



FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

THE CONCORD CONSORTIUM, INCORPORATED

Contents
September 30, 2024 and 2023

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Independent Auditor's Report

To the Board of Directors of
The Concord Consortium, Incorporated:

Opinion

We have audited the financial statements of The Concord Consortium, Incorporated (a Massachusetts corporation, not for profit) (the CC) which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of The Concord Consortium, Incorporated as of September 30, 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). 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 CC 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, which raise substantial doubt about the CC'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 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS and *Government 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 CC'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, which raise substantial doubt about the CC'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.

AAFCPA, Inc.

Westborough, Massachusetts
December 18, 2024

THE CONCORD CONSORTIUM, INCORPORATED

Statements of Financial Position

September 30, 2024 and 2023

Assets	2024	2023
Current Assets:		
Cash and cash equivalents	\$ 670,444	\$ 1,143,378
Restricted cash	469,572	1,370,790
Grants receivable	1,868,907	1,298,843
Prepaid expenses and other assets	41,148	65,138
Total current assets	3,050,071	3,878,149
Deposits	33,750	37,670
Right-of-Use Asset - Operating	353,272	546,237
Total assets	<u>\$ 3,437,093</u>	<u>\$ 4,462,056</u>
Liabilities and Net Assets		
Current Liabilities:		
Current portion of operating lease obligation	\$ 206,801	\$ 192,352
Accounts payable	337,620	340,876
Accrued expenses	550,868	600,688
Grant advances	511,175	436,705
Total current liabilities	1,606,464	1,570,621
Operating lease obligation, net of current portion	158,694	365,495
Total liabilities	<u>1,765,158</u>	<u>1,936,116</u>
Net Assets:		
Without donor restrictions:		
Operating	1,202,363	1,148,879
Development fund	-	6,271
Total without donor restrictions	1,202,363	1,155,150
With donor restrictions	469,572	1,370,790
Total net assets	<u>1,671,935</u>	<u>2,525,940</u>
Total liabilities and net assets	<u>\$ 3,437,093</u>	<u>\$ 4,462,056</u>

THE CONCORD CONSORTIUM, INCORPORATEDStatements of Activities and Changes in Net Assets
For the Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Changes in Net Assets Without Donor Restrictions:		
Operating support and revenue:		
Grants	\$ 8,903,665	\$ 8,740,168
Net assets released from purpose restrictions	901,218	667,965
Contracts and other	510,652	768,883
In-kind services	57,546	133,383
	<u>10,373,081</u>	<u>10,310,399</u>
Operating expenses:		
Program services	8,009,493	8,025,651
Management and general	2,316,375	2,292,748
	<u>10,325,868</u>	<u>10,318,399</u>
Changes in net assets without donor restrictions	47,213	(8,000)
Changes in Net Assets With Donor Restrictions:		
Net assets released from purpose restrictions	<u>(901,218)</u>	<u>(667,965)</u>
Changes in net assets	(854,005)	(675,965)
Net Assets:		
Beginning of year	<u>2,525,940</u>	<u>3,201,905</u>
End of year	<u>\$ 1,671,935</u>	<u>\$ 2,525,940</u>

THE CONCORD CONSORTIUM, INCORPORATED

Statements of Cash Flows

For the Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ (854,005)	\$ (675,965)
Adjustment to reconcile changes in net assets to net cash used in operating activities:		
Non-cash lease expense	613	11,610
Changes in operating assets and liabilities:		
Grants receivable	(570,064)	(41,824)
Prepaid expenses and other assets	23,990	(14,569)
Deposits	3,920	874
Accounts payable	(3,256)	110,031
Accrued expenses	(49,820)	250
Grant advances	74,470	(4,078)
	<u>(1,374,152)</u>	<u>(613,671)</u>
Net cash used in operating activities	<u>(1,374,152)</u>	<u>(613,671)</u>
Net Change in Cash, Cash Equivalents and Restricted Cash	<u>(1,374,152)</u>	<u>(613,671)</u>
Cash, Cash Equivalents and Restricted Cash:		
Beginning of year	<u>2,514,168</u>	<u>3,127,839</u>
End of year	<u><u>\$ 1,140,016</u></u>	<u><u>\$ 2,514,168</u></u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid for amounts included in the measurement of operating lease liabilities	<u><u>\$ 210,751</u></u>	<u><u>\$ 196,620</u></u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Statements of Financial Position:		
Cash and cash equivalents	\$ 670,444	\$ 1,143,378
Restricted cash	<u>469,572</u>	<u>1,370,790</u>
Total cash, cash equivalents and restricted cash	<u><u>\$ 1,140,016</u></u>	<u><u>\$ 2,514,168</u></u>

THE CONCORD CONSORTIUM, INCORPORATED

Statements of Functional Expenses
For the Years Ended September 30, 2024 and 2023

	2024			2023		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Related Costs:						
Salaries	\$ 3,605,805	\$ 1,385,488	\$ 4,991,293	\$ 3,502,285	\$ 1,289,423	\$ 4,791,708
Payroll taxes and fringe benefits	1,132,765	432,459	1,565,224	1,085,454	397,060	1,482,514
Total salaries and related costs	4,738,570	1,817,947	6,556,517	4,587,739	1,686,483	6,274,222
Other:						
Subcontractors	1,595,757	-	1,595,757	1,738,810	-	1,738,810
Consultants	815,293	106,488	921,781	830,926	66,375	897,301
Technology, equipment and maintenance	324,197	127,842	452,039	390,059	138,255	528,314
Occupancy	183,400	73,954	257,354	209,412	76,133	285,545
Travel	104,827	27,914	132,741	79,509	38,185	117,694
Meeting and conferences	71,269	8,336	79,605	7,917	56,486	64,403
Participant support	69,059	-	69,059	111,827	-	111,827
Other expenses	64,939	3,662	68,601	31,055	2,862	33,917
Professional fees	-	60,213	60,213	-	44,398	44,398
In-kind services	-	57,546	57,546	-	133,383	133,383
Insurance	-	22,880	22,880	-	23,667	23,667
Printing, copying and postage	18,580	3,828	22,408	14,704	6,202	20,906
Telephone	11,912	554	12,466	13,841	617	14,458
Supplies	7,654	1,873	9,527	7,225	17,080	24,305
Dues and subscriptions	2,356	3,338	5,694	2,627	2,622	5,249
Total other	3,269,243	498,428	3,767,671	3,437,912	606,265	4,044,177
Depreciation	1,680	-	1,680	-	-	-
Total operating expenses	\$ 8,009,493	\$ 2,316,375	\$ 10,325,868	\$ 8,025,651	\$ 2,292,748	\$ 10,318,399

The accompanying notes are an integral part of these statements.

THE CONCORD CONSORTIUM, INCORPORATED

Notes to Financial Statements
September 30, 2024 and 2023

1. OPERATIONS AND NONPROFIT STATUS

The Concord Consortium, Incorporated (the CC) was founded in 1994 as a private, not-for-profit organization engaged in education research and development primarily in mathematics and science. The CC's mission is to stimulate large-scale, technology-based improvements in teaching and learning. The CC operates from offices in Concord, Massachusetts and El Cerrito, California.

The CC is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The CC is also exempt from state income taxes. Contributions made to the CC are deductible by donors within the IRC requirements.

2. SIGNIFICANT ACCOUNTING POLICIES

The CC prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Recently Adopted Accounting Pronouncement

FASB issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which introduced the Current Expected Credit Loss (CECL) model for estimating allowances for credit losses. The CC adopted ASU 2016-13 effective October 1, 2023, using the modified retrospective method. In accordance with Topic 326, the CC evaluates certain criteria, including aging and historical write-offs, current economic condition of specific payors, and future economic conditions to determine the appropriate allowance for credit losses. There was no impact of the adoption of ASC Topic 326 to the CC's opening balance of net assets as of October 1, 2023.

Cash, Cash Equivalents and Restricted Cash

For the purpose of the statements of cash flows, management considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. Restricted cash represents donor restricted cash.

Fair Value Measurements

The CC follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the CC would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The CC uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the CC. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

THE CONCORD CONSORTIUM, INCORPORATED

Notes to Financial Statements
September 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

The three-tier hierarchy of inputs is as follows:

- Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2: Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3: Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All of the CC's qualifying assets and liabilities are valued using Level 1 inputs.

Lease Accounting

The CC determines whether an arrangement is a lease at inception of a contract. A contract is determined to be or contain a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. The CC's lease agreements generally do not contain any material residual value guarantees or material restrictive covenants. The CC determines lease classification as operating or finance at the lease commencement date. The CC does not have any contracts where they serve as a lessor.

In evaluating its contracts, the CC separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the right-of-use (ROU) assets and lease obligations. The CC has elected the practical expedient to combine lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease component.

Leases result in the recognition of ROU assets and lease obligations on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease obligation represents the obligation to make lease payments arising from the lease, measured on a discounted basis.

At lease inception, the lease obligation is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease obligation adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. Unless the CC's leases provide an implicit interest rate within the lease contract, the CC uses the practical expedient allowing for the use of the risk-free rate, at the commencement date of the lease for determining the present value of lease payments.

In determining lease terms, leases which include options to extend the lease are considered in the determination of the ROU asset and lease obligation when it is reasonably certain that the CC will exercise that option. Lease expense is generally recognized on a straight-line basis over the lease term.

The CC has elected not to record leases with an initial term of twelve months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Grants and Contributions

In accordance with ASC Subtopic 958-605, *Revenue Recognition (Topic 958)*, the CC must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists (see Note 3). Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the CC should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

The CC's revenue is principally derived from research sponsored by the U.S. Government, foundations, and other private institutions. The terms of these research grants generally require the CC to provide progress and final reports to the grantor and to satisfy other specific terms and conditions related to the research. Grants revenue is recognized as project expenses are incurred, including applicable indirect costs which are based primarily on negotiated indirect cost recovery rates based on prior-year actual costs.

The majority of funds received are cost reimbursable contracts. Allowable indirect expenses are charged to grants and contracts as a percentage of direct costs expended on the projects. Grants and contracts revenue are recognized as costs are incurred. Expenditures in excess of funds received on projects are shown as grants and contracts receivable in the accompanying financial statements. Project expenses in excess of grant income are recognized when incurred and identified. Grant funding received in advance or in excess of the related project expenses is recorded as a grant advance liability.

Grants and contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as costs are incurred or as time restrictions or program restrictions have lapsed. Donor-restricted grants received and satisfied in the same period are included in revenue and net assets without donor restrictions.

Contracts with Customers

The CC generally measures revenue for qualifying exchange transactions based on the amount of consideration the CC expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the CC satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The CC evaluates its revenue contracts with customers based on the five-step model under ASC, *Revenue from Contracts with Customers (Topic 606)*: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

THE CONCORD CONSORTIUM, INCORPORATED

Notes to Financial Statements
September 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contracts with Customers (Continued)

The CC is contracted to provide research, educational, and data processing services to various customers. The CC recognizes revenue either at a point in time upon submission of final deliverables or over the contract period as expenses are incurred. Performance obligations are determined based on the nature of the services provided by the CC, and the transaction price is determined based on prospectively determined rates as defined in the contracts. The CC recognized revenue of \$452,225 and \$745,204 for the years ended September 30, 2024 and 2023, respectively, under ASC Topic 606 for services provided over time, which is included in contract and other revenue in the accompanying statements of activities and changes in net assets.

The CC also sells a software it developed, and recognizes revenue at a point in time as individual customers purchase and download the software online. The transaction price is pre-determined and listed on a third-party's website. The CC recognized \$3,920 and \$4,404 of revenue related to their software for the years ended September 30, 2024 and 2023, respectively. This amount is included in contract and other revenue in the accompanying statements of activities and changes in net assets.

As of September 30, 2024 and 2023, and October 1, 2022, the CC did not have any material contract assets or liabilities in accordance with ASC Topic 606.

The following table presents a disaggregation of the CC's contract revenue with customers, by type, for the years ended September 30:

	<u>2024</u>	<u>2023</u>
Recognized over time	\$ 452,225	\$ 745,204
Recognized at a point in time	<u>3,920</u>	<u>4,404</u>
	<u>\$ 456,145</u>	<u>\$ 749,608</u>

All other income is recognized as revenue when earned.

Expense Allocation and Classifications

Expenses related directly to a program are distributed to that program, while other expenses are allocated to programs based upon management's estimate of the percentage attributable to each function.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are salaries and related expenses which are allocated on the basis of estimates of percentages of time and effort attributable to each function.

THE CONCORD CONSORTIUM, INCORPORATED

Notes to Financial Statements
September 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the CC. The CC has grouped its net assets without donor restrictions into the following categories:

- **Operating** represents amounts that are currently available for operations.
- **Development fund** represents surplus amounts which have been designated for specific internal projects that are likely to increase the CC's future income and public exposure. During fiscal year 2023, no amounts were spent from these funds. During fiscal year 2024 these funds were fully spent.

Net assets with donor restrictions consist of donor-restricted grants designated for a specific purpose or for future periods. These amounts are recorded as net assets with donor restrictions until they are expended for their designated purpose or until the time restrictions expire. Net assets with donor restrictions at September 30, 2024 and 2023, are purpose restricted.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Grants Receivable and Allowance for Doubtful Accounts

Grants receivable consist of government and private grants and are recorded based upon amounts unconditionally committed or invoice amount. Unconditional promises to give are reported as grants receivable at net realizable value on the date the promise is verifiably committed. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value, and those that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met. An allowance for doubtful accounts is recorded based on management's analysis of specific grants and contracts that may be uncollectible, if any. As of September 30, 2024 and 2023, there was no allowance for doubtful accounts recorded.

Property and Equipment

Property, equipment, furniture and fixtures with a cost exceeding \$5,000 and a useful life greater than one year, are capitalized at cost when purchased or at fair value at the date of donation. Renewals and betterments are capitalized as additions to the related asset accounts, while repairs and maintenance are expensed as incurred.

Income Taxes

The CC accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The CC has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at September 30, 2024 and 2023. The CC's information returns are subject to examination by the Federal and state jurisdictions.

THE CONCORD CONSORTIUM, INCORPORATED

Notes to Financial Statements
September 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Services

In-kind services 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 CC. These services are based upon the estimated fair value assigned to them by the donating individuals, organizations or by management. In-kind services do not have donor-imposed restrictions and are recognized as both support and expense. These services are reflected in the accompanying financial statements based upon the estimated value assigned to them by the donating company. The estimated fair value of these contributions of nonfinancial assets (in-kind services) was \$57,546 and \$133,383 for the years ended September 30, 2024 and 2023, respectively.

Subsequent Events

Subsequent events have been evaluated through December 18, 2024, which is the date the financial statements were available to be issued. There were no events which met the criteria for recognition or disclosure in the financial statements.

3. GRANTS

The CC received a significant portion of its total grant revenue without donor restrictions (approximately 82% and 79% for the years ended September 30, 2024 and 2023, respectively) from the National Science Foundation (NSF) under cost reimbursable grants. These reimbursements are subject to audit by NSF. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the CC as of September 30, 2024 and 2023, or on the changes in its net assets for the years then ended.

The CC has the following concentrations within grants receivable at September 30:

	2024		2023	
	Amount	Ratio	Amount	Ratio
NSF - Direct funding	\$ 970,445	52%	\$ 524,165	40%
Michigan State University	\$ -	- %	\$ 136,400	11%

The CC has been awarded multiple conditional commitments from NSF for future periods, which contain funder-imposed conditions that represent a barrier that must be overcome, as well as a release from obligations. The CC recognizes related revenue from these government contracts when funder-imposed conditions are substantially met (see Note 2). The funder-imposed conditions for these commitments include the requirement for the CC to incur allowable costs. These commitments are not included in the accompanying financial statements. Amounts conditionally committed by NSF, but not recognized as of September 30, 2024 and 2023, totaled \$9,666,468 and \$14,336,430, respectively.

4. LEASE AGREEMENTS

The CC has multiple operating lease agreements for office space. The terms of these leases are from one month to six years and expire at various dates through fiscal year 2028. The monthly payments for these lease agreements range from approximately \$2,700 to \$10,500. In certain instances, these lease agreements require the CC to pay all executory costs (property taxes, maintenance and insurance) which are expensed as variable lease costs. For certain lease agreements, the CC has the option to renew these leases for additional terms of three years. The CC's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

THE CONCORD CONSORTIUM, INCORPORATED

Notes to Financial Statements
September 30, 2024 and 2023

4. LEASE AGREEMENTS (Continued)

Future minimum lease payments under operating agreements as of September 30, 2024, are as follows:

2025	\$ 217,035
2026	81,708
2027	36,882
2028	37,989
2029	<u>9,567</u>
Total future undiscounted lease payments	383,181
Less - present value discount	17,686
Less - current portion	<u>206,801</u>
Lease liability, net of current portion	<u>\$ 158,694</u>

The following summarizes the lease expense for the year ended September 30, which is included in occupancy in the accompanying statements of functional expenses:

	<u>2024</u>	<u>2023</u>
Operating lease costs	\$ 211,364	\$ 202,468
Variable lease costs	14,187	17,904
Short-term lease costs	<u>1,317</u>	<u>6,120</u>
Total lease costs	<u>\$ 226,868</u>	<u>\$ 226,492</u>

The following summarizes cash flow information related to leases for the year ended September 30:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of operating lease liabilities:	<u>\$ 210,751</u>	<u>\$ 196,620</u>
ROU assets obtained in exchange for lease obligations	<u>\$ -</u>	<u>\$ 724,600</u>

The following summarizes the weighted-average remaining lease term and discount rate as of September 30:

	<u>2024</u>	<u>2023</u>
Weighted-Average Remaining Lease Term (Years)	2.42	3.09
Weighted-Average Discount Rate	4.05%	4.06%

5. NOTE PAYABLE TO A BANK

The CC has a line of credit agreement which allows for borrowings up to \$750,000. Borrowings under the agreement are due on demand and interest is payable monthly at the bank's prime rate (8.00% and 8.50% at September 30, 2024 and 2023, respectively), but not less than 5%. Borrowings on the line of credit are secured by all business assets of the CC. As of September 30, 2024 and 2023, there were no outstanding balances under this agreement.

THE CONCORD CONSORTIUM, INCORPORATED

Notes to Financial Statements
September 30, 2024 and 2023

6. RETIREMENT PLAN

The CC offers a TIAA-CREF 403(b) Retirement Plan. Each eligible employee who works at least four hours per week each month receives a retirement contribution from the CC of at least 5% of their monthly salary, starting the first day of employment. The CC does not make contributions for temporary and student employees. All contributions are immediately vested. At its discretion, the CC makes contributions larger than 5% of each eligible employee's salary. In fiscal years 2024 and 2023, the CC contributed 10% of each eligible employee's salary. The CC's contribution for the years ended September 30, 2024 and 2023, was \$503,300 and \$481,620, respectively, and is included in payroll taxes and fringe benefits in the accompanying statements of functional expenses.

7. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The CC's financial assets available within one year from the statements of financial position date for general operating expenses are as follows at September 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 670,444	\$ 1,143,378
Grants receivable	<u>1,868,907</u>	<u>1,298,843</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,539,351</u>	<u>\$ 2,442,221</u>

The CC's financial assets are available for use to cover its obligations as they become due. As of September 30, 2024 and 2023, the CC has financial assets equal to approximately three months of operating expenses, respectively (excluding in-kind services and depreciation). In addition, the CC has a line of credit agreement (see Note 5) which allows for borrowings up to \$750,000.

8. RECLASSIFICATION

Certain amounts in the fiscal year 2023 financial statements have been reclassified to conform with the fiscal year 2024 presentation.