

*National Network of State Teachers of the Year, Inc.*

*Financial Statements*

*June 30, 2022*

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***National Network of State Teachers of the Year, Inc.***

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**June 30, 2022**

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# ***FOARD AND COMPANY, P.A.***

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
National Network of State Teachers of the Year, Inc.  
Wichita, Kansas

### **Opinion**

We have audited the accompanying financial statements of National Network of State Teachers of the Year, Inc. ("NNSTOY" - a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Network of State Teachers of the Year, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis of Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of National Network of State Teachers of the Year, Inc. 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 National Network of State Teachers of the Year, Inc.'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 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 in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

National Network of State Teachers of the Year, Inc.  
Wichita, Kansas

Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of National Network of State Teachers of the Year, Inc.'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 National Network of State Teachers of the Year, Inc.'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.

*Foard & Company, P.A.*

January 31, 2023

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*National Network of State Teachers of the Year, Inc.*

Statement of Financial Position

June 30, 2022

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**ASSETS**

Current Assets:

Cash	\$	600,380
Unconditional promise to give		212,500
Prepaid expenses		3,754

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***Total Current Assets*** **816,634**

Long-Term Assets:

Unconditional promise to give		112,000
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***Total Long-Term Assets*** **112,000**

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***TOTAL*** **\$ 928,634**

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**LIABILITIES AND NET ASSETS**

Current Liabilities:

Accrued expenses	\$	56,718
Deferred revenue		105,000

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***Total Current Liabilities*** **161,718**

Net Assets:

Without donor restrictions		514,694
With donor restrictions		252,222

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***Total Net Assets*** **766,916**

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***TOTAL*** **\$ 928,634**

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***National Network of State Teachers of the Year, Inc.*****Statement of Activities****Year Ended June 30, 2022**

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	Without Donor Restrictions	With Donor Restrictions	TOTALS
<b><u>SUPPORT AND REVENUE</u></b>			
Contributions and grants	\$ 665,385	\$ 391,500	\$ 1,056,885
Fees for service	126,000	-	126,000
Events	37,198	-	37,198
Investment income	72	-	72
Net assets released from restrictions	167,500	(167,500)	-
<b><i>Total Support and Revenue</i></b>	<b><i>996,155</i></b>	<b><i>224,000</i></b>	<b><i>1,220,155</i></b>
<b><u>EXPENSES</u></b>			
Program services	336,075	-	336,075
Management and general	105,442	-	105,442
Fundraising	102,506	-	102,506
<b><i>Total Expenses</i></b>	<b><i>544,023</i></b>	<b><i>-</i></b>	<b><i>544,023</i></b>
<b><i>CHANGE IN NET ASSETS</i></b>	<b><i>452,132</i></b>	<b><i>224,000</i></b>	<b><i>676,132</i></b>
<b><i>NET ASSETS, BEGINNING</i></b>	<b><i>62,562</i></b>	<b><i>28,222</i></b>	<b><i>90,784</i></b>
<b><i>NET ASSETS, ENDING</i></b>	<b><i>\$ 514,694</i></b>	<b><i>\$ 252,222</i></b>	<b><i>\$ 766,916</i></b>

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***National Network of State Teachers of the Year, Inc.*****Statement of Functional Expenses****Year Ended June 30, 2022**

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	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>TOTALS</u>
<b><u>EXPENSES</u></b>				
Professional fees	\$ 47,778	\$ 74,446	\$ 102,506	\$ 224,730
Contract services and stipends	178,552	-	-	178,552
Salaries and wages	76,000	19,000	-	95,000
Payroll taxes	6,010	1,503	-	7,513
Employee benefits	7,393	1,848	-	9,241
Marketing	13,562	-	-	13,562
Administrative	5,280	2,849	-	8,129
Dues and subscriptions	-	3,447	-	3,447
Insurance	-	2,200	-	2,200
Scholarships	1,500	-	-	1,500
Meals and entertainment	-	149	-	149
<b><i>TOTAL EXPENSES</i></b>	<b>\$ 336,075</b>	<b>\$ 105,442</b>	<b>\$ 102,506</b>	<b>\$ 544,023</b>

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*National Network of State Teachers of the Year, Inc.*

Statement of Cash Flows

Year Ended June 30, 2022

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**OPERATING ACTIVITIES**

Change in net assets	\$	676,132
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
(Increase) decrease in operating assets:		
Unconditional promises to give		(324,500)
Accounts receivable		24,999
Prepaid expenses		13,069
(Decrease) in operating liabilities:		
Accrued expenses		56,031
Deferred revenue		(113,500)
<u>Cash Flows from Operating Activities</u>		<u>332,231</u>
<b>NET CHANGE IN CASH</b>		<b>332,231</b>
<b>CASH, BEGINNING</b>		<b>268,149</b>
<b>CASH, ENDING</b>	<b>\$</b>	<b><u>600,380</u></b>



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# ***National Network of State Teachers of the Year, Inc.***

## **Notes to Financial Statements**

**June 30, 2022**

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### **NOTE A – NATURE OF ACTIVITIES**

#### ***Background and Operations***

Founded in 1980, the National Network of State Teachers of the Year (NNSTOY) is the professional home for Teachers of the Year and Finalists after their year of recognition and service. NNSTOY has a history of advancing equity-driven projects to improve policy, practice and advocacy on behalf of all students. NNSTOY is a diverse network of educators who teach in every state and represent every subject area and lead in elected, appointed, and volunteer positions.

### **NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of Presentation***

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

*Net Assets Without Donor Restrictions* – Net assets without donor restrictions are those currently available for use in day-to-day operations of NNSTOY. From time to time, the Board of Directors may designate certain amounts to be utilized or invested to meet specific objectives.

*Net Assets With Donor Restrictions* - Net assets with donor restrictions consist of those with stipulations that may be temporary in nature, which are subject to donor-imposed stipulations that may or will be met, either by actions of NNSTOY or the passage of time and net assets that are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Restricted contributions whose restrictions are met in the same reporting period as received are reported as net assets without donor restrictions support. At June 30, 2022, net assets with donor restrictions consisted of \$224,000 time-restricted for the year ending June 30, 2023 and June 30, 2024. NNSTOY also had purpose restricted net assets of \$28,222 to be used for scholarships. At June 30, 2022, NNSTOY had no net assets with stipulations to be maintained in perpetuity.

#### ***Contributions and Grants***

NNSTOY reports contributions and grants of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose of the 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.

#### ***Fee for Service Revenue***

NNSTOY has contractual agreements with various school districts. NNSTOY recognizes revenue related to these contractual agreements as performance obligations are satisfied. These performance obligations typically consist of in-person teaching sessions or virtual sessions.

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# ***National Network of State Teachers of the Year, Inc.***

## **Notes to Financial Statements**

**June 30, 2022**

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### *Donated Services and Goods*

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. During the year, NNSTOY recorded no donated goods or services.

In addition, many individuals volunteer their time and perform a variety of tasks that assist NNSTOY with specific assistance programs and various assignments. However, this amount has not been reflected in the accompanying financial statements as the value of these contributed services does not meet the criteria for recognition.

### *Unconditional Promises to Give*

Unconditional promises to give is presented at net realizable value with no allowance for bad debt or present value discount based on management's review of the individual accounts, historical experience, and current economic conditions. The balance at June 30, 2022 was \$324,500. NNSTOY expects to receive \$212,500 during the year ending June 30, 2023 and \$112,000 during the year ending June 30, 2024.

### *Property and Equipment*

Property and equipment are recorded at cost at the date of acquisition or the approximate fair market value at the date of donation in the case of gifts. Property and equipment with an initial cost of \$2,500 or more are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. As of June 30, 2022, NNSTOY had not purchased any property and equipment.

### *Deferred Revenue*

Deferred revenue represents amounts received for services that have not been earned at year-end for fees for service and events during the year ending June 30, 2023.

### *Functional Allocation of Expenses*

NNSTOY's activities are focused in three functional areas. Program services represent the primary focus of NNSTOY's activities. Supporting services are fundraising activities and general and administrative activities. The expenses that are allocated include personnel, the related benefits, and professional fees which are allocated based on management's estimates of time and effort. All other expenses are allocated based on an analysis by management of the various expenses that comprise those costs.

### *Income Tax Status*

NNSTOY is a nonprofit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation.

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# ***National Network of State Teachers of the Year, Inc.***

## **Notes to Financial Statements**

**June 30, 2022**

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### Use of Estimates

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

### **NOTE C – DEFERRED REVENUE**

The following table provides information about significant changes in fees related to NNSTOY's conference:

Deferred revenue, beginning of year	\$ 218,500
Revenue recognized that was included in deferred revenue	(218,500)
Increase in deferred revenue due to cash received during the year	<u>105,000</u>
Deferred revenue, end of year	<u>\$ 105,000</u>

### **NOTE D – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

NNSTOY has \$812,880 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$600,380 and receivables of \$212,500, which are expected to be collected during the year. Of these financial assets available \$28,222, are not available for general expenditure within one year. NNSTOY has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

### **NOTE E – CONCENTRATIONS OF RISK**

#### Support

During the year, NNSTOY received 64% of its total revenue from three sources. This concentration of revenue represents a significant risk that operations could be impacted should a major funding source reduce or discontinue funding of NNSTOY.

#### Cash in Excess of Insured Limits

Cash held in bank accounts is insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). NNSTOY holds cash in excess of the insured limits covered by the FDIC; however, NNSTOY believes it is not exposed to any significant credit risk related to these accounts.

### **NOTE F – SUBSEQUENT EVENTS**

NNSTOY has evaluated subsequent events from the date of the statement of financial position through the date of the audit report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.