved through (1) investing idle cash in a money market account, (2) maintaining a cash forecast and reviewing on a monthly basis, (3) approving an organizationwide budget prior to the start of each new fiscal year, (4) maintaining a line of credit with CASEL's financial institution, and (5) maintaining a target operating reserve that is reviewed by the board of directors for adequacy on an annual basis.