

# **THE NEW COMMON SCHOOL FOUNDATION**

AUDITED FINANCIAL STATEMENTS

Years ended December 31, 2024 and 2023

# THE NEW COMMON SCHOOL FOUNDATION

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
The New Common School Foundation

### **Opinion**

We have audited the accompanying financial statements of The New Common School Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, 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 the Foundation as of December 31, 2024 and 2023, and the results of its operations 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. 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 Foundation 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, 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 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 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. 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.

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 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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

The logo for UHY LLP, featuring the letters "UHY" in a large, stylized, cursive font, followed by "LLP" in a smaller, sans-serif font.

Farmington Hills, Michigan  
July 30, 2025

**THE NEW COMMON SCHOOL FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**

	December 31,	
	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,531,714	\$ 1,739,978
Cash and cash equivalents - restricted	6,876	6,876
Investments, at fair value	4,659,498	3,401,707
Receivables		
Pledge receivable - current portion	1,383,444	500,000
Accounts receivable	656,551	847,762
Other receivables	104,352	96,984
Prepaid expenses	40,521	70,257
Note receivable, related party - current	342,000	1,785,618
Total current assets	8,724,956	8,449,182
<b>PROPERTY AND EQUIPMENT, NET</b>	33,570,738	34,757,641
<b>OTHER ASSETS</b>		
Pledge receivable - net of current portion	1,104,319	947,935
Notes receivable, related party, net	250,000	526,589
Interest rate swap, at fair value	36,402	170,696
Other long-term assets	463,652	453,349
Total other assets	1,854,373	2,098,569
<b>TOTAL ASSETS</b>	<b>\$ 44,150,067</b>	<b>\$ 45,305,392</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 150,518	\$ 274,563
Accrued expenses and other	122,386	126,812
Current portion of long-term debt	4,161,715	872,228
Total current liabilities	4,434,619	1,273,603
<b>LONG-TERM LIABILITIES</b>		
Long-term debt, net of current portion	4,204,937	8,610,342
Total liabilities	8,639,556	9,883,945
<b>NET ASSETS</b>		
Without donor restrictions	31,210,873	32,412,618
With donor restrictions	4,299,638	3,008,829
Total net assets	35,510,511	35,421,447
Total liabilities and net assets	<b>\$ 44,150,067</b>	<b>\$ 45,305,392</b>

**THE NEW COMMON SCHOOL FOUNDATION**  
**STATEMENTS OF ACTIVITIES**

	Years ended December 31,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING ACTIVITIES</b>						
<b>PUBLIC SUPPORT</b>						
Contributions	\$ 644,647	\$ 3,193,511	\$ 3,838,158	\$ 565,062	\$ 987,620	\$ 1,552,682
<b>REVENUE</b>						
Rental revenue	3,159,437	-	3,159,437	3,052,495	-	3,052,495
Program service	-	-	-	28,080	-	28,080
Special event revenue	-	-	-	-	132,400	132,400
Investment return - net	522,211	-	522,211	457,864	-	457,864
Net assets released from restrictions	1,902,702	(1,902,702)	-	534,588	(534,588)	-
Total revenue	5,584,350	(1,902,702)	3,681,648	4,073,027	(402,188)	3,670,839
Total public support and revenue	6,228,997	1,290,809	7,519,806	4,638,089	585,432	5,223,521
<b>EXPENSES</b>						
Program services	6,465,652	-	6,465,652	3,377,917	-	3,377,917
Management and general	593,849	-	593,849	453,939	-	453,939
Fundraising	236,947	-	236,947	291,092	-	291,092
Total expenses	7,296,448	-	7,296,448	4,122,948	-	4,122,948
<b>OTHER ACTIVITY</b> - (Loss) on interest rate swap	(134,294)	-	(134,294)	(110,958)	-	(110,958)
<b>CHANGE IN NET ASSETS</b>	(1,201,745)	1,290,809	89,064	404,183	585,432	989,615
<b>NET ASSETS</b> , beginning of year	32,412,618	3,008,829	35,421,447	32,008,435	2,423,397	34,431,832
<b>NET ASSETS</b> , end of year	\$ 31,210,873	\$ 4,299,638	\$ 35,510,511	\$ 32,412,618	\$ 3,008,829	\$ 35,421,447

**THE NEW COMMON SCHOOL FOUNDATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

	Years ended December 31,							
	2024				2023			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
<b>Employee compensation:</b>								
Salaries and wages	\$ 682,984	\$ 185,982	\$ 126,709	\$ 995,675	\$ 523,385	\$ 163,090	\$ 174,249	\$ 860,724
Employee benefits	81,850	29,188	25,192	136,230	33,325	27,833	49,116	110,274
Payroll taxes	30,471	12,719	12,111	55,301	27,730	8,641	9,232	45,603
Total employee compensation	795,305	227,889	164,012	1,187,206	584,440	199,564	232,597	1,016,601
<b>Other expenses:</b>								
Charitable contributions	2,909,467	-	-	2,909,467	442,750	-	-	442,750
Contract services	259,832	126,998	28,500	415,330	293,045	102,380	16,255	411,680
Office supplies	8,760	43,800	5,840	58,400	10,631	44,778	6,424	61,833
Depreciation and amortization	1,222,509	-	-	1,222,509	1,137,002	-	-	1,137,002
Travel and lodging	17,439	358	107	17,904	89,819	1,822	547	92,188
Interest	664,117	-	-	664,117	212,729	-	-	212,729
Lease and occupancy	284,392	-	-	284,392	283,669	-	-	283,669
Accounting and legal	24,077	106,383	8,899	139,359	14,549	44,985	3,875	63,409
Repairs and maintenance	99,946	-	-	99,946	81,864	-	-	81,864
Insurance	63,436	36,779	-	100,215	54,800	31,771	-	86,571
Employee education & professional development	11,799	-	-	11,799	54,927	-	-	54,927
Fundraising expense	-	-	-	-	-	-	27,491	27,491
Miscellaneous expense	83,566	47,703	28,276	159,545	95,630	24,502	2,524	122,656
Meals and Entertainment	21,007	3,939	1,313	26,259	22,062	4,137	1,379	27,578
Total expenses	<u>\$ 6,465,652</u>	<u>\$ 593,849</u>	<u>\$ 236,947</u>	<u>\$ 7,296,448</u>	<u>\$ 3,377,917</u>	<u>\$ 453,939</u>	<u>\$ 291,092</u>	<u>\$ 4,122,948</u>

**THE NEW COMMON SCHOOL FOUNDATION**  
**STATEMENTS OF CASH FLOWS**

	<b>Years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 89,064	\$ 989,615
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	1,222,509	1,137,002
Loss on interest rate swap	134,294	110,958
Unrealized gain on investments	(322,131)	(187,493)
Loss on disposal of other long term assets	-	20,908
Bad debt	50,000	-
Debt forgiveness	-	(94,778)
Changes in:		
Receivables	(855,985)	(206,138)
Prepaid expenses	29,736	(36,610)
Accounts payable	(124,045)	(602,205)
Accrued liabilities and other	(4,426)	1,322
Net cash provided by operating activities	<u>219,016</u>	<u>1,132,581</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(35,606)	(1,315,607)
Purchase of investments	(7,982,489)	(5,612,508)
Proceeds of investments	7,046,829	4,384,590
Purchase of other long-term assets	(10,303)	(98,626)
Proceeds from notes receivable	(342,000)	(3,512,207)
Repayments for notes receivable	<u>2,012,207</u>	<u>5,072,414</u>
Net cash provided by (used in) investing activities	<u>688,638</u>	<u>(1,081,944)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	199,211	559,989
Payments on long-term debt	<u>(1,315,129)</u>	<u>(375,446)</u>
Net cash (used in) provided by financing activities	<u>(1,115,918)</u>	<u>184,543</u>
<b>CHANGE IN CASH EQUIVALENTS</b>	<b>(208,264)</b>	<b>235,180</b>
<b>CASH AND EQUIVALENTS, at beginning of year</b>	<u><b>1,746,854</b></u>	<u><b>1,511,674</b></u>
<b>CASH AND EQUIVALENTS, at end of year</b>	<u><u><b>\$ 1,538,590</b></u></u>	<u><u><b>\$ 1,746,854</b></u></u>
<b>Supplemental cash flow disclosure</b>		
Cash paid for interest	<u><u><b>\$ 797,364</b></u></u>	<u><u><b>\$ 793,264</b></u></u>



**THE NEW COMMON SCHOOL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024 and 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The New Common School Foundation (the "Foundation") is a not-for-profit corporation whose sources of revenue are primarily derived from public contributions. The Foundation's purpose is to explore the promotion of excellence in education, both public and private, with the expanded use of volunteers and tutors, the development of funding sources, the transformation of teaching and learning, the formation of character in the Jesuit tradition of holiness, and seeking efforts to develop one or all of what the Rev. Dr. Martin Luther King, Jr. called the three dimensions of the complete life, alone or in partnership with secular and religious Orders. Further to provide direct grants, contributions, loans, and/or other fund assistance to local and national religious organizations, nonprofit organizations and to public charter school management companies to accomplish the foregoing; and to receive and administer funds for such purposes.

As part of the educational mission of the Foundation, five buildings are designed for use to further this mission. The Foundation allows the use of the buildings so long as the uses are consistent with the design and mission of the Foundation, by three public school academies with facilities in five locations. The public-school academies reimburse the Foundation in designing and providing facilities.

**Basis of Presentation**

The Foundation follows accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) that the Foundation follows to ensure they consistently report their financial condition, results of operations and cash flows. References to GAAP issued by the FASB in the following footnotes are the *FASB Accounting Standards Codification* (ASC).

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the Board of Directors.

**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, whereby the donor has stipulated the funds be maintained in perpetuity.

**THE NEW COMMON SCHOOL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024 and 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash Equivalents**

The Foundation considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The Foundation periodically may have deposits with various banks which may exceed the FDIC limit. The Foundation has not experienced losses in such accounts and believes it is not exposed to significant credit risk related to its cash and cash equivalent deposits. Management has deemed this a normal business risk.

The Organization follows ASU 2016-18, “Restricted Cash”, which clarifies the presentation requirements of restricted cash within the statement of cash flows. The changes in restricted cash during the year are included in the beginning and ending cash balance reconciliation on the statement of cash flows.

Restricted cash and cash equivalents are limited in use to the following:

	December 31,	
	2024	2023
Cash restricted for Turning Point Education	\$ 5,923	\$ 5,923
Cash restricted for endowment reserve	953	953
	<u>\$ 6,876</u>	<u>\$ 6,876</u>

**Pledges Receivable**

The Foundation's pledges receivable is recorded at fair value and are comprised primarily of allocations committed from various individuals and corporate entities for use in the Foundation's activities. The allowance for doubtful accounts is evaluated annually based on historical experience and management's review of receivables at the end of each year. Management has determined that no allowance is needed at December 31, 2024 and 2023. Multi-year pledges are recorded at the present value of estimated future cash flows.

**Investments**

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. Any related gains or losses are reported in the statement of activities. Investment return is presented net of investment fees.

**THE NEW COMMON SCHOOL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024 and 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Artwork Assets**

Artwork assets were acquired through purchase and were recorded at cost as other long-term assets. The proceeds of sale of any artwork assets are to be used in supporting the Foundation's charitable contributions. The total amount of artwork assets was \$463,652 and \$453,349 at December 31, 2024 and 2023.

**Property and Equipment**

Property and equipment are recorded at cost when purchased or at fair value at the date of donation and are depreciated and amortized on a straight-line basis over their estimated useful lives. Costs of maintenance and repairs are charged to expense when incurred.

**Impairment of Long-Lived Assets**

The Foundation reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss is recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. There were no impairments recognized at December 31, 2024 and 2023.

**Revenue and Support**

*Contributions*

Unconditional contributions are recognized when pledged and are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as contributions with donor restricted and net assets released from restrictions.

**THE NEW COMMON SCHOOL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024 and 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Contributed Non-Financial Services and Assets*

Businesses, individuals, and others contribute materials and services toward the fulfillment of the programs, fundraising campaigns and general managerial administration. To the extent that contributions of materials and services are objectively measurable and represent program or support expenditures that would otherwise be incurred by the Foundation, they are reflected in both support service and program service expenses in the statement of activities. Donated material and services are recorded at the fair market value upon receipt. For a contributed asset that does not allow the Foundation to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

During the years ended December 31, 2024 and 2023, an amount of contributed office space the Foundation received was insignificant.

*Rental Revenue*

As part of the educational mission of the Foundation, five buildings are designed for use to further this mission. The Foundation allows the use of the buildings so long as the uses are consistent with the design and mission of the Foundation, by three public school academies with facilities in five locations. The public-school academies reimburse the Foundation for the mission related expenses incurred by the Foundation in designing and providing facilities. Mission related revenue on a monthly basis, in accordance with the rent lease agreements between each public-school academy and the Foundation.

*Revenue Recognition for Contracts with Customers*

The Foundation's revenue stream under contracts with customers is comprised of program services provided to a related entity. The Foundation provides administrative support to the entity and is reimbursed for wages and related benefits. The Foundation recognizes revenue at the amount to which it expects to be entitled when the services are transferred to the customer. Control is generally transferred when the Foundation has a present right to payment and the significant risks and rewards of the services are transferred to the customer. The revenue is recognized over time as the customer simultaneously receives and consumes the services provided. The Foundation's contracts with customers generally do not contain any significant variable consideration. Payments are typically due with 30 days following completion of services. As the contracts are one year or less, the Foundation has elected not to disclose information about any remaining performance obligations for contracts that have original expected durations of one year or less. Total revenue from contracts with customers amounted to \$-0- and \$28,080 for the years ended December 31, 2024 and 2023, respectively.

**THE NEW COMMON SCHOOL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024 and 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes**

The Internal Revenue Service has determined that the Foundation is a nonprofit corporation exempt from income taxes under provisions of Internal Revenue Code Section 501(a) relating to nonprofit organizations, such as an organization described in Internal Revenue Code Section 501(c)(3). However, unrelated business income may be subject to taxation.

ASC guidance regarding accounting for uncertainty in income taxes clarifies the accounting for income taxes by prescribing the minimum recognition threshold, an income tax position is required to meet before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At December 31, 2024 and 2023, there were no uncertain tax positions that required accrual. The Foundation believes that it has been operating within its tax-exempt status and has no unrelated business income.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**THE NEW COMMON SCHOOL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024 and 2023

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Functional Allocation of Expenses**

The costs of providing program and support services have been reported on a functional basis in the statements of activities. Indirect costs have been allocated between the various programs and support services based on estimates determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

**Reclassifications**

Certain items reported on the 2023 financial statements have been reclassified in order to conform to the current year presentation. These reclassifications had no impact on net assets.

**NOTE 2 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	December 31,	
	2024	2023
Financial assets		
Cash and cash equivalents	\$ 1,531,714	\$ 1,739,978
Investments, at fair value	4,659,498	3,401,707
Pledge receivable	1,383,444	500,000
Other receivable	104,352	96,984
Accounts receivable	656,551	847,762
Notes receivable	342,000	1,785,618
Total financial assets	8,677,559	8,372,049
Amounts not available for general use		
Net assets with donor restriction	3,195,319	2,060,894
Financial assets available to meet general expenditures in one year	<u>\$ 5,482,240</u>	<u>\$ 6,311,155</u>

**THE NEW COMMON SCHOOL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024 and 2023**

**NOTE 3 – PLEDGES RECEIVABLE**

Pledges receivable consists of the following:

	December 31,	
	2024	2023
Amounts due in:		
Less than one year	\$ 1,383,444	\$ 500,000
One to five years	<u>1,160,222</u>	<u>1,000,000</u>
Total	2,543,666	1,500,000
Less: Unamortized discount, using 4.38% and 3.64% discount rates in 2024 and 2023, respectively	<u>(55,903)</u>	<u>(52,065)</u>
Net pledges receivable	<u><u>\$ 2,487,763</u></u>	<u><u>\$ 1,447,935</u></u>

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 NEW COMMON SCHOOL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024 and 2023**

**NOTE 4 – NOTES RECEIVABLE**

Notes receivable consist of the following:

	December 31,	
	2024	2023
The Foundation entered into a loan agreement with the Cornerstone Education Group (CEG) during 2024. The Foundation loaned CEG \$342,000 in total subject to interest at 7.5%. The note was paid in full in January 2025.	\$ 342,000	\$ -
The Foundation entered into multiple loan agreements with the Cornerstone Education Group (CEG) during 2023. The Foundation loaned CEG \$3,511,670 in total subject to interest at 8.14%. The loans are due in installments of principal and interest commencing in February 2024. The notes were paid in full during 2024.	-	2,012,207
The Foundation entered into a loan agreement with the President. The agreement was approved by the Board with the President abstaining. In accordance with the agreement, the Foundation loaned the president \$300,000 for the purpose of making charitable donations to the Foundation. The terms of the agreement are that the President will make interest only monthly payments at a rate of 4%. A monthly interest payment commenced January 2015. Interest payments total \$12,000 for both years ended December 31, 2023 and 2022. The agreement was extended to 2031 whereby \$50,000 will be forgiven in 2025. Due to the forgiveness, the Foundation recorded a reserve of \$50,000.	250,000	300,000
	592,000	2,312,207
Less current portion	(342,000)	(1,785,618)
Long-term portion	\$ 250,000	\$ 526,589



**THE NEW COMMON SCHOOL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024 and 2023

**NOTE 5 – PROPERTY AND EQUIPMENT**

The major categories of property and equipment at December 31 are summarized as follows:

	Depreciable Lives	December 31,	
		2024	2023
Land	N/A	\$ 2,347,188	\$ 2,347,188
Buildings	40 yrs.	34,845,215	34,839,809
Leasehold improvements	30 yrs.	7,541,676	7,541,676
Construction in progress		30,200	-
Total cost		44,764,279	44,728,673
Accumulated depreciation and amortization		(11,193,541)	(9,971,032)
Net carrying amount		<u>\$ 33,570,738</u>	<u>\$ 34,757,641</u>

Depreciation and amortization expense was \$1,222,509 and \$1,137,002 for the years ended December 31, 2024 and 2023, respectively.

Leasehold improvements' net book value was \$5,115,477 and \$5,375,777 as of December 31, 2024 and 2023, respectively.

**THE NEW COMMON SCHOOL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024 and 2023**

**NOTE 6 – RENTAL INCOME**

As part of the educational mission of the Foundation, five buildings are designed for use to further this mission. The Foundation allows the use of the buildings so long as the uses are consistent with the design and mission of the Foundation, by three public school academies with facilities in five locations. The public-school academies reimburse the Foundation for mission related expense. Beginning in July 2021, the reimbursement for mission related expenses, referred to as rents in the lease agreements, was one-twelfth of 15 percent of the per pupil enrollment/state aid grant amount (based on the State Board of Education pupil counts). The Foundation received reimbursement for mission related expenses from the charter schools of \$3,159,437 and \$3,052,495 for the years ended December 31, 2024 and 2023, respectively. The leases mature at various times through June 30, 2029. As specified in the lease agreements between The Foundation and the public-school academies, in the absence of a written agreement to the contrary, the tenant of each building can “Hold Over” after the termination or extension of the Lease on a month-to-month basis. As of December 31, 2024 and 2023 the cost of the Borgess building is \$5,001,079, the DePorres building is \$4,427,058, the Madison-Carver building is \$9,154,164. At December 31, 2024 and 2023, the John Adams-Andrews Young Center is \$16,262,913 and \$16,257,507, respectively. As the mission related reimbursement amount is calculated on the twice per year per-pupil counts at each public-school academy and the state aid amount that is established annually by the state, future lease revenue is subject to change and cannot be estimated as of December 31, 2024 and 2023.

**NOTE 7 – INVESTMENTS**

Investments consist of the following:

	December 31,	
	2024	2023
Fixed income securities	\$ 2,411,516	\$ 2,402,142
Equity securities	1,850,064	690,023
Mutual funds	90,924	134,418
Money market funds	156,000	100,070
Exchange traded funds	84,596	59,719
Real estate income trust funds	66,398	15,335
	<u>\$ 4,659,498</u>	<u>\$ 3,401,707</u>

Net investment income consists of the following:

	December 31,	
	2024	2023
Investment income	\$ 200,080	\$ 270,371
Unrealized gain	322,131	187,493
	<u>\$ 522,211</u>	<u>\$ 457,864</u>

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**NOTE 8 – FAIR VALUE MEASUREMENTS**

ASC topic *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC topic *Fair Value Measurements* are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets.
- quoted prices for identical or similar assets or liabilities in inactive markets.
- inputs other than quoted prices that are observable for the asset or liability.
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. There are no comparable assets or liabilities that the Foundation has the ability to access.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

*Fixed income securities, equity securities, mutual funds, money market funds, exchange traded funds, and real estate income trust funds:* Valued at the closing price reported in the active market on which the individual securities are traded.

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**NOTE 8 – FAIR VALUE MEASUREMENTS (Continued)**

The following table sets forth, by level within the fair value hierarchy, the Foundation's financial assets at fair value as of December 31, 2024 and 2023:

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Fixed income securities	\$ 2,411,516	\$ -	\$ -	\$ 2,411,516
Equities	1,850,064	-	-	1,850,064
Exchange traded funds	84,596	-	-	84,596
Mutual funds	90,924	-	-	90,924
Money market funds	156,000	-	-	156,000
Real estate income trust funds	66,398	-	-	66,398
Interest rate swap	-	36,402	-	36,402
Total assets at fair value	<u>\$ 4,659,498</u>	<u>\$ 36,402</u>	<u>\$ -</u>	<u>\$ 4,695,900</u>
	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Fixed income securities	\$ 2,402,142	\$ -	\$ -	\$ 2,402,142
Equities	690,023	-	-	690,023
Exchange traded funds	59,719	-	-	59,719
Mutual funds	134,418	-	-	134,418
Money market funds	100,070	-	-	100,070
Real estate income trust funds	15,335	-	-	15,335
Interest rate swap	-	170,696	-	170,696
Total assets at fair value	<u>\$ 3,401,707</u>	<u>\$ 170,696</u>	<u>\$ -</u>	<u>\$ 3,572,403</u>

**THE NEW COMMON SCHOOL FOUNDATION**  
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**NOTE 9 – LONG-TERM DEBT**

Long-term debt consists of the following at December 31:

	December 31,	
	2024	2023
Note payable to bank requiring monthly principal payments beginning at \$26,500, increasing by approximately 3% on an annual basis until the loan maturity date of March 2025. The note requires monthly interest payments at LIBOR plus 2%. The loan is secured by the Madison-Carver building.	\$ 3,387,523	\$ 3,686,523
Construction loan with a maximum loan amount \$6,000,000. The loan requires monthly interest payments at an interest rate of 4.125%. The construction loan was converted into a term loan on April 30, 2024, matures on February 10, 2026, and requires monthly principal payments of \$64,516 plus interest payments based on Daily Simple SOFR plus an applicable margin of 4.0%. The loan is secured by the property.	4,979,129	5,796,047
	8,366,652	9,482,570
Less current portion	(4,161,715)	(872,228)
Long-term portion	<u>\$ 4,204,937</u>	<u>\$ 8,610,342</u>

**THE NEW COMMON SCHOOL FOUNDATION**  
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**NOTE 9 – LONG-TERM DEBT (Continued)**

Principal requirements on long-term debt for years ending after December 31, 2024 are as follows:

Years ended December 31,	Amount
2025	\$ 4,161,715
2026	4,204,937
Total principal payments	<u>\$ 8,366,652</u>

**NOTE 10 – INTEREST RATE SWAP**

The Foundation is exposed to certain risks in the normal course of its business operations, including those related to the variability of future earnings and cash flows due to its variable rate term note.

To manage these risks, the Foundation entered into an interest rate swap agreement in March 2020. Under the terms of the interest rate swap agreement, the Foundation pays a fixed interest rate of 2.96% on the notional value of the interest rate swap and receives a variable rate of one-month LIBOR on the same notional value. The interest rate swap agreement is structured so that the notional value equals the outstanding principal balance under the variable rate term note. The interest rate swap agreement expires on March 22, 2025. During 2023, the swap was automatically converted into a fallback SOFR rate swap as the LIBOR has been retired.

As of December 31, 2024 and 2023, the notional amount of the interest rate swap agreement was \$3,389,463 and \$4,091,162, respectively. At December 31, 2024 and 2023, the interest rate swap is reported as an asset of \$36,402 and \$170,696, respectively. For the years ended December 31, 2024 and 2023, losses of \$134,294 and 110,958 has been recorded in the statement of activities.

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**NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS**

Donor restricted net assets consist of the following purposes:

	December 31,	
	2024	2023
Delta Foundation - Adams Young Project	\$ 1,479,019	\$ 1,447,934
Benedictine Project	1,216,104	-
Ernestine Sanders Scholarship Fund	118,988	118,988
Lincoln-King Adams-Young Restricted Fund	904,585	960,793
Chromebooks Fund	176,549	176,549
Mothers Fund	129,565	122,065
Early Readers Fund	185,500	182,500
Conerstone Schools Association	35,585	-
Notre Dame de Detroit	44,314	-
Pro Ecclesia Sancta	9,429	-
	<u>\$ 4,299,638</u>	<u>\$ 3,008,829</u>

**NOTE 12 – RETIREMENT PLAN**

The Foundation participates in a defined contribution retirement plan for the benefit of substantially all full- time professional and support staff. Contributions to the plan are 7.5 percent of participating employees' salaries. Total retirement plan contribution expense was \$43,780 and \$44,034 for the years ended December 31, 2024 and 2023, respectively.

**NOTE 13 – RELATED PARTY TRANSACTIONS**

The president of the Foundation is a current member and chairman of the board directors of the Cornerstone Education Group, which is the management company for the four Cornerstone public school academy districts operating six schools in Detroit and Redford Township. Five of the six schools also lease their buildings from the Foundation.

The Foundation made contributions to Cornerstone School Association of \$-0- and \$2,120 for the years ended December 31, 2024 and 2023, respectively. The Foundation received contributions from Cornerstone School Association of \$1,553,594 and \$-0- for the years ended December 31, 2024 and 2023, respectively. Pledge receivable was \$435,489 and \$-0- December 31, 2024 and 2023, respectively. The Foundation received program service revenue from Cornerstone School Association of \$-0- and \$28,080 for the years ended December 31, 2024 and 2023, respectively. The Foundation paid invoices on behalf of Cornerstone School Association. The receivable balance was \$117,049 and \$76,360 as of December 31, 2024 and 2023, respectively.

**THE NEW COMMON SCHOOL FOUNDATION**  
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**December 31, 2024 and 2023**

**NOTE 13 – RELATED PARTY TRANSACTIONS (Continued)**

The Foundation made contributions to Cornerstone Education Group of \$932,761 and \$376,357 for the year ended December 31, 2024 and 2023, respectively. The Foundation paid invoices on behalf of Cornerstone Education Group. The receivable balance was \$134,235 and \$38,423 as of December 31, 2024 and 2023, respectively.

The Foundation entered into multiple loan agreements with the Cornerstone Education Group in total amount of \$3,879,666 and \$3,511,670 for the years ended December 31, 2024 and 2023. The note receivable balance was \$342,000 and \$2,012,207 as of December 31, 2024 and 2023, respectively. The Foundation earned interest income from the loan in amount of \$188,061 and \$58,561 for the years ended December 31, 2024 and 2023, respectively. Refer to Note 4 for details.

The Foundation entered into a loan agreement with the President in December 2014 for the purpose of making charitable donations to benefit the mission of the Foundation. The agreement was discussed and approved by the Board with the President abstaining. Interest payments made by the President for the loan total \$12,000 for the years ended December 31, 2024 and 2023. In November 2024, the Board with the President abstaining, discussed and then amended the loan agreement to extent the loan maturity to 2031 and to forgive \$50,000 of the balance in 2025. Refer to Note 4 for details.

The Foundation entered into an agreement with a consulting firm of which the managing director is also the president of the Foundation. The consulting firm provides mission related consulting services beyond the current scope of the New Common School Foundation President's role pursuant to a restricted donor mission gift to the Foundation. The agreement was discussed and approved by the Board with the President abstaining. In accordance with the agreement, the Foundation shall make an annual payment to the consulting firm through 2026. The Foundation paid the consulting firm in the amount of \$132,000 and \$130,000 for the years ended December 31, 2024 and 2023, respectively.

The Foundation entered into an agreement with a uniquely and highly qualified strategic consulting firm of which the sole owner is a member of the President of the Foundation's family with a PhD in Economics. The firm assists the Foundation to further its mission work with a public charter school management company, the Cornerstone Education Group. The agreement was discussed and approved by the Board with the President abstaining. The Foundation paid the consulting firm in the amount of \$40,092 and \$39,749 for the years ended December 31, 2024 and 2023, respectively.

Contribution revenue from the President was \$103,500 and \$30,800 for the years ended December 31, 2024 and 2023, respectively. Pledge receivable was \$100,000 and \$0- as of December 31, 2024 and 2023, respectively.



**THE NEW COMMON SCHOOL FOUNDATION**  
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**NOTE 13 – RELATED PARTY TRANSACTIONS** (Continued)

The Foundation made contributions to Youth Mentoring Worldwide (YMW). YMW hired a member of the President's family to help cultivate the practices and relationships central to the Complete Life as defined by the Rev. Dr. Martin Luther King, Jr. Annually, the contributions are reviewed and approved by the Board with the President abstaining. During the fiscal year 2025 the work will change, and the family member will be engaged by the Foundation. Annually, the contributions are reviewed and approved by the Board with the President abstaining. The Foundation made contributions of \$37,848 for the years end December 31, 2024 and 2023.

The Foundation has engaged a law firm to provide minor legal services related to the Foundation's mission. The law firm is owned by a Board member of the Foundation. The agreement was reviewed and approved by the Board with the Board member who owns the firm abstaining. The Foundation paid the law firm in amount of \$12,557 and \$2,625 for the years ended December 31, 2024 and 2023, respectively.

The Foundation received contributions of \$-0- and \$32,700 from The Genesis Foundation for the years ended December 31, 2024 and 2023, respectively. The President of the Foundation is the President of The Genesis Foundation.

**NOTE 14 – LEASE**

The Foundation leases the premises of one of the public-school academies from a third party. This lease expires in January 2044. The Foundation subleases these premises to a public-school academy. The monthly base rent charge paid to the third party is 1/12<sup>th</sup> of 7% of the per pupil state aid grant multiplied by the enrollment at the public-school academy. Total lease expense for the year ended December 31, 2024 and 2023 are \$214,863 and \$168,754, respectively.

**NOTE 15 – SUBSEQUENT EVENTS**

The financial statements and related disclosures include evaluation of events up through and including July 30, 2025, which is the date the financial statements were approved and available to be issued.

In 2025, the Foundation loaned Cornerstone Education Group, a related party approximately \$3,426,000 to assist with expenses at the Academies. As of the date of the report, the loan balance due from this related party was approximately \$1,210,000.