

# **The English-Speaking Union of the United States**

Consolidated Financial Statements

June 30, 2024

## Independent Auditors' Report

**Board of Directors**  
**The English-Speaking Union of the United States**

### *Opinion*

We have audited the accompanying consolidated financial statements of The English-Speaking Union of the United States ("ESU") which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ESU as of June 30, 2024 and the consolidated 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 for 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ESU 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 ESU's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted 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 ESU'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 ESU'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.

**Report on Summarized Comparative Information**

We have previously audited The English-Speaking Union of the United States' June 30, 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 30, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*PKF O'Connor Davies, LLP*

**The English-Speaking Union of the United States**

Consolidated Statement of Financial Position  
June 30, 2024  
(with comparative amounts at June 30, 2023)

|  | <u>2024</u>          | <u>2023</u>          |
|--|----------------------|----------------------|
| <b>ASSETS</b>  |                      |                      |
| Cash and cash equivalents                                      | \$ 1,287,538         | \$ 1,725,457         |
| Certificates of deposit  | 621,069              | 317,075              |
| Accounts receivable  | 179,378              | 175,007              |
| Prepaid expenses and other assets                              | 1,600                | 5,025                |
| Investments held by National Headquarters, at fair value       | 14,183,699           | 12,391,441           |
| Investments held by branches, at fair value                    | 9,349,864            | 7,954,993            |
| Headquarters building, net of accumulated depreciation         | 3,115,748            | 3,288,155            |
| Office equipment and fixtures, net of accumulated depreciation | 28,822               | 27,286               |
| Donated artwork  | 64,733               | 64,733               |
|  | <u>\$ 28,832,451</u> | <u>\$ 25,949,172</u> |
| <b>LIABILITIES AND NET ASSETS</b>                              |                      |                      |
| Liabilities  |                      |                      |
| Accounts payable and accrued expenses                          | \$ 377,030           | \$ 457,340           |
| Capital lease payable  | -                    | 7,898                |
| Total Liabilities  | <u>377,030</u>       | <u>465,238</u>       |
| Net Assets   |                      |                      |
| Without Donor Restrictions                                     |                      |                      |
| Investment in headquarters building and office equipment       | 3,144,570            | 3,315,178            |
| Board designated   | 11,012,866           | 9,706,420            |
| Undesignated   | <u>7,053,294</u>     | <u>6,409,044</u>     |
| Total Net Assets Without Donor Restrictions                    | 21,210,730           | 19,430,642           |
| With Donor Restrictions  |                      |                      |
| Time and purpose restricted                                    | 4,320,701            | 3,166,071            |
| Perpetual in nature  | <u>2,923,990</u>     | <u>2,887,221</u>     |
| Total Net Assets   | <u>28,455,421</u>    | <u>25,483,934</u>    |
|  | <u>\$ 28,832,451</u> | <u>\$ 25,949,172</u> |

See notes to consolidated financial statements

# The English-Speaking Union of the United States

## Consolidated Statement of Activities

Year Ended June 30, 2024

(with summarized totals for the year ended June 30, 2023)

|   | Without Donor Restrictions |               |                                |   | With Donor Restrictions |              |               |               | Total<br>2024 | Total<br>2023 |  |  |
|---|----------------------------|---------------|--------------------------------|---|-------------------------|--------------|---------------|---------------|---------------|---------------|--|--|
|   | Investment in              |               | Time and Purpose<br>Restricted | Perpetual<br>In Nature                        | Total<br>2024           |              |               |               |               |               |  |  |
|   | Undesignated               | Designated    | Board                          | Headquarters Building<br>and Office Equipment | Total                   |              |               |               |               |               |  |  |
| <b>OPERATING REVENUE AND SUPPORT</b>  |                            |               |                                |   |                         |              |               |               |               |               |  |  |
| Operating Revenue   |                            |               |                                |   |                         |              |               |               |               |               |  |  |
| Membership dues   | \$ 266,058                 | \$ -          | \$ -                           | \$ -  | \$ 266,058              | \$ -         | \$ -          | \$ 266,058    | \$ 276,325    |               |  |  |
| Education   | 138,207                    | -             | -                              | -   | 138,207                 | -            | -             | 138,207       | 240,669       |               |  |  |
| Total Operating Revenue   | 404,265                    | -             | -                              | -   | 404,265                 | -            | -             | 404,265       | 516,994       |               |  |  |
| Contributions   | 242,890                    | 57,212        | -                              | -   | 300,102                 | 405,696      | 36,769        | 742,567       | 757,926       |               |  |  |
| Contributed nonfinancial assets   | 58,300                     | -             | -                              | -   | 58,300                  | -            | -             | 58,300        | 123,033       |               |  |  |
| Allocated investment income to operations   | -                          | 584,622       | -                              | -   | 584,622                 | 216,635      | -             | 801,257       | 768,446       |               |  |  |
| Appropriations for expenditure  | 851,060                    | (851,060)     | -                              | -   | -                       | -            | -             | -             | -             |               |  |  |
| Speakers and conferences  | 451,413                    | -             | -                              | -   | 451,413                 | -            | -             | 451,413       | 440,888       |               |  |  |
| Special events income, net of event expenses of \$24,073 in 2024 and \$81,466 in 2023 | 171,355                    | -             | -                              | -   | 171,355                 | -            | -             | 171,355       | 424,550       |               |  |  |
| Other revenue   | 168,441                    | -             | -                              | -   | 168,441                 | -            | -             | 168,441       | 187,844       |               |  |  |
| Transfers from Board designated reserves - HQ   | 502,869                    | (502,869)     | -                              | -   | -                       | -            | -             | -             | -             |               |  |  |
| Transfers from Board designated reserves - branches                                   | 9,626                      | (9,626)       | -                              | -   | -                       | -            | -             | -             | -             |               |  |  |
| Net assets released from restrictions   | 641,921                    | -             | -                              | -   | 641,921                 | (641,921)    | -             | -             | -             |               |  |  |
| Total Operating Revenue and Support   | 3,502,140                  | (721,721)     | -                              | -   | 2,780,419               | (19,590)     | 36,769        | 2,797,598     | 3,219,681     |               |  |  |
| <b>OPERATING EXPENSES</b>   |                            |               |                                |   |                         |              |               |               |               |               |  |  |
| Program Services  |                            |               |                                |   |                         |              |               |               |               |               |  |  |
| Membership services   | 102,381                    | -             | 4,688                          | 107,069                                       | -                       | -            | -             | 107,069       | 96,645        |               |  |  |
| Speakers and conferences  | 104,356                    | -             | 4,783                          | 109,139                                       | -                       | -            | -             | 109,139       | 104,700       |               |  |  |
| Branch services   | 225,734                    | -             | 10,336                         | 236,070                                       | -                       | -            | -             | 236,070       | 265,569       |               |  |  |
| Communications  | 5,398                      | -             | 247                            | 5,645   | -                       | -            | -             | 5,645         | 14,661        |               |  |  |
| Education   | 1,638,484                  | -             | 75,032                         | 1,713,516                                     | -                       | -            | -             | 1,713,516     | 1,847,309     |               |  |  |
| Branch events and meetings  | 521,192                    | -             | -                              | 521,192                                       | -                       | -            | -             | 521,192       | 480,705       |               |  |  |
| Total Program Services  | 2,597,545                  | -             | 95,086                         | 2,692,631                                     | -                       | -            | -             | 2,692,631     | 2,809,589     |               |  |  |
| Supporting Services   |                            |               |                                |   |                         |              |               |               |               |               |  |  |
| Management and general  | 656,489                    | -             | -                              | 656,489                                       | -                       | -            | -             | 656,489       | 742,392       |               |  |  |
| Fundraising   | 150,330                    | -             | -                              | 150,330                                       | -                       | -            | -             | 150,330       | 80,352        |               |  |  |
| Depreciation and amortization   | -                          | -             | 95,086                         | 95,086  | -                       | -            | -             | 95,086        | 103,370       |               |  |  |
| Total Supporting Services   | 806,819                    | -             | 95,086                         | 901,905                                       | -                       | -            | -             | 901,905       | 926,114       |               |  |  |
| Total Operating Expenses  | 3,404,364                  | -             | 190,172                        | 3,594,536                                     | -                       | -            | -             | 3,594,536     | 3,735,703     |               |  |  |
| Change in Net Assets from Operations  | 97,776                     | (721,721)     | (190,172)                      | (814,117)                                     | (19,590)                | 36,769       | -             | (796,938)     | (516,022)     |               |  |  |
| <b>NON-OPERATING ITEMS</b>  |                            |               |                                |   |                         |              |               |               |               |               |  |  |
| Investment return - National Headquarters   | -                          | 1,986,315     | -                              | 1,986,315                                     | 292,978                 | -            | -             | 2,279,293     | 963,294       |               |  |  |
| Investment return - branches  | 569,201                    | 41,852        | -                              | 611,053                                       | 881,242                 | -            | -             | 1,492,295     | 880,157       |               |  |  |
| Other non-operating activity  | (3,163)                    | -             | -                              | (3,163)                                       | -                       | -            | -             | (3,163)       | 6,630         |               |  |  |
| Transfer of building and equipment purchases  | (19,564)                   | -             | 19,564                         | -   | -                       | -            | -             | -             | -             |               |  |  |
| Change in Net Assets  | 644,250                    | 1,306,446     | (170,608)                      | 1,780,088                                     | 1,154,630               | 36,769       | 2,971,487     | -             | 1,334,059     |               |  |  |
| <b>NET ASSETS</b>   |                            |               |                                |   |                         |              |               |               |               |               |  |  |
| Beginning of year   | 6,409,044                  | 9,706,420     | 3,315,178                      | 19,430,642                                    | 3,166,071               | 2,887,221    | 25,483,934    | 24,149,875    |               |               |  |  |
| End of year   | \$ 7,053,294               | \$ 11,012,866 | \$ 3,144,570                   | \$ 21,210,730                                 | \$ 4,320,701            | \$ 2,923,990 | \$ 28,455,421 | \$ 25,483,934 |               |               |  |  |

See notes to consolidated financial statements

# The English-Speaking Union of the United States

## Consolidated Statement of Functional Expenses For the Year Ended June 30, 2024 (with summarized totals for the year ended June 30, 2023)

|  | Program Services    |                          |                 |                |              |                            |                | Management  |             | Total Expenses 2024 | Total Expenses 2023 |
|--|---------------------|--------------------------|-----------------|----------------|--------------|----------------------------|----------------|-------------|-------------|---------------------|---------------------|
|  | Membership Services | Speakers and Conferences | Branch Services | Communications | Education    | Branch Events and Meetings | Total Programs | and General | Fundraising |                     |                     |
| Salaries, payroll taxes and benefits       | \$ 66,976           | \$ 12,384                | \$ 130,061      | \$ 334         | \$ 598,811   | \$ -                       | \$ 808,566     | \$ 197,392  | \$ 5,867    | \$ 1,011,825        | \$ 1,056,252        |
| Professional and consulting fees           | 9,239               | 30,744                   | 14,354          | 4,584          | 275,662      | -                          | 334,583        | 167,578     | 44,840      | 547,001             | 513,872             |
| Scholarships and awards                    | 2,050               | 1,066                    | -               | -              | 217,577      | -                          | 220,693        | 869         | -           | 221,562             | 249,551             |
| Travel and meetings                        | -                   | 49,509                   | 18              | -              | 100,478      | -                          | 150,005        | 17,109      | 118,485     | 285,599             | 434,897             |
| Occupancy (utilities and maintenance)      | 5,136               | 5,258                    | 8,325           | 268            | 66,322       | -                          | 85,309         | 11,849      | 5,211       | 102,369             | 112,201             |
| In-kind rent                               | -                   | -                        | -               | -              | 58,300       | -                          | 58,300         | -           | -           | 58,300              | 58,300              |
| Branch events and meetings                 | -                   | -                        | -               | -              | 275,973      | 521,192                    | 797,165        | 209,623     | -           | 1,006,788           | 991,658             |
| Administrative and miscellaneous           | 13,233              | 5,320                    | 12,473          | 138            | 38,430       | -                          | 69,594         | 10,712      | -           | 80,306              | 119,173             |
| Insurance and finance fees                 | 5,747               | 75                       | 60,503          | 74             | 6,931        | -                          | 73,330         | 41,357      | -           | 114,687             | 74,525              |
| Total Expenses Before Depreciation         | 102,381             | 104,356                  | 225,734         | 5,398          | 1,638,484    | 521,192                    | 2,597,545      | 656,489     | 174,403     | 3,428,437           | 3,610,429           |
| Add: Depreciation and amortization         | 4,688               | 4,783                    | 10,336          | 247            | 75,032       | -                          | 95,086         | 95,086      | -           | 190,172             | 206,740             |
| Less: Costs with direct benefits to donors | -                   | -                        | -               | -              | -            | -                          | -              | -           | (24,073)    | (24,073)            | (81,466)            |
| Total Expenses                             | \$ 107,069          | \$ 109,139               | \$ 236,070      | \$ 5,645       | \$ 1,713,516 | \$ 521,192                 | \$ 2,692,631   | \$ 751,575  | \$ 150,330  | \$ 3,594,536        | \$ 3,735,703        |

See notes to consolidated financial statements

**The English-Speaking Union of the United States**

Consolidated Statement of Cash Flows  
Year Ended June 30, 2024  
(with comparative amounts for the year ended June 30, 2023)

|   | <u>2024</u>         | <u>2023</u>         |
|---|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                     |                     |
| Change in Net Assets  | <u>\$ 2,971,487</u> | <u>\$ 1,334,059</u> |
| Adjustments to reconcile change in net assets to net cash from operating activities |                     |                     |
| Net realized and unrealized gain on investments                                     | (4,151,305)         | (2,186,748)         |
| Depreciation and amortization   | 190,172             | 206,740             |
| Receipt of donated artwork  | -                   | (64,733)            |
| Changes in Operating Assets and Liabilities   |                     |                     |
| Accounts receivable   | (4,371)             | 56,093              |
| Prepaid expenses and other assets   | 3,425               | 42,519              |
| Deferred revenue  | -                   | (142,616)           |
| Accounts payable and accrued expenses   | <u>(80,310)</u>     | <u>(10,368)</u>     |
| Total Adjustments   | <u>(4,042,389)</u>  | <u>(2,099,113)</u>  |
| Net Cash From Operating Activities  | <u>(1,070,902)</u>  | <u>(765,054)</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                     |                     |
| Purchase of certificates of deposit, net  | (303,994)           | (26,676)            |
| Purchase of equipment and building improvements                                     | (19,301)            | (11,977)            |
| Net proceeds from investments   | <u>964,176</u>      | <u>490,134</u>      |
| Net Cash From Investing Activities  | <u>640,881</u>      | <u>451,481</u>      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                     |                     |
| Principal payments on finance lease   | <u>(7,898)</u>      | <u>(18,017)</u>     |
| Decrease in Cash and Cash Equivalents   | (437,919)           | (331,590)           |
| <b>CASH AND CASH EQUIVALENTS</b>  |                     |                     |
| Beginning of year   | <u>1,725,457</u>    | <u>2,057,047</u>    |
| End of year   | <u>\$ 1,287,538</u> | <u>\$ 1,725,457</u> |

See notes to consolidated financial statements

# The English-Speaking Union of the United States

## Notes to Consolidated Financial Statements June 30, 2024 and 2023

### 1. Organization and Taxation

The English-Speaking Union of the United States (“ESU”) is a not-for-profit organization incorporated in the State of Delaware for charitable and educational purposes with headquarters located in New York, NY (HQ). Sixty-five branches of ESU operate through independent governing boards throughout the United States. These branches supported their own scholarships and programs as well as those of HQ. Since 1920, ESU has grown to include a broad domestic education and exchange base in the United States.

Effective July 1, 2016, substantially all of the branches of ESU were reorganized as single member limited liability companies in the State of Delaware with HQ serving as the branches’ sole member. Therefore, commencing for the year ended June 30, 2017, the financial operations of HQ and the LLC branches (the “branches”) were consolidated and reported as one entity for financial reporting purposes.

ESU is exempt from income tax under Sections 501(c)(3) and 509(a) of the Internal Revenue Code.

### 2. Summary of Significant Accounting Policies

#### ***Basis of Presentation and Use of Estimates***

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), which 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### ***Adoption of New Accounting Pronouncement***

In June 2016, the Financial Accounting Standards Board (“FASB”) issued an accounting pronouncement related to the measurement of credit losses on financial instruments. This pronouncement and subsequently issued Accounting Standards Updates (ASU’s), clarified certain provisions of the new guidance, changed the incurred loss model for most financial assets and required the use of an “expected loss” model for instruments measured at amortized cost. Under this model, entities are required to estimate the lifetime expected credit losses on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. The adoption of this guidance on July 1, 2023 expanded the ESU’s required disclosures for its expected credit losses for accounts receivable but did not have a material effect on its consolidated financial statements.

# The English-Speaking Union of the United States

## Notes to Consolidated Financial Statements June 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Principles of Consolidation***

The consolidated financial statements include the accounts of HQ and the branches. All significant intercompany transactions and accounts have been eliminated in consolidation.

#### ***Revenue and Revenue Recognition***

ESU recognizes program revenue at a point in time in which the performance obligation is satisfied. If revenue is earned over a period that spans the year end, it is recognized in the applicable period in which it is earned (i.e. membership fees). Based on ESU's strong collection experience, ESU has concluded that all revenue recognized is probable of collection. There were no contract assets or liabilities as of June 30, 2024 and 2023. Accounts receivable was \$231,100 as of June 30, 2022.

#### ***Accounts Receivable and Allowance for Credit Losses***

Prior to July 1, 2023 accounts receivable were recorded at the amount invoiced less an allowance for doubtful accounts. The net amount of trade, unbilled and other receivables and corresponding allowance for doubtful accounts were presented on the consolidated statement of financial position. These receivable balances were assessed at every reporting date for collectability and an allowance was recorded if the receivable was considered uncollectible. At June 30, 2023 management determined that an allowance for doubtful accounts was not necessary. Subsequent to July 1, 2023, receivables are recorded at amortized cost less an allowance for credit losses that are not expected to be recovered. ESU maintains allowances for credit losses resulting from the expected failure or inability of its customers to make its required payments. ESU recognizes the allowance for credit losses at inception and reassesses at every reporting date based on the asset's expected collectability. The allowance is based on multiple factors including historical experience with bad debts, the credit quality of the customer base, the aging of such receivables and current macroeconomic conditions, as well as expectations of conditions in the future, if applicable. ESU's allowance for credit losses is based on the assessment of the collectability of assets pooled together with similar risk characteristics. The allowance for accounts receivable is not material.

ESU records a provision for expected credit losses using an aging schedule approach. Expected credit losses are determined on the basis of how long a receivable has been outstanding. At each reporting period, ESU assesses whether financial assets in a pool continue to display similar risk characteristics. If particular receivables no longer display risk characteristics that are similar to those of the receivables in the pool, ESU may determine that it needs to move those receivables to a different pool or perform an individual assessment of expected credit losses for those specific receivables. ESU's accounts receivable are short term in nature and are written off only when all collection attempts have failed. If any recoveries are made from any accounts previously written off, they will be recognized in income or as an offset to credit loss expense in the year of recovery.

# The English-Speaking Union of the United States

## Notes to Consolidated Financial Statements June 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Accounts Receivable and Allowance for Credit Losses (continued)***

In accordance with the ESU's accounting policy election, the total amount of write offs was immaterial to the consolidated financial statements for the year ended June 30, 2024. At June 30, 2024, the allowance for credit losses was not material.

#### ***Net Asset Presentation***

Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

*Without donor restrictions* – consist of resources available for the general support of ESU's operations. These net assets may be used at the discretion of ESU's management and Board of Directors (the "Board").

*With donor restrictions* – represent amounts restricted by donors for specific activities of ESU or to be used at some future date. ESU records contributions as with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. Income and gains earned on endowment fund investments are available to be used in the 'with donor restrictions' or 'without donor restrictions' net asset classes upon stipulations by the donor. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

#### ***Cash and Cash Equivalents***

For statement of cash flow purposes, ESU considers all highly liquid debt instruments purchased with a maturity of three months or less, except for such items in its investment account, to be cash equivalents.

#### ***Certificates of Deposit***

Certificates of deposit are recorded at cost plus accrued interest and consists of maturities of more than three months when acquired.

#### ***Fair Value Measurements***

ESU follows US GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

# The English-Speaking Union of the United States

## Notes to Consolidated Financial Statements June 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Fair Value Measurements (continued)***

ESU follows US GAAP guidance which removed the requirements to categorize within the fair value hierarchy alternative investments where fair value is measured using the Net Asset Value ("NAV") per share as a practical expedient.

#### ***Investments Valuation and Income Recognition***

Investments are carried at fair value except for temporary cash investments which are carried at cost. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of change in net assets.

#### ***Headquarters Building, Building Improvements and Office Equipment***

ESU follows the practice of capitalizing expenditures for building, improvements and equipment with cost of \$500 or higher and having a useful life of more than one year. Depreciation is expensed on a straight-line basis over the estimated useful lives of the assets which range from 4 to 39 years.

ESU reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset exceeds its fair value. If such review indicates that the asset is impaired, the asset's carrying amount would be written down to fair value. Management has determined that no impairment adjustment was required for the years ended June 30, 2024 and 2023.

#### ***Contributions***

Contributions received, including unconditional promises to give, are recognized as support in the period received at their fair value. Contributions are recorded 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 purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

#### ***Membership Dues***

Revenue from membership dues are recognized as support over the membership period.

#### ***Gifts-in-Kind***

Contributions of services and use of facilities are recognized at their fair value as revenue and expense or assets in the consolidated statement of activities for the years ended June 30, 2024 and 2023.

# The English-Speaking Union of the United States

## Notes to Consolidated Financial Statements June 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Gifts-in-Kind (continued)***

ESU received contributed nonfinancial assets as follows for the years ended June 30:

|         | <u>2024</u>      | <u>2023</u>       | <u>Utilization in Programs / Activities</u> | <u>Donor Restrictions</u> | <u>Valuation Techniques and Inputs</u>                    |
|---------|------------------|-------------------|---|---------------------------|---|
| Rent    | \$ 58,300        | \$ 58,300         | Allocated across all functions              | None                      | Estimated based on market values of similar space rentals |
| Artwork | <u>-</u>         | <u>64,733</u>     | Held for display                            | None                      | Estimated based on original purchase price                |
|         | <u>\$ 58,300</u> | <u>\$ 123,033</u> |   |                           |   |

#### ***Operating Measure***

ESU classifies its activities in the accompanying consolidated statement of activities as operating and non-operating. Operating activities principally include all income and expenses related to carrying out ESU's charitable and educational mission. Operating revenue also includes investment return to fund current operations, in accordance with ESU's endowment spending rate policy.

Non-operating activities principally include investment return in excess of (or less than) amounts authorized for expenditure by ESU's Board of Directors (spending rate policy), contributions and other resources intended for permanently restricted purposes and other activities considered to be of a more unusual or non-recurring nature.

#### ***Functional Allocation of Expenses***

The costs of providing programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Direct program costs are allocated directly to programs. Costs identifiable to a particular function are directly charged to the program or supporting service. Other costs, such as meals and transportation, building-related expenses, and general business expenses, are allocated based on the percentage of overall salary allocation or square footage, whichever is more appropriate.

#### ***Prior-year Summarized Financial Information***

The financial statements include prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with ESU's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

# The English-Speaking Union of the United States

## Notes to Consolidated Financial Statements June 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Accounting for Uncertainty in Income Taxes***

ESU recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that ESU had no uncertain tax positions that would require financial statement disclosure or recognition. ESU is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to June 30, 2021.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through the date that the consolidated financial statements were available to be issued, which date is October 7, 2025.

### 3. Credit Risk Concentration

Certain financial instruments potentially subject ESU to concentrations of credit risk. These financial instruments consist primarily of cash and cash equivalents, certificates of deposit, investments and receivables. ESU's cash, certificates of deposit and investments are held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 and the Securities Investor Protection Corporation ("SIPC") up to \$500,000. At times cash and cash equivalents and investment balances held at these financial institutions may exceed insured limits. ESU does not have a material concentration of credit risk with respect to receivables.

### 4. Investments and Investment Return

ESU utilizes a total return investment approach with its asset allocation diversified over multiple asset classes. Target allocation percentages are established for various asset classes and are modified over time. Performance is measured against a composite benchmark of investment indices reflecting the target asset allocation.

The following are the types of investments held by HQ at June 30, 2024 and 2023 grouped by the fair value hierarchy for those investments measured at fair value on a recurring basis (except temporary cash investments):

| <u>2024</u>                                 |  |                      |                   |                      |
|---|--|----------------------|-------------------|----------------------|
| Description                                 |  | Level 1              | Level 2           | Total                |
| Investments at Fair Value by Level of Input |  |                      |                   |                      |
| Fixed income                                |  | \$ -                 | \$ 826,125        | \$ 826,125           |
| Equity securities                           |  | <u>\$ 13,313,835</u> | <u>-</u>          | <u>13,313,835</u>    |
| Total Investments at Fair Value             |  | <u>\$ 13,313,835</u> | <u>\$ 826,125</u> | <u>14,139,960</u>    |
| Temporary cash investment at cost           |  |                      |                   | 43,739               |
| Total Investments                           |  |                      |                   | <u>\$ 14,183,699</u> |

# The English-Speaking Union of the United States

## Notes to Consolidated Financial Statements June 30, 2024 and 2023

### 4. Investments and Investment Return (*continued*)

| <u>2023</u>                                 | Level 1              | Level 2             | Total                |
|---|----------------------|---------------------|----------------------|
| Description                                 |                      |                     |                      |
| Investments at Fair Value by Level of Input |                      |                     |                      |
| Fixed income                                | \$ -                 | \$ 1,908,146        | \$ 1,908,146         |
| Equity securities                           | <u>10,407,053</u>    | -                   | <u>10,407,053</u>    |
|   | <u>\$ 10,407,053</u> | <u>\$ 1,908,146</u> | <u>12,315,199</u>    |
| Temporary cash investment at cost           |                      |                     | 76,242               |
| Total Investments                           |                      |                     | <u>\$ 12,391,441</u> |

The following are the types of investments held by the branches at June 30, 2024 and 2023 grouped by the fair value hierarchy for those investments measured at fair value on a recurring basis (except temporary cash investments):

| <u>2024</u>                                 | Level 1             | Level 2           | Level 3           | Total               |
|---|---------------------|-------------------|-------------------|---------------------|
| Description                                 |                     |                   |                   |                     |
| Investments at Fair Value by Level of Input |                     |                   |                   |                     |
| Fixed income                                | \$ -                | \$ 275,198        | \$ -              | \$ 275,198          |
| Equity securities                           | 6,654,053           | -                 | -                 | 6,654,053           |
| Mutual funds                                | <u>1,785,151</u>    | -                 | -                 | <u>1,785,151</u>    |
|   | <u>8,439,204</u>    | <u>275,198</u>    | -                 | <u>8,714,402</u>    |
| Other                                       |                     |                   |                   |                     |
| Beneficial Interest in Trusts (i)           | -                   | -                 | 466,103           | 466,103             |
| Total Investments at Fair Value             | <u>\$ 8,439,204</u> | <u>\$ 275,198</u> | <u>\$ 466,103</u> | <u>9,180,505</u>    |
| Temporary cash investment at cost           |                     |                   |                   | 169,359             |
| Total Investments                           |                     |                   |                   | <u>\$ 9,349,864</u> |

| <u>2023</u>                                 | Level 1             | Level 2           | Level 3           | Total               |
|---|---------------------|-------------------|-------------------|---------------------|
| Description                                 |                     |                   |                   |                     |
| Investments at Fair Value by Level of Input |                     |                   |                   |                     |
| Fixed income                                | \$ -                | \$ 318,109        | \$ -              | \$ 318,109          |
| Equity securities                           | 5,272,157           | -                 | -                 | 5,272,157           |
| Mutual funds                                | <u>1,764,438</u>    | -                 | -                 | <u>1,764,438</u>    |
|   | <u>7,036,595</u>    | <u>318,109</u>    | -                 | <u>7,354,704</u>    |
| Other                                       |                     |                   |                   |                     |
| Beneficial Interest in Trusts (i)           | -                   | -                 | 433,501           | 433,501             |
| Total Investments at Fair Value             | <u>\$ 7,036,595</u> | <u>\$ 318,109</u> | <u>\$ 433,501</u> | <u>7,788,205</u>    |
| Temporary cash investment at cost           |                     |                   |                   | 166,788             |
| Total Investments                           |                     |                   |                   | <u>\$ 7,954,993</u> |

## The English-Speaking Union of the United States

### Notes to Consolidated Financial Statements June 30, 2024 and 2023

#### 4. Investments and Investment Return (*continued*)

(i) ESU maintains four beneficial interests in certain trusts administered by third parties. These trusts are valued at \$466,103 and \$433,501 at June 30, 2024 and 2023. As these trusts are controlled and invested by independent third parties, ESU records a beneficial interest for its ratable share of the assets based on the fair value of each trust's underlying assets. Changes in the beneficial interest in trusts is recorded as part of investment return – branches on the accompanying consolidated statement of activities.

The following is a reconciliation of the beginning and ending balances for assets measured at fair value using significant unobservable input (Level 3) during fiscal 2024 and 2023:

|                        | <u>Beneficial<br/>Interests<br/>in Trusts</u> |
|------------------------|---|
| Balance, June 30, 2022 | \$ 395,901                                    |
| Interest and dividends | 14,429  |
| Contributions          | 2,590   |
| Distributions          | (5,721)                                       |
| Fees and expenses      | (2,856)                                       |
| Unrealized gain        | <u>29,158</u>                                 |
| Balance, June 30, 2023 | 433,501                                       |
| Interest and dividends | 9,289   |
| Contributions          | 1,250   |
| Distributions          | (9,210)                                       |
| Fees and expenses      | (2,682)                                       |
| Unrealized gain        | <u>33,955</u>                                 |
| Balance, June 30, 2024 | <u><u>\$ 466,103</u></u>                      |

#### ***Return Objectives, Strategies Employed and Spending Policy***

ESU has adopted the total return concept for the purpose of appropriating earnings for the purpose of appropriating earnings from its combined investments for expenditure. The budgeted annual distribution rate was 5% of the three year market value of the combined portfolios for the years ended June 30, 2024 and 2023.

# The English-Speaking Union of the United States

## Notes to Consolidated Financial Statements June 30, 2024 and 2023

### 4. Investments and Investment Return (*continued*)

The following is a summary of the investment returns on the investments held by HQ for the fiscal years ended June 30, 2024 and 2023:

#### 2024

|                                       | Board<br>Designated        | With Donor<br>Restrictions | Total                      |
|---------------------------------------|----------------------------|----------------------------|----------------------------|
| Dividends and interest                | \$ 240,866                 | \$ 36,687                  | \$ 277,553                 |
| Unrealized gain                       | 1,677,584                  | 255,521                    | 1,933,105                  |
| Realized gain on investment sales     | 699,906                    | 106,613                    | 806,519                    |
| Custody and advisory fees             | (47,419)                   | (7,223)                    | (54,642)                   |
| <b>Total Investment Return</b>        | <b><u>\$ 2,570,937</u></b> | <b><u>\$ 391,598</u></b>   | <b><u>\$ 2,962,535</u></b> |
| Allocated to operations:              |                            |                            |                            |
| General operations                    | \$ 506,280                 | \$ -                       | \$ 506,280                 |
| Speaker and member services           | 4,601                      | -                          | 4,601                      |
| Education                             | 73,741                     | 43,093                     | 116,834                    |
| Book services                         | -                          | 55,527                     | 55,527                     |
| <b>Total Allocated to Operations</b>  | <b><u>584,622</u></b>      | <b><u>98,620</u></b>       | <b><u>683,242</u></b>      |
| Allocated to Non-operating Activities | <u>1,986,315</u>           | <u>292,978</u>             | <u>2,279,293</u>           |
|                                       | <b><u>\$ 2,570,937</u></b> | <b><u>\$ 391,598</u></b>   | <b><u>\$ 2,962,535</u></b> |

#### 2023

|                                       | Board<br>Designated        | With Donor<br>Restrictions | Total                      |
|---------------------------------------|----------------------------|----------------------------|----------------------------|
| Dividends and interest                | \$ 274,417                 | \$ 38,920                  | \$ 313,337                 |
| Unrealized gain                       | 1,072,041                  | 152,046                    | 1,224,087                  |
| Realized gain on investment sales     | 138,533                    | 19,648                     | 158,181                    |
| Custody and advisory fees             | (55,790)                   | (7,913)                    | (63,703)                   |
| <b>Total Investment Return</b>        | <b><u>\$ 1,429,201</u></b> | <b><u>\$ 202,701</u></b>   | <b><u>\$ 1,631,902</u></b> |
| Allocated to operations:              |                            |                            |                            |
| General operations                    | \$ 489,009                 | \$ -                       | \$ 489,009                 |
| Speaker and member services           | 7,892                      | -                          | 7,892                      |
| Education                             | 87,428                     | 32,128                     | 119,556                    |
| Book services                         | -                          | 52,151                     | 52,151                     |
| <b>Total Allocated to Operations</b>  | <b><u>584,329</u></b>      | <b><u>84,279</u></b>       | <b><u>668,608</u></b>      |
| Allocated to Non-operating Activities | <u>844,872</u>             | <u>118,422</u>             | <u>963,294</u>             |
|                                       | <b><u>\$ 1,429,201</u></b> | <b><u>\$ 202,701</u></b>   | <b><u>\$ 1,631,902</u></b> |

# The English-Speaking Union of the United States

## Notes to Consolidated Financial Statements June 30, 2024 and 2023

### 4. Investments and Investment Return (*continued*)

The following is a summary of the investment return on the investments held by the branches for the fiscal years ended June 30, 2024 and 2023:

#### 2024

|                                       | Without Donor<br>Restrictions | With Donor<br>Restrictions | <u>Total</u>               |
|---------------------------------------|-------------------------------|----------------------------|----------------------------|
| Dividends and interest                | \$ 133,940                    | \$ 101,817                 | \$ 235,757                 |
| Unrealized gain                       | 450,723                       | 699,774                    | 1,150,497                  |
| Realized gain on investment sales     | 38,663                        | 222,597                    | 261,260                    |
| Custody and advisory fees             | (12,273)                      | (24,931)                   | (37,204)                   |
| <b>Total Investment Return</b>        | <b><u>\$ 611,053</u></b>      | <b><u>\$ 999,257</u></b>   | <b><u>\$ 1,610,310</u></b> |
| Allocated to operations:              |                               |                            |                            |
| Education                             | \$ -                          | \$ 118,015                 | \$ 118,015                 |
| Total Allocated to Operations         | -                             | 118,015                    | 118,015                    |
| Allocated to Non-operating Activities | <u>611,053</u>                | <u>881,242</u>             | <u>1,492,295</u>           |
|                                       | <b><u>\$ 611,053</u></b>      | <b><u>\$ 999,257</u></b>   | <b><u>\$ 1,610,310</u></b> |

#### 2023

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | <u>Total</u>             |
|--|-------------------------------|----------------------------|--------------------------|
| Dividends and interest                   | \$ 108,029                    | \$ 105,883                 | \$ 213,912               |
| Unrealized gain                          | 278,400                       | 514,013                    | 792,413                  |
| Realized gain (loss) on investment sales | 44,898                        | (32,794)                   | 12,104                   |
| Custody and advisory fees                | (17,210)                      | (21,224)                   | (38,434)                 |
| <b>Total Investment Return</b>           | <b><u>\$ 414,117</u></b>      | <b><u>\$ 565,878</u></b>   | <b><u>\$ 979,995</u></b> |
| Allocated to operations:                 |                               |                            |                          |
| Education                                | \$ -                          | \$ 99,838                  | \$ 99,838                |
| Total Allocated to Operations            | -                             | 99,838                     | 99,838                   |
| Allocated to Non-operating Activities    | <u>414,117</u>                | <u>466,040</u>             | <u>880,157</u>           |
|  | <b><u>\$ 414,117</u></b>      | <b><u>\$ 565,878</u></b>   | <b><u>\$ 979,995</u></b> |

# The English-Speaking Union of the United States

## Notes to Consolidated Financial Statements June 30, 2024 and 2023

### 4. Investments and Investment Return (*continued*)

The following is a reconciliation of the HQ investment activity for fiscal years 2024 and 2023 in the donor restricted and board designated funds:

|                               | Without Donor<br>Restrictions |                       | With Donor Restrictions |               | Total                |
|-------------------------------|-------------------------------|-----------------------|-------------------------|---------------|----------------------|
|                               | Board<br>Designated           | Purpose<br>Restricted | Perpetual in<br>Nature  |               |                      |
| Balance, June 30, 2022        | \$ 9,308,925                  | \$ 634,978            | \$ 685,286              | \$ 10,629,189 |                      |
| Contributions                 | -                             | -                     | 15,840                  |               | 15,840               |
| Interest and dividends        | 268,672                       | 37,579                | -                       |               | 306,251              |
| Unrealized gain               | 1,072,041                     | 152,046               | -                       |               | 1,224,087            |
| Realized gain                 | 138,533                       | 19,648                | -                       |               | 158,181              |
| Transfers to operations       | (214,755)                     | -                     | -                       |               | (214,755)            |
| Custody fees                  | (55,790)                      | (7,913)               | -                       |               | (63,703)             |
| Appropriation for expenditure | <u>(974,951)</u>              | <u>(84,108)</u>       | <u>-</u>                |               | <u>(1,059,059)</u>   |
| Balance, June 30, 2023        | 9,542,675                     | 752,230               | 701,126                 |               | 10,996,031           |
| Contributions                 | 57,212                        | -                     | 36,769                  |               | 93,981               |
| Interest and dividends        | 240,866                       | 36,687                | -                       |               | 277,553              |
| Unrealized gain               | 1,677,584                     | 255,521               | -                       |               | 1,933,105            |
| Realized gain                 | 699,906                       | 106,613               | -                       |               | 806,519              |
| Transfers to operations       | (502,869)                     | -                     | -                       |               | (502,869)            |
| Custody fees                  | (47,419)                      | (7,223)               | -                       |               | (54,642)             |
| Appropriation for expenditure | <u>(851,060)</u>              | <u>(98,620)</u>       | <u>-</u>                |               | <u>(949,680)</u>     |
| Balance, June 30, 2024        | <u>\$ 10,816,895</u>          | <u>\$ 1,045,208</u>   | <u>\$ 737,895</u>       |               | <u>\$ 12,599,998</u> |
| Comprised of the following:   |                               |                       |                         |               |                      |
| Donor restricted funds        | \$ -                          | \$ 1,045,208          | \$ 737,895              |               | \$ 1,783,103         |
| Board designated funds        | <u>10,816,895</u>             | <u>-</u>              | <u>-</u>                |               | <u>10,816,895</u>    |
| Total Funds                   | <u>\$ 10,816,895</u>          | <u>\$ 1,045,208</u>   | <u>\$ 737,895</u>       |               | <u>\$ 12,599,998</u> |

# The English-Speaking Union of the United States

## Notes to Consolidated Financial Statements June 30, 2024 and 2023

### 4. Investments and Investment Return (*continued*)

The following is a reconciliation of the branches investment activity for fiscal years 2024 and 2023 in the donor restricted and board designated funds:

|                               | Without Donor<br>Restrictions |                       | With Donor Restrictions |                     | Total |
|-------------------------------|-------------------------------|-----------------------|-------------------------|---------------------|-------|
|                               | Board<br>Designated           | Purpose<br>Restricted | Perpetual<br>in nature  |                     |       |
| Balance, June 30, 2022        | \$ 148,156                    | \$ 1,884,388          | \$ 2,185,571            | \$ 4,218,115        |       |
| Interest and dividends        | 4,688                         | 105,883               | -                       | 110,571             |       |
| Unrealized gain               | 22,759                        | 514,013               | -                       | 536,772             |       |
| Realized loss                 | (1,452)                       | (32,794)              | -                       | (34,246)            |       |
| Custody fees                  | (940)                         | (21,224)              | -                       | (22,164)            |       |
| Transfer to operations        | (9,466)                       | -                     | -                       | (9,466)             |       |
| Appropriation for expenditure | -                             | (99,838)              | -                       | (99,838)            |       |
| Balance, June 30, 2023        | 163,745                       | 2,350,428             | 2,185,571               | 4,699,744           |       |
| Interest and dividends        | 4,264                         | 101,817               | -                       | 106,081             |       |
| Unrealized gain               | 29,309                        | 699,774               | -                       | 729,083             |       |
| Realized gain                 | 9,323                         | 222,597               | -                       | 231,920             |       |
| Custody fees                  | (1,044)                       | (24,931)              | -                       | (25,975)            |       |
| Transfer to operations        | (9,626)                       | -                     | -                       | (9,626)             |       |
| Appropriation for expenditure | -                             | (118,015)             | -                       | (118,015)           |       |
| Balance, June 30, 2024        | <u>\$ 195,971</u>             | <u>\$ 3,231,670</u>   | <u>\$ 2,185,571</u>     | <u>\$ 5,613,212</u> |       |
| Comprised of the following:   |                               |                       |                         |                     |       |
| Donor restricted funds        | \$ -                          | \$ 3,231,670          | \$ 2,185,571            | \$ 5,417,241        |       |
| Board designated funds        | <u>195,971</u>                | <u>-</u>              | <u>-</u>                | <u>195,971</u>      |       |
| Total Funds                   | <u>\$ 195,971</u>             | <u>\$ 3,231,670</u>   | <u>\$ 2,185,571</u>     | <u>\$ 5,613,212</u> |       |

#### ***Interpretation of Relevant Law***

The Board of Directors of ESU has interpreted New York Prudent Management of Institutional Funds Act (“NYPMIFA”) and Florida Uniform Prudent Management of Institutional Funds Act (“FUPMIFA”) as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, ESU classifies as net assets with donor restrictions perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment fund, and (c) accumulations of investment returns to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, if any. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions perpetual in nature is classified as net assets with donor restrictions – time and purpose restricted until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by NYPMIFA and FUPMIFA.

## The English-Speaking Union of the United States

### Notes to Consolidated Financial Statements June 30, 2024 and 2023

#### **5. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2024 and 2023:

|   | 2024                       | 2023                       |
|---|----------------------------|----------------------------|
| Cash and cash equivalents   | \$ 1,287,538               | \$ 1,725,457               |
| Certificates of deposit   | 621,069                    | 317,075                    |
| Investments, at fair value  | 23,533,563                 | 20,346,434                 |
| Accounts receivable   | 179,378                    | 175,007                    |
| Less: donor restricted net assets   | (7,244,691)                | (6,053,292)                |
| Add: time restrictions expected to be released                                    | 43,823                     | 63,413                     |
| Less: Board designated net assets   | (11,012,866)               | (9,706,420)                |
| Add: Estimated Board designated investment<br>spend rate allocation to operations | 636,961                    | 666,094                    |
| Less: Investments in beneficial interests in perpetual trusts                     | <u>(466,103)</u>           | <u>(433,501)</u>           |
| <b>Total Available for General Expenditure</b>                                    | <b><u>\$ 7,578,672</u></b> | <b><u>\$ 7,100,267</u></b> |

ESU structures its financial assets, consisting of cash and pledges receivable to be available as its general expenditures and liabilities come due within one year. In addition, ESU generates cash flow from contributions and pledges, made by donors through its fundraising efforts, primarily from its annual gala event. Additionally, ESU receives cash flow from drawdowns or endowment funds based on spending rates and as restrictions are met.

#### **6. Headquarters' Building and Office Equipment**

Building and office equipment at June 30, 2024 and 2023 consisted of the following:

|                               | June 30          |                  |
|-------------------------------|------------------|------------------|
|                               | 2024             | 2023             |
| Land                          | \$ 930,900       | \$ 930,900       |
| Building and improvements     | <u>4,717,798</u> | <u>4,710,098</u> |
|                               | 5,648,698        | 5,640,998        |
| Less accumulated depreciation | <u>2,532,950</u> | <u>2,352,843</u> |
|                               | \$ 3,115,748     | \$ 3,288,155     |
| Office equipment and fixtures | \$ 139,254       | \$ 127,655       |
| Less accumulated depreciation | <u>110,432</u>   | <u>100,369</u>   |
|                               | \$ 28,822        | \$ 27,286        |
| Donated artwork               | <u>\$ 64,733</u> | <u>\$ 64,733</u> |

## The English-Speaking Union of the United States

### Notes to Consolidated Financial Statements June 30, 2024 and 2023

#### **6. Headquarters' Building and Office Equipment (*continued*)**

Depreciation expense for the years ended June 30, 2024 and 2023 in the amount of \$190,172 and \$206,740 has been allocated to various programs (\$95,086 and \$103,370 for 2024 and 2023) and supporting services (\$95,086 and \$103,370 for 2024 and 2023) based on management's estimate of the benefit. Office equipment includes an asset held under a lease totaling \$98,976 (\$98,976 for 2023) and fully accumulated depreciation of \$98,976 at June 30, 2024 (\$92,790 for 2023).

#### **7. Finance Lease**

ESU is committed under a finance lease for office equipment. The lease expired in 2024 and provided for the minimum annual payments of \$7,898.

#### **8. Net Assets With Donor Restrictions – Time and Purpose Restricted**

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

|                                     | <u>2024</u>         | <u>2023</u>         |
|-------------------------------------|---------------------|---------------------|
| Earning on endowment funds (timing) | \$ 4,276,878        | \$ 3,102,658        |
| Andrew Romay New Immigration Center | 10,969              | 28,984              |
| Scholarships                        | 32,854              | 34,429              |
|                                     | <u>\$ 4,320,701</u> | <u>\$ 3,166,071</u> |

The following amounts were released from net assets with donor restrictions by authorization of the donor and/or the occurrence of the event for which the donor specified such donation was to be used for the years ended June 30:

|                                     | <u>2024</u>       | <u>2023</u>       |
|-------------------------------------|-------------------|-------------------|
| Earning on endowment funds (timing) | \$ 216,635        | \$ 183,946        |
| Andrew Romay New Immigration Center | 378,165           | 332,144           |
| Scholarships                        | 47,121            | 81,317            |
|                                     | <u>\$ 641,921</u> | <u>\$ 597,407</u> |

#### **9. Net Assets With Donor Restrictions – Perpetual in Nature**

Net assets of \$2,923,990 and \$2,887,221 at June 30, 2024 and 2023 represent gifts which have been restricted by the donor in perpetuity, and from which the income is to be used for the ESU's education programs.

**The English-Speaking Union of the United States**

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**10. Pension Plan**

Eligible employees of ESU who are employed in HQ participate in a money purchase pension plan, as defined in Section 403(b) of the Internal Revenue Code. Employer contributions are made for eligible employees at the rate of 7.5% of covered compensation. Pension expense amounted to \$41,004 and \$43,606 for the years ended June 30, 2024 and 2023.

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