

**NEW JERSEY SEEDS, INC.
DBA: SEEDS - ACCESS CHANGES EVERYTHING**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2024 AND 2023



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NEW JERSEY SEEDS, INC. DBA: SEEDS - ACCESS CHANGES EVERYTHING
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
New Jersey SEEDS, Inc.
Newark, New Jersey

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of New Jersey SEEDS, Inc. dba: SEEDS - Access Changes Everything, a New Jersey nonprofit organization, which comprise the statements of financial position as of August 31, 2024 and 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of New Jersey SEEDS, Inc. dba: SEEDS - Access Changes Everything, as of August 31, 2024 and 2023, and the changes in its net assets 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New Jersey SEEDS, Inc. dba: SEEDS - Access Changes Everything, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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 GAAS and *Government 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, 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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



CliftonLarsonAllen LLP

Livingston, New Jersey
December 19, 2024

NEW JERSEY SEEDS, INC. DBA: SEEDS - ACCESS CHANGES EVERYTHING
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 664,205	\$ 347,674
Accounts Receivable, Net	34,812	30,875
Pledges Receivable, Current, Net	1,159,699	522,929
Prepaid Expenses and Other Assets	<u>38,235</u>	<u>36,896</u>
Total Current Assets	1,896,951	938,374
NONCURRENT ASSETS		
Investments	6,494,907	6,639,922
Pledges Receivable, Noncurrent, Net	2,713,096	52,605
Fixed Assets, Net	89,527	112,012
Cash Surrender Value	114,117	108,679
Security Deposits	22,500	22,500
Operating ROU Assets	<u>749,841</u>	<u>911,836</u>
Total Noncurrent Assets	10,183,988	7,847,554
 Total Assets	 <u><u>\$ 12,080,939</u></u>	 <u><u>\$ 8,785,928</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 730,570	\$ 396,581
Deferred Revenue	-	155,732
Short-Term Lease Liability - Operating	<u>172,645</u>	<u>165,135</u>
Total Current Liabilities	903,215	717,448
 Long-Term Lease Liability - Operating	 <u>631,837</u>	 <u>804,481</u>
Total Liabilities	<u>1,535,052</u>	<u>1,521,929</u>
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without Donor Restrictions	3,083,731	3,247,631
With Donor Restrictions	<u>7,462,156</u>	<u>4,016,368</u>
Total Net Assets	<u>10,545,887</u>	<u>7,263,999</u>
 Total Liabilities and Net Assets	 <u><u>\$ 12,080,939</u></u>	 <u><u>\$ 8,785,928</u></u>

See accompanying Notes to Financial Statements.

NEW JERSEY SEEDS, INC. DBA: SEEDS - ACCESS CHANGES EVERYTHING
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions:			
Annual Campaign	\$ 1,222,167	\$ 3,961,288	\$ 5,183,455
Donated Stock	178,863	-	178,863
Total Contributions	<u>1,401,030</u>	<u>3,961,288</u>	<u>5,362,318</u>
 Fundraising Events:			
Special Events, Net	2,228,692	-	2,228,692
 Interest and Dividends, Net	159,262	-	159,262
Realized and Unrealized Gains on			
Investment Securities, Net	706,052	-	706,052
Investment Income, Net	<u>865,314</u>	<u>-</u>	<u>865,314</u>
 Net Assets Released from Restrictions	515,500	(515,500)	-
Total Support and Revenue	<u>5,010,536</u>	<u>3,445,788</u>	<u>8,456,324</u>
 EXPENSES			
Program Services	3,276,046	-	3,276,046
Management and General	1,145,767	-	1,145,767
Development	752,623	-	752,623
Total Expenses	<u>5,174,436</u>	<u>-</u>	<u>5,174,436</u>
 CHANGES IN NET ASSETS	(163,900)	3,445,788	3,281,888
 Net Assets - Beginning of Year	<u>3,247,631</u>	<u>4,016,368</u>	<u>7,263,999</u>
 NET ASSETS - END OF YEAR	<u><u>\$ 3,083,731</u></u>	<u><u>\$ 7,462,156</u></u>	<u><u>\$ 10,545,887</u></u>

See accompanying Notes to Financial Statements.

NEW JERSEY SEEDS, INC. DBA: SEEDS - ACCESS CHANGES EVERYTHING
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions:			
Annual Campaign	\$ 1,383,078	\$ 607,187	\$ 1,990,265
Donated Stock	187,545	-	187,545
Grant Income	362	-	362
Total Contributions	<u>1,570,985</u>	<u>607,187</u>	<u>2,178,172</u>
 Fundraising Events:			
Special Events, Net	802,976	-	802,976
 Interest and Dividends, Net	160,906	-	160,906
Realized and Unrealized (Loss) Gains on			
Investment Securities, Net	<u>416,071</u>	<u>-</u>	<u>416,071</u>
Investment Income, Net	576,977	-	576,977
 Net Assets Released from Restrictions	<u>619,187</u>	<u>(619,187)</u>	<u>-</u>
Total Support and Revenue	3,570,125	(12,000)	3,558,125
 EXPENSES			
Program Services	3,106,211	-	3,106,211
Management and General	686,352	-	686,352
Development	<u>610,132</u>	<u>-</u>	<u>610,132</u>
Total Expenses	<u>4,402,695</u>	<u>-</u>	<u>4,402,695</u>
 CHANGES IN NET ASSETS	(832,570)	(12,000)	(844,570)
 Net Assets - Beginning of Year	<u>4,080,201</u>	<u>4,028,368</u>	<u>8,108,569</u>
 NET ASSETS - END OF YEAR	<u><u>\$ 3,247,631</u></u>	<u><u>\$ 4,016,368</u></u>	<u><u>\$ 7,263,999</u></u>

See accompanying Notes to Financial Statements.

NEW JERSEY SEEDS, INC. DBA: SEEDS - ACCESS CHANGES EVERYTHING
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2024

	Program Services	Management and General	Development	Total
Salaries and Related Taxes	\$ 1,830,586	\$ 269,052	\$ 367,787	\$ 2,467,425
Employee Benefits	149,589	26,206	35,823	211,618
Educational Books and Supplies	38,081	-	-	38,081
Student Educational Expenses	163,842	9,692	16,591	190,125
Student Transportation and Trips	209,624	-	-	209,624
Facility Expenses	611,851	30,364	41,507	683,722
Travel and Auto Expenses	22,565	4,847	-	27,412
Office Supplies and Expenses	98,451	82,232	49,948	230,631
Telephone	8,243	3,717	3,520	15,480
Printing, Publications, and Marketing	324	10,693	28,178	39,195
Professional Fees	63,220	587,581	36,654	687,455
Insurance	38,424	6,582	11,220	56,226
Postage	3,153	685	1,849	5,687
Bad debt	-	112,000	-	112,000
Fundraising Expense	-	-	157,430	157,430
Total Expenses Before Depreciation	<u>3,237,953</u>	<u>1,143,651</u>	<u>750,507</u>	<u>5,132,111</u>
Depreciation	<u>38,093</u>	<u>2,116</u>	<u>2,116</u>	<u>42,325</u>
Total Expenses by Function	<u><u>\$ 3,276,046</u></u>	<u><u>\$ 1,145,767</u></u>	<u><u>\$ 752,623</u></u>	<u><u>\$ 5,174,436</u></u>

See accompanying Notes to Financial Statements.

NEW JERSEY SEEDS, INC. DBA: SEEDS - ACCESS CHANGES EVERYTHING
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2023

	Program Services	Management and General	Development	Total
Salaries and Related Taxes	\$ 1,749,425	\$ 264,465	\$ 361,517	\$ 2,375,407
Employee Benefits	146,941	25,926	35,440	208,307
Educational Books and Supplies	64,200	-	-	64,200
Student Educational Expenses	109,723	12,925	17,227	139,875
Student Transportation and Trips	176,531	-	-	176,531
Facility Expenses	602,793	30,329	41,198	674,320
Travel and Auto Expenses	8,375	3,294	1,785	13,454
Office Supplies and Expenses	94,528	71,129	62,224	227,881
Telephone	8,018	3,615	3,424	15,057
Printing, Publications, and Marketing	450	12,104	24,168	36,722
Professional Fees	27,108	251,943	15,716	294,767
Insurance	32,046	5,490	9,357	46,893
Postage	1,743	447	5,065	7,255
Fundraising Expense	-	-	28,326	28,326
Total Expenses Before Depreciation	3,021,881	681,667	605,447	4,308,995
Depreciation	84,330	4,685	4,685	93,700
Total Expenses by Function	<u>\$ 3,106,211</u>	<u>\$ 686,352</u>	<u>\$ 610,132</u>	<u>\$ 4,402,695</u>

See accompanying Notes to Financial Statements.

NEW JERSEY SEEDS, INC. DBA: SEEDS - ACCESS CHANGES EVERYTHING
STATEMENT OF CASH FLOWS
YEARS ENDED AUGUST 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 3,280,571	\$ (844,570)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used by Operating Activities:		
Depreciation	42,325	93,700
Realized and Unrealized (Gains) Losses on Investments, Net	(706,052)	(416,071)
Changes in Operating Assets and Liabilities:		
Pledges Receivable	(3,297,261)	66,419
Accounts Receivable	(3,937)	-
Amortization of right-of-use asset	(3,137)	4,023
Cash Surrender Value	(5,438)	(5,172)
Prepaid Expenses and Other Assets	(1,339)	(17,957)
Accounts Payable and Accrued Expenses	333,989	(317,239)
	-	-
Deferred Revenue	(155,732)	155,732
Net Cash Used by Operating Activities	<u>(516,011)</u>	<u>(1,281,135)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(19,842)	(67,052)
Purchases of Investments	(56,978)	-
Proceeds from Investments	<u>909,362</u>	<u>841,635</u>
Net Cash Provided by Investing Activities	832,542	774,583
NET CHANGE IN CASH AND CASH EQUIVALENTS	316,531	(506,552)
Cash and Cash Equivalents - Beginning of Year	<u>347,674</u>	<u>854,226</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 664,205</u>	<u>\$ 347,674</u>

See accompanying Notes to Financial Statements.

NEW JERSEY SEEDS, INC. DBA: SEEDS - ACCESS CHANGES EVERYTHING
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Founded in 1992, New Jersey SEEDS, Inc. (SEEDS or Organization), is a privately funded, statewide, nonprofit organization committed to developing future leaders from the state's least privileged communities. By providing access to exceptional educational opportunities, SEEDS' programs create a viable path for students in underperforming schools to achieve their full potential. SEEDS delivers an extremely rigorous academic curriculum, inspiring cultural experiences and critical training in leadership skills followed by placement in some of the nation's most competitive independent schools and colleges. The Organization continues to guide its graduates throughout their school careers and beyond, and encourages its alumni to be ethical, engaged, responsible citizens who lead lives of contribution and give back to their communities.

Basis of Accounting

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

Financial Statement Presentation

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Also, other net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

Cash and Cash Equivalents

Cash and cash equivalents represent cash and short-term investments purchased with an original maturity of three months or less.

NEW JERSEY SEEDS, INC. DBA: SEEDS - ACCESS CHANGES EVERYTHING
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investment income is presented net of investment advisory/management fees and is reflected as realized and unrealized (losses) gain on investment securities in the statements of activities. All investment income is credited directly to unrestricted net assets unless otherwise restricted by the donor. All capital appreciation/depreciation earned on investments is reported as a change in unrestricted net assets unless otherwise restricted by the donor. All investments are carried at fair value with the related gains and losses recognized in the statements of activities.

Fair Value

Fair value measurements are defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There are three defined hierarchical levels based on the quality of inputs used that directly relate to the amount of subjectivity associated with the determination of fair value.

The fair value hierarchy defines the three levels as follows:

Level 1 – Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 – Valuations based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3 – Valuations based on unobservable inputs used when little or no market is available. The organization adopted the practical expedient and is valuing their interest in the fund based reported.

The Organization has investments in one limited partnership that are invested in diversified portfolios with no specific industry concentration or risk focus. Because of this inherent uncertainty of valuation for the Organization's investments in limited partnerships and for certain underlying investments held by them, which are not readily marketable, values for those investments may differ significantly from values that would have been used had a ready market value for them existed. Such limited partnerships are valued utilizing Level 3 inputs, whereby the acquisition cost of the investment is adjusted for the Organization's share of net income or loss of the limited partnerships.

Mutual funds are valued at the net asset value of shares held by the Organization at year-end.

Fixed Income Mutual Funds – Valued at quoted market prices of valuations provided by commercial pricing services or the mean of bid and ask prices by investment brokers.

US Treasury Bill – Purchased at discount to the face value and redeemed at face value at maturity.

NEW JERSEY SEEDS, INC. DBA: SEEDS - ACCESS CHANGES EVERYTHING
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets

Fixed assets are recorded at cost or fair value at date of gift for donated assets. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments greater than \$2,500 that extend the useful life of the asset are capitalized. Depreciation is applied on a straight-line basis over the estimated useful lives of the assets:

Office Equipment	5 Years
Automobiles	5 Years
Computer Software	3 Years

Replacements, betterments and additions to property and equipment are capitalized if they increase the useful lives of such assets. Costs incurred for maintenance and repairs are charged to expenses as incurred. Upon the retirement of these assets, the cost and accumulated depreciation are removed from the respective accounts and any gain or loss is reflected in revenues or expenses for the period.

Revenue and Contribution

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as Net Assets Released from Restrictions.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization follows standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken in a tax return, and also provides guidance on derecognition, classification, interest and penalties, disclosure and transition. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense. No interest and penalties were recorded during the years ended August 31, 2024 and 2023. At August 31, 2024 and 2023, there are no significant income tax uncertainties.

NEW JERSEY SEEDS, INC. DBA: SEEDS - ACCESS CHANGES EVERYTHING
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Standard

The Organization has adopted the current expected credit losses (CECL) methodology for estimating credit losses on financial assets, effective September 1, 2023, utilizing the modified retrospective transition method. The adoption of CECL resulted in changes to the Organization's account policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses. The Organization also updated its accounting policies for determining the recoverability of trade receivables, loans, and other financial assets. The adoption of this standard did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

Accounts and Pledges Receivable

The Organization charges uncollectible accounts or pledges receivable to operations when determined to be uncollectible. The Organization provides for doubtful amounts through a charge to operations and a credit to an allowance for credit losses, which is based on historical loss experience, current economic conditions, forward-looking information, and an assessment of specific donors' ability to pay. Management has determined that \$32,011 was necessary for an allowance at August 31, 2024 and 2023, respectively.

Marketing and Public Relations

Marketing and public relations costs are expensed as incurred and located in student educational expenses and printing, publications and marketing of the statement of functional expenses. Marketing and public relations expense for the years ended August 31, 2024 and 2023, was \$49,469 and \$42,232, respectively.

NEW JERSEY SEEDS, INC. DBA: SEEDS - ACCESS CHANGES EVERYTHING
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Organization leases office space and equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in the operating lease ROU assets, long term lease liability- operating and short-term lease liability-operating, and operating leases on the statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and the lease liabilities present the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and the leases are not included as lease liabilities or right of use assets on the statements of financial position.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Subsequent Events

Subsequent events have been evaluated through December 19, 2024 which is the date the financial statements were available to be issued.

NEW JERSEY SEEDS, INC. DBA: SEEDS - ACCESS CHANGES EVERYTHING
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE 2 PLEDGES RECEIVABLE

Pledges receivable are due as follows:

	2024	2023
Within One Year	\$ 1,159,699	\$ 522,929
In One to Five Years	3,156,700	88,500
Total	4,316,399	611,429
Less: Discount to Net Present Value at Rates Ranging from 1% to 4.47%	(411,593)	(3,884)
Less: Allowance for Uncollectible Promises to Give	(32,011)	(32,011)
Total	<u>\$ 3,872,795</u>	<u>\$ 575,534</u>

NOTE 3 FIXED ASSETS

Fixed assets are summarized as follows:

	2024	2023
Office Equipment	\$ 582,183	\$ 562,341
Automobiles	21,503	21,503
Computer Software	514,031	514,031
Total	1,117,717	1,097,875
Less: Accumulated Depreciation	(1,028,190)	(985,863)
Fixed Assets, Net	<u>\$ 89,527</u>	<u>\$ 112,012</u>

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods for the years ended August 31:

	2024	2023
Subject to the Passage of Time:		
Long-Term Pledges Receivable	\$ 3,979,788	\$ 549,000
Endowments	3,482,368	3,467,368
Total Net Assets with Donor Restrictions	<u>\$ 7,462,156</u>	<u>\$ 4,016,368</u>

NEW JERSEY SEEDS, INC. DBA: SEEDS - ACCESS CHANGES EVERYTHING
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE 5 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions as follows for the years ended August 31:

	2024	2023
Satisfaction of Purpose Restrictions:		
Scholars & Young Scholars	\$ 50,000	\$ 484,887
College Scholars	117,000	70,650
Allumni Relations	-	38,650
Guidance Program	-	15,000
Time Restricted	348,500	10,000
Total Net Assets Released from Donor Restrictions	<u>\$ 515,500</u>	<u>\$ 619,187</u>

NOTE 6 INVESTMENTS

Investments consist of both donor-restricted net assets and assets designated by the board of trustees for long-term purposes. They are invested as follows:

	2024	2023
Cash and Cash Equivalents	\$ 70,268	\$ 45,349
Equity Mutual Funds	4,332,481	4,424,425
Fixed Income Mutual Fund	1,737,657	2,163,537
Treasury Bills	346,573	-
Equity and Debt Securities Held Through a Family Limited Partnership Interest	7,928	6,611
Total Investments	<u>\$ 6,494,907</u>	<u>\$ 6,639,922</u>

The Organization has categorized its investments based on the priority of 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 investments fall within the different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the investment.

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NOTE 6 INVESTMENTS (CONTINUED)

The Investment Committee periodically monitors the investment portfolios for consistency in each investment manager's investment philosophy, return relative to objectives and investment risk measured by asset concentration, exposure to extreme economic conditions, and volatility.

	Level 1	Level 2	Level 3	Total
<u>August 31, 2024</u>				
Cash and Cash Equivalents	\$ 70,268	\$ -	\$ -	\$ 70,268
Equity Mutual Funds	4,332,481	-	-	4,332,481
Fixed Income Mutual Fund	1,737,657	-	-	1,737,657
Treasury Bills	346,573	-	-	346,573
Partnership Interests	-	-	7,928	7,928
Total Investments at Fair Value	<u>\$ 6,486,979</u>	<u>\$ -</u>	<u>\$ 7,928</u>	<u>\$ 6,494,907</u>
<u>August 31, 2023</u>				
Cash and Cash Equivalents	\$ 45,349	\$ -	\$ -	\$ 45,349
Equity Mutual Funds	4,424,425	-	-	4,424,425
Fixed Income Mutual Fund	2,163,537	-	-	2,163,537
Partnership Interests	-	-	6,611	6,611
Total Investments at Fair Value	<u>\$ 6,633,311</u>	<u>\$ -</u>	<u>\$ 6,611</u>	<u>\$ 6,639,922</u>

The following table provides further details of Level 3 fair value measurements:

	2024	2023
Balance - Beginning of Year	\$ 6,611	\$ 6,715
Realized and Unrealized Loss	1,317	(104)
Balance - End of Year	<u>\$ 7,928</u>	<u>\$ 6,611</u>

NOTE 7 RETIREMENT PLAN

The Organization instituted an employee retirement plan under Section 401(k) of the Internal Revenue Code. The plan covers substantially all full-time employees. Under the plan, employees may voluntarily contribute a percentage of their pretax compensation to the plan subject to Internal Revenue Service limits, with SEEDS matching employee contributions by approximately 50% of the first 6% of employee-eligible compensation. Employer matching contributions to the plan amounted to \$44,797 and \$45,157 for the years ended August 31, 2024 and 2023, respectively.

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NOTE 8 LEASES – ASC 842

The Organization leases office space for a term under long-term non-cancelable operating lease agreements. The leases expire at various dates through 2028. In the normal course of business, it is expected that the leases will be renewed or replaced by similar leases. The Organization includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The Organization's operating lease provides for increases in future minimum annual rental payments. Additionally, the operating lease agreement requires the Organization to pay real estate taxes, insurance, and repairs.

The following table provides quantitative information concerning the Organization's leases:

	2024	2023
Total Operating Lease Cost	\$ 188,371	\$ 188,371
Other Information		
Operating Cash Flows from Operating Leases	191,510	186,665
Right-of-Use Assets Obtained in Exchange for		
Operating Lease Liabilities:	-	1,069,047
Weighted-Average Operating Leases Term:	4.3 Years	5.3 Years
Weighted-Average Operating Leases Discount Rate:	3.00 %	3.00 %

The Organization classifies the total undiscounted lease payments that are used in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of August 31, 2024 is as follows:

<u>Year Ending August 31,</u>	<u>Operating Leases</u>
2025	\$ 193,933
2026	196,908
2027	196,536
2028	201,777
2029	68,133
Total Lease Payments	857,287
Less: Interest	(52,805)
Present Value of Lease Liabilities	<u>\$ 804,482</u>

NOTE 9 CONCENTRATION OF CREDIT RISK

SEEDS maintains cash and cash equivalent balances at several financial institutions which, in some instances, may exceed insured limits. The Organization's exposure to concentrations of credit risk is limited by its policy of investing in diverse investments.

NOTE 10 TAXES

At August 31, 2024, all required tax returns have been filed.

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NOTE 11 COMMITMENT AND CONTINGENCIES

The Organization has an annual employment agreement with the executive director. The agreement provides for a base annual salary and, among other items, employee benefits; performance bonuses and reasonable expenses.

NOTE 12 ENDOWMENT FUND

The Organization follows accounting standards that provide clarification on accounting for donor-restricted endowment funds. The guidance prescribes that the portion of donor-restricted endowment funds that are classified as permanently restricted should not be reduced by losses on the investment of the fund or an organization's appropriations from the fund.

The board of trustees' interpretation requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this, the Organization classifies as net assets with donor restrictions, the original value of gifts donated to the endowment and the original value of subsequent gifts to the endowment, as well as earnings on those gifts.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the principal of contributions
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

The board of trustees' primary objective, in this regard, is to add value and minimize risk in managing the assets of the fund while providing a hedge against inflation into the future. It is the intent of the board of trustees to grow the endowment and utilize the total return (income plus capital change) to further the mission of the Organization. In recognition of the prudence required of fiduciaries, reasonable diversification of quality investment securities will be sought where possible, knowing that fluctuating rates of return are a characteristic of the investment market, and performance cycles cannot be accurately predicted.

The funds may be held in individual securities or mutual funds; may be comprised of domestic and international securities; and will be further diversified into asset classes by their market capitalization.

The Organization may distribute the calendar-year income (without regard to unrealized gains or losses) generated from the endowment fund. Income is defined as dividends, interest, and net realized gains.

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NOTE 13 ENDOWMENT FUND (CONTINUED)

Changes in endowment net assets for the years ended August 31 are as follows:

August 31, 2024	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 652,121	\$ 3,467,368	\$ 4,119,489
Investment Return, Net	484,311	-	484,311
Released from Donor Restrictions	(410,759)		(410,759)
Contributions	-	15,000	15,000
Endowment Net Assets - End of Year	<u>\$ 725,673</u>	<u>\$ 3,482,368</u>	<u>\$ 4,208,041</u>
 August 31, 2023			
Endowment Net Assets - Beginning of Year	\$ 586,077	\$ 3,452,368	\$ 4,038,445
Investment Return, Net	299,278	-	299,278
Released from Donor Restrictions	(233,234)	-	(233,234)
Contributions	-	15,000	15,000
Endowment Net Assets - End of Year	<u>\$ 652,121</u>	<u>\$ 3,467,368</u>	<u>\$ 4,119,489</u>

Contributions include donor-restricted contributions, the change in the allowance for uncollectible pledges, and amortization of present value of pledges made for more than one year. Endowment funds are invested with operating funds and all investment income is available for operating expenses at the board of trustee's discretion.

As of August 31, 2024 and 2023, the Organization had the following endowment net asset composition by type of fund:

August 31, 2024	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 Donor	\$ -	\$ 3,482,368	\$ 3,482,368
Accumulated Investment Gains	725,673	-	725,673
Total	<u>\$ 725,673</u>	<u>\$ 3,482,368</u>	<u>\$ 4,208,041</u>
 August 31, 2023			
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 3,467,368	\$ 3,467,368
Accumulated Investment Gains	652,121	-	652,121
Total	<u>\$ 652,121</u>	<u>\$ 3,467,368</u>	<u>\$ 4,119,489</u>

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NOTE 13 ENDOWMENT FUND (CONTINUED)

Funds with Deficiencies

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At August 31, 2024 and 2023, there were no funds with deficiencies.

NOTE 13 FUNCTIONAL EXPENSES

The costs of providing the Organization's program services, management and general, and development are separately summarized in the statements of functional expenses. Accordingly, certain costs have been allocated among those program services, management and general, and development. Management and general costs include those expenses that are not directly identifiable with any other specific function but do provide for the overall support and direction of the Organization.

The financial statements contain certain categories of expense that are attributed to more than one supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries and related payroll expenses and fringe benefits are allocated based on position, and time and effort. In addition, facility costs and office expenses are allocated based on the same allocation used for payroll. All other categories are allocated based on direct costs.

NOTE 14 LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets as of August 31, 2024 and 2023, reduced by any amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	2024	2023
Cash and Cash Equivalents	\$ 664,205	\$ 347,674
Accounts Receivable, Net	34,812	30,875
Pledges Receivable, Net	1,159,699	522,929
Level 1 Investments	6,486,979	6,633,311
Total Financial Assets	8,345,695	7,534,789
Less Amounts Not Available to be Used Within One Year:		
Net Assets With Donor Restrictions	(7,462,156)	(4,016,368)
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	\$ 883,539	\$ 3,518,421

The Organization's goal is to maintain financial assets to meet operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

