
NCSL Foundation for State Legislatures

**Financial Report
with Supplemental Information
June 30, 2024**

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Independent Auditor's Report

To the Board of Directors
NCSL Foundation for State Legislatures

Opinion

We have audited the financial statements of NCSL Foundation for State Legislatures (the "Foundation"), which comprise the statement of financial position as of June 30, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024 and 2023 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 the Foundation 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 the Foundation'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
NCSL Foundation for State Legislatures

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 the Foundation'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 Foundation'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.

January 18, 2025

Statement of Financial Position

June 30, 2024 and 2023

		2024	2023
Assets			
Cash		\$ 1,252,334	\$ 1,483,753
Contributions receivable		440,000	540,000
	Total assets	\$ 1,692,334	\$ 2,023,753
Liabilities and Net Assets			
Liabilities			
Accounts payable		\$ 5,210	\$ -
Due to NCSL		242,180	475,292
	Total liabilities	247,390	475,292
Net Assets			
	Without donor restrictions	1,315,803	1,471,820
	With donor restrictions	129,141	76,641
	Total net assets	1,444,944	1,548,461
	Total liabilities and net assets	\$ 1,692,334	\$ 2,023,753

NCSL Foundation for State Legislatures

Statement of Activities and Changes in Net Assets

	Years Ended June 30, 2024 and 2023				
	2024		2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions
Revenue and Other Support					
Contributions	\$ 5,010,000	\$ 712,500	\$ 5,722,500	\$ 4,900,000	\$ 372,500
Grants	-	702,938	702,938	-	2,611,281
Interest income	20,544	-	20,544	-	-
In-kind contributions	15,000	-	15,000	15,000	-
Miscellaneous income	2,500	-	2,500	-	-
Total revenue and other support	5,048,044	1,415,438	6,463,482	4,915,000	2,983,781
Net Assets Released from Restrictions	1,362,938	(1,362,938)	-	3,188,781	(3,188,781)
Total revenue, other support, and net assets released from restrictions	6,410,982	52,500	6,463,482	8,103,781	(205,000)
Expenses					
Awards	4,427,100	-	4,427,100	4,750,500	-
Consultants and contracts	801,851	-	801,851	2,680,105	-
Personnel costs	663,994	-	663,994	524,186	-
Personnel benefits	212,617	-	212,617	164,718	-
Travel and conferences	328,332	-	328,332	262,434	-
Office expenses	87,581	-	87,581	59,895	-
Rent and maintenance	40,678	-	40,678	38,739	-
Printing and publications	4,846	-	4,846	5,961	-
Total expenses	6,566,999	-	6,566,999	8,486,538	-
Change in Net Assets	(156,017)	52,500	(103,517)	(382,757)	(205,000)
Net Assets - Beginning of year	1,471,820	76,641	1,548,461	1,854,577	281,641
Net Assets - End of year	\$ 1,315,803	\$ 129,141	\$ 1,444,944	\$ 1,471,820	\$ 76,641
					\$ 1,548,461

Statement of Functional Expenses

Year Ended June 30, 2024

	Programs	Fundraising	Administrative	Total
Awards	\$ 4,427,100	\$ -	\$ -	\$ 4,427,100
Consultants and contracts	714,226	-	87,625	801,851
Personnel costs	115,658	456,209	92,127	663,994
Personnel benefits	37,035	146,082	29,500	212,617
Travel and conferences	328,332	-	-	328,332
Office expenses	15,936	61,503	10,142	87,581
Rent and maintenance	7,086	27,949	5,643	40,678
Printing and publications	-	4,846	-	4,846
Total functional expenses	\$ 5,645,373	\$ 696,589	\$ 225,037	\$ 6,566,999

Statement of Functional Expenses

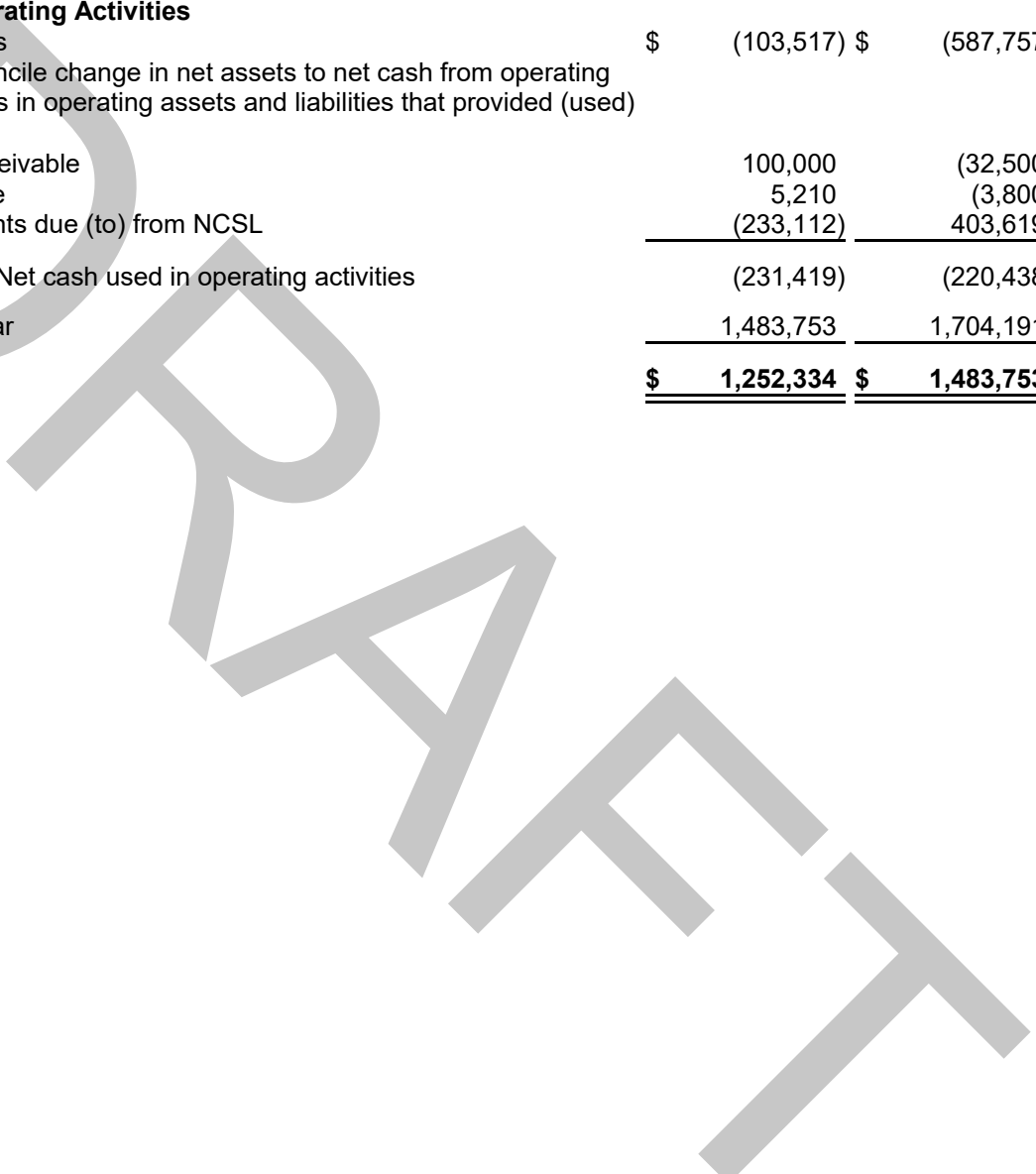
Year Ended June 30, 2023

	Programs	Fundraising	Administrative	Total
Awards	\$ 4,750,500	\$ -	\$ -	\$ 4,750,500
Consultants and contracts	2,624,842	-	55,263	2,680,105
Personnel costs	98,692	342,480	83,014	524,186
Personnel benefits	31,012	107,620	26,086	164,718
Travel and conferences	262,434	-	-	262,434
Office expenses	15,833	35,997	8,065	59,895
Rent and maintenance	7,294	25,311	6,134	38,739
Printing and publications	-	5,961	-	5,961
Total functional expenses	\$ 7,790,607	\$ 517,369	\$ 178,562	\$ 8,486,538

Statement of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ (103,517)	\$ (587,757)
Adjustments to reconcile change in net assets to net cash from operating activities - Changes in operating assets and liabilities that provided (used) cash:		
Contributions receivable	100,000	(32,500)
Accounts payable	5,210	(3,800)
Change in amounts due (to) from NCSL	(233,112)	403,619
Net Change in Cash - Net cash used in operating activities	(231,419)	(220,438)
Cash - Beginning of year	1,483,753	1,704,191
Cash - End of year	\$ 1,252,334	\$ 1,483,753



Note 1 - Nature of Business

NCSL Foundation for State Legislatures (the "Foundation") was organized and formed in February 1982 exclusively for charitable, scientific, and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code (IRC). The objectives and purposes of the Foundation are to engage in research, technical assistance, and educational activity for the benefit of state legislatures and the general public; to provide services to members and staff of the state legislatures as may be appropriate and consistent with the provisions of Section 501(c)(3) of the IRC; to receive, invest, and administer property of any kind; and to obtain and distribute the income and principal for these purposes and objectives.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of the Foundation have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Cash

The Foundation maintains its cash in a bank deposit account with a financial institution. As of June 30, 2024 and at various times throughout the year, the Foundation held cash in excess of federally insured limits of \$250,000 per depositor, per insured bank, as set by the Federal Deposit Insurance Corporation (FDIC).

Classification of Net Assets

Net assets of the Foundation 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 the Foundation.

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 the Foundation 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 and Contributions Receivable

Unconditional promises to give cash and other assets to the Foundation are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions 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 restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Note 2 - Significant Accounting Policies (Continued)

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible. Management determined that no allowance for uncollectible contributions was necessary as of June 30, 2024 and 2023.

Grant Revenue

Grant revenue received by the Foundation is considered to be a nonexchange transaction and is recognized as the conditions of the grant are met. Amounts that have been awarded but not yet recognized as revenue are treated as conditional contributions and are not reflected in the accompanying financial statements. Grant funding payments received in advance of conditions being met are recorded as deferred revenue. The Foundation does not have any conditional contributions as of June 30, 2024 and 2023.

In-kind Contributions

The Foundation recognizes contribution revenue for certain services received at the fair value of those services provided when those services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Materials are recorded at fair value at the date of donation. For the years ended June 30, 2024 and 2023, the Foundation recorded \$15,000 of in-kind contributions related to online research services. Contributed services are valued and reported at their estimated fair value in the financial statements based on current rates for similar services. These services are primarily used in programmatic functions and are included in office expenses in the accompanying statement of functional expenses.

Awards

Awards to organizations are recorded as expenses in the year the award is approved by the board or management.

Functional Allocation of Expenses

Costs of providing program and other support services have been reported on a functional basis in the statement of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses incurred directly for a program service are charged to such service. Payroll, payroll taxes, and related expenses are allocated based on actual time spent on specific program activities and based on periodic time and effort studies. Fringe benefits are allocated to all services on a pro rata basis of total direct salary expenses incurred. Certain overhead costs are also allocated to services on a pro rata basis of total square footage occupied by each service. Costs have been allocated between the various program and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Income Taxes

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

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including January 18, 2025, which is the date the financial statements were available to be issued.

Note 3 - Liquidity and Availability of Resources

The Foundation has \$1,692,334 and \$2,023,753 of financial assets as of June 30, 2024 and 2023, consisting of cash of \$1,252,334 and \$1,483,753 and contributions receivable of \$440,000 and \$540,000, respectively. All financial assets of the Foundation are available within one year of June 30, 2024 and 2023 to meet cash needs for general expenditure, except for restricted net assets that are designated for specific grants in the amount of \$6,641 as of June 30, 2024 and 2023. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The contributions receivable are subject to implied time restrictions but are expected to be collected within one year.

The Foundation has a goal to maintain financial assets, which consist of cash and contributions receivable, on hand to meet 60 days of normal operating expenses, excluding awards and contract and consultant expenses, which are, on average, approximately \$223,000. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Foundation invests cash in excess of daily requirements in the National Conference of State Legislature investment pool; however, there was zero invested during the years ended June 30, 2024 and 2023.

Note 4 - Net Assets

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

	2024	2023
Subject to the passage of time:		
Contributions received during the year for the next fiscal year	\$ 122,500	\$ 70,000
Funds due to the Foundation for future-year grants	6,641	6,641
Total	\$ 129,141	\$ 76,641

Note 5 - Related Party Transactions

The Foundation is affiliated with the National Conference of State Legislatures (NCSL). As a result of this affiliation, the Foundation receives certain management and administrative services from NCSL. The Foundation paid an administrative fee to NCSL in the amount of \$26,500 during each of the years ended June 30, 2024 and 2023 for these management and administrative services. In addition, NCSL provides personnel, office space, and facilities to the Foundation on a direct-cost basis. Such direct costs were \$1,391,782 and \$1,441,194 during the years ended June 30, 2024 and 2023, respectively.

The Foundation had a balance due to NCSL of \$242,180 and \$475,292, representing amounts due to NCSL for expenses paid on its behalf as of June 30, 2024 and 2023, respectively.

During the years ended June 30, 2024 and 2023, the Foundation granted subcontracts to NCSL in the amount of \$702,938 and \$2,611,281, respectively, which is included in consultants and contracts expense on the statement of activities and changes in net assets.

During the years ended June 30, 2024 and 2023, the Foundation awarded contributions in the amount of \$4,427,100 and \$4,750,500, respectively, to NCSL.



Supplemental Information

Independent Auditor's Report on Supplemental Information

To the Board of Directors
NCSL Foundation for State Legislatures

We have audited the financial statements of NCSL Foundation for State Legislatures as of and for the years ended June 30, 2024 and 2023 and have issued our report thereon dated January 18, 2025, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The reconciliation of sponsorship contributions - internal to audit (unaudited) and the statement of activities - internal (unaudited), which are the responsibility of management, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements; therefore, we do not express an opinion or provide any assurance on it.

January 18, 2025

NCSL Foundation for State Legislatures

Reconciliation of Sponsorship Contributions – Internal to Audit (Unaudited)

Year Ended June 30, 2024

Sponsorship contributions per statement of activities - internal	\$	5,080,000
Amounts received in fiscal year 2023 for fiscal year 2024:		
Amazon	(50,000)	
Corteva	(10,000)	
Amerisource	(10,000)	
		<u>(70,000)</u>
Contributions without donor restrictions per audited statement of activities and changes in net assets	\$	<u>5,010,000</u>

NCSL Foundation for State Legislatures

Statement of Activities - Internal (Unaudited)

Year Ended June 30, 2024

Revenue and Other Support	
Contributions per internal fundraising report	\$ 5,080,000
Miscellaneous Income	2,500
Interest income	20,544
In-kind contributions	15,000
Total revenue and other support	<u>5,118,044</u>
Expenses	
Awards to NCSL	3,837,100
Personnel costs	663,994
Personnel benefits	212,617
Consultants and contracts	98,913
Travel and conferences	328,332
Office expenses	87,581
Rent and maintenance	40,678
Printing and publications	4,846
Total expenses	<u>5,274,061</u>
Change in net assets	(156,017)
Net assets - beginning of year	<u>1,471,820</u>
Net assets - end of year	<u>\$ 1,315,803</u>



***NCSL Foundation for State
Legislatures***
End of Audit Communications

Year Ended June 30, 2024

January 18, 2025

To the Board of Directors
NCSL Foundation for State Legislatures

We have audited the financial statements of NCSL Foundation for State Legislatures (the "Foundation") as of and for the year ended June 30, 2024 and have issued our report thereon dated January 18, 2025. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 15, 2024, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the Foundation. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to Tim Storey, executive director, and Alex Alavi, chief financial officer, in our meetings about planning matters with them during August and September 2024.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Foundation are described in Note 2 to the financial statements.

No new accounting policies were adopted, and the application of existing policies was not changed during 2024.

We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus.

We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

There were no significant balances, amounts, or disclosures in the financial statements based on sensitive management estimates.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

We did not detect any misstatements as a result of audit procedures.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Foundation, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 18, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

To our knowledge, there were no such consultations with other accountants.

This information is intended solely for the use of the board of directors and management of the Foundation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC



Lisa Meacham, CPA
Partner

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