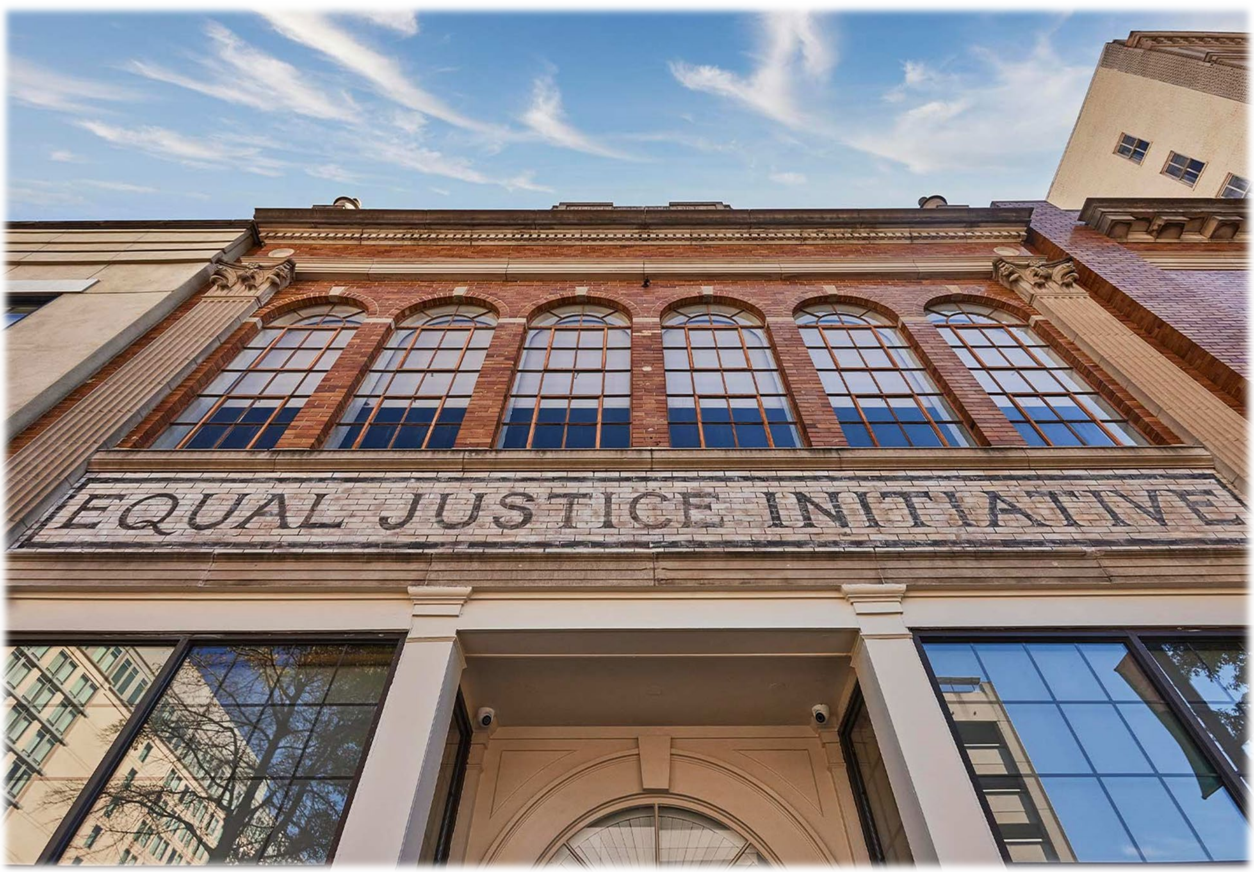
Equal Justice Initiative

Audited Consolidated Financial Statements
For the year ended September 30, 2023



Equal Justice Initiative

Equal Justice Initiative

Financial Highlights

For the Year Ended September 30, 2023

With your support, we continue our mission to challenge racial and economic injustice, fight poverty and end mass incarceration and excessive punishment.

In 2023, EJI made significant capital investments to greatly expand EJI's public education work around racial inequality. EJI continues to welcome hundreds of thousands of visitors each year to the Legacy Museum and the National Memorial for Peace and Justice, and in 2023, we invested in the construction of Freedom Monument Sculpture Park, which will open in 2024.

EJI's hunger relief program expanded in 2023 and now provides direct financial assistance for food and essential items to over 2,000 families in Alabama. In June 2023, we opened a new free health clinic in Montgomery, Alabama in response to health needs of individuals leaving prisons. In addition, EJI Health introduced a mobile clinic to provide health services in underserved areas across the state.

We are grateful for $63 million dollars in support, sales and other revenue in 2023. We are proud to consistently devote over 95% of our support to program and core activities. With the expansion of programs, we had $82 million dollars in expenditures, including $27 million in capital costs related to the expansion of EJI's cultural and educational sites. We are grateful for your support which makes our work possible.

2023 Financial Summary:

Support, sales, and other revenues		
Grants and contributions	$	59,946,029
Sales, service, and miscellaneous income		3,009,342
Total support, sales, and other revenues	**$**	**62,955,371**
Net investment return		13,288,095
Total revenues and other support	**$**	**76,243,466**
Expenses		
Program services **(97.2%)**	$	53,640,315
Management and general **(2.4%)**		1,306,551
Fundraising **(0.4%)**		193,077
Total expenses	**$**	**55,139,943**
Capital expenditures		26,693,598
Total expenses and capital spending	**$**	**81,833,541**

Equal Justice Initiative, Inc.

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023

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REPORT

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Equal Justice Initiative, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Equal Justice Initiative, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of September 30, 2023, 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 financial position of the Equal Justice Initiative, Inc. as of September 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated 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 auditing standards generally accepted in the United States of America 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, 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 Organization'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 Organization'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.

Carr, Riggs & Ingram, L.L.C.

Montgomery, Alabama
February 6, 2024

FINANCIAL STATEMENTS

September 30,	**2023**
Assets	
Current assets	
Cash and cash equivalents	**$ 23,028,493**
Certificates of deposit, non-negotiable	**28,360,650**
Grants receivable	**3,845,000**
Accounts receivable	**180,390**
Accrued interest receivable	**1,369,198**
Inventory	**887,017**
Prepaid expenses	**1,706,119**
Other assets	**1,018,825**
Total current assets	**60,395,692**
Investments	**204,541,063**
Certificates of deposit, negotiable	**31,173,873**
Certificates of deposit, non-negotiable	**15,490,769**
Grants receivable, net (less current portion)	**3,672,344**
Operating lease right-of-use assets, net	**6,006,249**
Construction in process	**24,073,498**
Property and equipment, net	**82,493,205**
Total assets	**$ 427,846,693**
Liabilities and net assets	
Current liabilities	
Accounts payable	**$ 3,213,618**
Accrued liabilities	**60,564**
Current portion of operating lease liabilities	**647,358**
Performance obligation liability	**39,864**
Total current liabilities	**3,961,404**
Non-current liabilities	
Operating lease liabilities, less current portion	**5,358,891**
Total non-current liabilities	**5,358,891**
Total liabilities	**9,320,295**
Net assets	
Without donor restrictions	**411,009,054**
With donor restrictions	**7,517,344**
Total net assets	**418,526,398**
Total liabilities and net assets	**$ 427,846,693**

The accompanying notes are an integral part of these financial statements.

Year ended September 30,	2023		
	Without Donor Restrictions	With Donor Restrictions	**Total**
Revenues and other support			
Contributions	$ 43,956,016	$ -	**$ 43,956,016**
Grants	15,845,013	145,000	**15,990,013**
Admission fee income	608,875	-	**608,875**
Merchandise sales income	1,501,227	-	**1,501,227**
Service income	758,063	-	**758,063**
Gain on disposal of assets	9,500	-	**9,500**
Other income	131,677	-	**131,677**
Net investment return	13,288,095	-	**13,288,095**
Reclassification of amounts released from restrictions	18,835,966	(18,835,966)	**-**
Total revenues and other support	94,934,432	(18,690,966)	**76,243,466**
Expenses			
Program services			
Legal assistance	14,354,275	-	**14,354,275**
Education	34,878,520	-	**34,878,520**
Anti-Poverty	4,407,520	-	**4,407,520**
Total program services	53,640,315	-	**53,640,315**
Supporting services			
Management and general	1,306,551	-	**1,306,551**
Fundraising	193,077	-	**193,077**
Total supporting services	1,499,628	-	**1,499,628**
Total expenses	55,139,943	-	**55,139,943**
Change in net assets	39,794,489	(18,690,966)	**21,103,523**
Net assets, beginning of year	371,214,565	26,208,310	**397,422,875**
Net assets, end of year	$ 411,009,054	$ 7,517,344	**$ 418,526,398**

	Program Services				Supporting Services			
Year ended September 30, 2023	Legal Assistance	Education	Anti-Poverty	Total Program Services	Management and General	Fundraising	Total Supporting Services	**2023 Totals**
Advertising and promotion	$ -	$ 222,890	$ -	$ 222,890	$ -	$ -	$ -	**$ 222,890**
Community education and training	148,770	833,065	-	981,835	-	-	-	**981,835**
Contributions	3,000,000	17,000,000	-	20,000,000	-	-	-	**20,000,000**
Contract labor	38,352	54,789	16,437	109,578	2,236	-	2,236	**111,814**
Depreciation expense	2,864,271	4,804,968	74,567	7,743,806	11,947	1,748	13,695	**7,757,501**
Dues, fees and subscriptions	620,111	99,721	78,029	797,861	24,216	16,144	40,360	**838,221**
Employee benefits	481,740	1,052,172	167,901	1,701,813	164,956	12,871	177,827	**1,879,640**
Food insecurity assistance	-	-	2,837,796	2,837,796	-	-	-	**2,837,796**
Professional fees and experts	182,711	18,953	18,953	220,617	5,985	3,990	9,975	**230,592**
Insurance	44,755	111,322	36,306	192,383	13,372	1,956	15,328	**207,711**
Merchandise for resale	-	1,056,397	-	1,056,397	-	-	-	**1,056,397**
Other expenses	824	30,533	-	31,357	-	-	-	**31,357**
Payroll taxes	189,272	415,014	66,109	670,395	64,570	5,087	69,657	**740,052**
Printing, postage, publishing and media	986,370	594,231	97	1,580,698	-	52,135	52,135	**1,632,833**
Re-entry and client support	421,653	-	-	421,653	-	-	-	**421,653**
Lease expense	679,428	117,663	32,000	829,091	-	-	-	**829,091**
Repairs, maintenance and renovation	539,237	1,631,599	47,693	2,218,529	41,806	6,116	47,922	**2,266,451**
Salaries and payroll expenses	2,482,783	5,368,253	867,190	8,718,226	846,996	66,726	913,722	**9,631,948**
Supplies	127,418	188,394	105,459	421,271	17,697	-	17,697	**438,968**
Travel	429,504	247,040	29,118	705,662	47,570	6,959	54,529	**760,191**
Utilities, telephone and communication	1,117,076	1,031,516	29,865	2,178,457	65,200	19,345	84,545	**2,263,002**
Totals	**$ 14,354,275**	**$ 34,878,520**	**$ 4,407,520**	**$ 53,640,315**	**$ 1,306,551**	**$ 193,077**	**$ 1,499,628**	**$ 55,139,943**

The accompanying notes are an integral part of these financial statements.

Year ended September 30,	**2023**
Operating Activities	
Change in net assets	**$ 21,103,523**
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	**7,757,501**
Amortization of right-of-use assets	**726,252**
Gain on disposal of assets	**(9,500)**
Contributed investments	**(1,250,546)**
Unrealized and realized gains on investments	**(7,498,530)**
Change in operating assets and liabilities	
Grants receivable	**18,690,966**
Accounts receivable	**(61,743)**
Accrued interest receivable	**(704,191)**
Inventory	**309,401**
Prepaid expenses	**(911,777)**
Other assets	**(1,018,825)**
Accounts payable	**195,271**
Accrued liabilities	**11,993**
Operating lease liabilities	**(726,252)**
Performance obligation liability	**11,599**
Net cash provided by operating activities	**36,625,142**
Investing activities	
Construction in progress	**(22,803,176)**
Purchases of property and equipment	**(3,890,422)**
Proceeds from disposal of assets	**9,500**
Proceeds from maturities of certificates of deposit, non-negotiable	**30,367,744**
Purchases of investments	**(104,812,436)**
Proceeds from sales of investments	**77,440,567**
Purchases and reinvestments of certificates of deposit, non-negotiable	**(350,392)**
Net cash used in investing activities	**(24,038,615)**
Net change in cash and cash equivalents	**12,586,527**
Cash and cash equivalents, beginning of year	**10,441,966**
Cash and cash equivalents, end of year	**$ 23,028,493**

The accompanying notes are an integral part of these financial statements.

Note 1: NATURE OF OPERATIONS

Equal Justice Initiative, Inc. (EJI) (the Organization) is a non-profit law organization working to improve justice and fairness in America for the poor, disadvantaged, and incarcerated. EJI provides legal assistance to condemned prisoners, people wrongly convicted or unfairly sentenced, children in the criminal justice system, and the mentally ill and disabled facing imprisonment. EJI is actively engaged in efforts to improve conditions of confinement, provide legal aid to children and the disabled, assist condemned prisoners, and help the formerly incarcerated with re-entry, while also fighting to eliminate mass imprisonment, extreme punishments, and cruel sentencing practices. EJI also continues to expand and intensify work on race and poverty in America, and to bring increased knowledge and awareness of the connections between its nation's history of racial injustice and the current era of mass incarceration, disproportionate educational and economic opportunity, and abuse of racial minorities. EJI remains committed to advocating for more hopeful solutions to the violence, powerlessness, and despair that plague many marginalized communities.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Consolidated Financial Statements

The financial statements of SCD Holdings, LLC have been consolidated with the Organization. The Organization is the sole member of SCD Holdings, LLC, an Alabama limited liability company. Intercompany accounts, transactions and earnings have been eliminated in consolidation. SCD Holdings, LLC was formed and organized in 2021 to hold title to property for the benefit of the Organization.

Use of Estimates

The presentation 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Services

The Organization's program services consist of the following:

Legal assistance – EJI provides direct legal services to people who have been illegally convicted, unfairly sentenced, or abused in state jails and prisons. EJI works to end mass incarceration by challenging excessive punishment in court, advocating for parole and providing re-entry support, and advancing systemic reform through research, education, and narrative work.

Education – EJI operates the Legacy Museum: From Enslavement to Mass Incarceration and the National Memorial for Peace and Justice as part of EJI's national effort to create new spaces, markers, and memorials that address the legacy of slavery, lynching, and racial segregation, which shapes many issues today.

Anti-poverty – EJI works to reduce poverty and assist vulnerable people by creating new services and support around hunger, unjust fees and fines and health care.

Cash and Cash Equivalents

Cash and cash equivalents consist of amounts on deposit subject to immediate withdrawal. In presenting the statements of cash flows, the Organization considers all short-term, highly liquid investments to be cash equivalents that are readily convertible to known amounts of cash, and so near their maturities that they present insignificant risk of changes in value because of interest rates.

Certificates of Deposit – Non-negotiable

Non-negotiable certificates of deposit are carried at amortized cost.

Grants and Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of members to meet their obligations. As of September 30, 2023, all receivables are deemed by management to be fully collectible, and therefore, no allowance has been recorded.

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted as to use until payments due are received. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Inventory

The Organization maintains an inventory of various publications available for distribution to its colleagues and other users in connection with its primary exempt purposes. The Organization also maintains an inventory of various merchandise, books and apparel available for sale from the EJI Gift Shop and Bookstore. The cost of these items is recorded in program expenses once the items are distributed or sold. Inventory is stated at the lower of cost or net realizable value, with cost being determined by the first in, first out method.

Investments

The Organization reports investments in equity securities, including negotiable certificates of deposit, with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Investments in Non-marketable Securities

Limited partnership interests are reported at estimated fair value as determined by the general partner. The Organization records its initial investment and subsequent contributions at cost and adjusts for its share of income/appreciation, losses/depreciation, and distributions received from the investments. The Organization believes that the carrying amount of these investments is a reasonable estimate of fair value as of September 30, 2023. Because these investments are not readily marketable, the estimated value is subject to uncertainty, and therefore may differ from the value that would have been used had a ready market for the investments existed and such difference could be material. These fair values are estimated by the general partner of each limited partnership using various valuation techniques.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment and works of art are stated at cost less accumulated depreciation. Expenditures over $5,000 for major renewals and betterments that extend the useful life of an asset for more than one year are capitalized. These assets are depreciated using the straight line method with useful lives of three to forty years.

Construction in Process

Construction in process is stated at cost and not depreciated. Property is transferred to property and equipment when completed and placed in service. There was $24,073,498 included in construction in process as of September 30, 2023.

Leases

The Organization leases property, office space and equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities the statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Organization a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in it corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Donor restricted resources that are received and spent in the same year are included in changes in net assets without donor restrictions.

Revenue Recognition and Performance Obligation Liabilities

Contributions and grants are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Admission fee income, merchandise sales income and service income are accounted for under ASC Topic 606, Revenue from Contracts with Customers (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied.

Certain performance obligations are satisfied at a specific point in time, while others are satisfied over time. As of September 30, 2023, there was $39,864 of performance obligations yet to be satisfied, of which all is expected to be recognized in revenue during the year ended September 30, 2024.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition and Performance Obligation Liabilities (Continued)

Revenue for admission fee income and service income are recognized at a point in time. The Organization has an obligation to provide services at a specified time determined on the transaction date. The Organization considers the income to be earned at a point in time once the relevant performance obligation is satisfied.

Revenue for merchandise sales income relates to fees charged for goods. The Organization has an obligation to provide goods to customers who purchase them and recognizes revenue at a point in time when the purchase is made and the obligation is satisfied.

100% of non-contribution type revenue earned in the current year was at a point in time consisting of admission fee income, merchandise sales income and service income.

Contract Balances

September 30,		**2023**
Performance obligation liabilities, beginning of year	**$**	**28,265**
Performance obligation liabilities, end of year	**$**	**39,864**

Non-cash Contributions

The Organization receives in-kind contributions from time to time (e.g. investment securities). These contributions are recognized at fair market value on the date of the contribution.

The Organization receives contributed assets, materials and services from time to time that improve or contribute value to property and equipment. These contributed assets, materials and services are recognized by the Organization at fair value on the date of the contribution.

Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Functional Allocation of Expenses

Expenses that can be directly identified with a function are so classified. Payroll, occupancy, and related expenditures are distributed on a percentage basis determined from estimates of time and effort, square footage, and certain other factors that are adjusted for significant changes affecting a particular function.

Advertising

The Organization expenses advertising costs incurred. For the year ended September 30, 2023, advertising costs were $222,890.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The Organization is a tax-exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to income tax. The Organization's subsidiary, SDC Holdings LLC, is tax exempt under section 501(c)(3) as a single member LLC where the Organization is the single member. The Organization is required to file an annual information return on Federal Form 990.

The Organization has not recognized any respective liability for unrecognized tax benefits as it has no known tax positions that would subject the Organization to any material income tax exposure. The tax years that remain subject to examination are the periods ending September 30, 2020 through 2023 for all major tax jurisdictions.

Reclassifications

During the year ended September 30, 2023, the Organization determined that certain net assets associated with grants receivable should be classified as net assets with donor restrictions. Accordingly, on October 1, 2022, $26,208,310 was reclassified from net assets without donor restrictions to net assets with donor restrictions.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 6, 2024.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective October 1, 2022 and recognized and measured leases existing at, or entered into after, October 1, using a modified retrospective approach, with certain practical expedients available.

Note 3: FINANCIAL ASSET AVAILABILITY

The Organization regularly monitors liquidity required to meet operating needs and other contractual commitments, while also striving to maximize the investment of available funds. The Organization has various sources of liquidity at their disposal, including cash and cash equivalents, grants and accounts receivables and operating investments. The Organization manages liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves.

The Organization operates with a cash positive budget and anticipates collecting sufficient revenues to meet current expenditures. 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:

September 30,	**2023**
Cash and cash equivalents	**$ 23,028,493**
Certificates of deposit, non-negotiable	**28,360,650**
Accounts receivable	**180,390**
Operating investments	**121,139,896**
	$ 172,709,429

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in operating investments.

Note 4: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

September 30,	**2023**
Petty cash	**$ 6,073**
Business checking and money market accounts	**23,022,420**
Total cash and cash equivalents	**$ 23,028,493**

Note 5: GRANTS RECEIVABLE

Grants receivable as of September 30, 2023 is expected to be collected as follows:

September 30,		**2023**
Less than one year	$	**3,845,000**
One year to five years		**3,850,000**
Total grants receivable		**7,695,000**
Less discount to net present value (discount rate 4.59%)		**(177,656)**
Present value of grants receivable	$	**7,517,344**

Note 6: INVESTMENTS

The Organization's investments and negotiable certificates of deposit are stated at fair market value and consisted of the following:

September 30, 2023	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Certificates of deposit - negotiable	**$ 31,916,633**	**$ 549**	**$ (743,309)**	**$ 31,173,873**
Common stocks	**28,565,387**	**5,372,936**	**(2,083,461)**	**31,854,862**
Equity mutual funds	**9,723,538**	**24,094**	**(1,615,717)**	**8,131,915**
Fixed income mutual funds	**4,125,286**	**-**	**(256,077)**	**3,869,209**
Common investment fund - fixed income	**4,977,251**	**-**	**(770,047)**	**4,207,204**
Corporate bonds	**70,646,900**	**64,442**	**(2,939,023)**	**67,772,319**
Limited partnership interest	**7,532,577**	**19,858**	**-**	**7,552,435**
Government securities	**84,123,445**	**125,754**	**(3,096,080)**	**81,153,119**
Total	**$ 241,611,017**	**$ 5,607,633**	**$ (11,503,714)**	**$ 235,714,936**

Note 7: PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

September 30,	Estimated Useful Lives (in years)	**2023**
Land		**$ 11,308,740**
Buildings, museum, and memorial	3-20	**99,850,096**
Furniture and fixtures	3-7	**98,818**
Computer, office, and media equipment	3-5	**377,025**
Automobiles	5	**1,338,617**
Leasehold improvements	3-10	**218,281**
Total property and equipment at cost		**113,191,577**
Less accumulated depreciation		**(30,698,372)**
Property and equipment, net		**$ 82,493,205**

Depreciation expense was $7,757,501 for the year ended September 30, 2023.

Note 8: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- 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; or
  - can be corroborated by observable market data.

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

Note 8: FAIR VALUE MEASUREMENTS (Continued)

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used for September 30, 2023.

Certificates of deposit: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Common stocks and equity mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

U.S. Treasuries, fixed income securities, corporate bonds, asset-backed securities and government securities: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

The Organization uses the net asset value (NAV) per share or its equivalent reported by the general partners as a practical expedient to estimate fair value for limited partnership interests. The NAV per share of its equivalent is applied to limited partnership interests that do not have readily determinable fair values unless it is probable that all or a portion of the investment will be sold for an amount different than NAV. As of September 30, 2023, the Organization had no plans or intentions to sell those investments at amounts different from NAV. While these investments may contain varying degrees of risk, the Organization's risk with respect to such transactions is limited to its capital balance in each investment and the amounts of any unfunded commitments.

Note 8: FAIR VALUE MEASUREMENTS (Continued)

Assets and liabilities measured at fair value on a recurring basis, are summarized for the year ended September 30, 2023:

	Based on:		
September 30, 2023	Level 1 inputs	Level 2 inputs	Level 3 inputs
Certificates of deposit - negotiable	$ -	$ 31,173,873	$ -
Common stocks	31,854,862	-	-
Equity mutual funds	8,131,915	-	-
Fixed income mutual funds	3,869,209	-	-
Common investment fund - fixed income	-	-	4,207,204
Corporate bonds	-	67,772,319	-
Government securities	-	81,153,119	-
Total	$ 43,855,986	$ 180,099,311	$ 4,207,204

September 30, 2023	
Investments at net asset value (NAV):	
Limited partnership interest	$ 7,552,435

September 30, 2023

Description	Fair Value	Unfunded Commitments	Redemption fequency (If Currently Eligible)	Redemption Notice Period
Limited partnership interest	$ 7,552,435	$ -	Quarterly	60 days

The changes in amounts valued as Level 3 are as follows:

	2023
Level 3, beginning of year	$ 4,211,908
Purchases	-
Sales	(15,235)
Investment return, net	10,531
Level 3, end of year	$ 4,207,204

Note 9: LEASES

The Organization has operating leases for property, office space and equipment. The leases have remaining lease terms of 1 to 9 years, some of which include options to extend the leases for up to 5 years. As of September 30, 2023, right-of-use assets recorded under operating leases were $7,252,532 and accumulated amortization associated with right-of-use assets was $1,246,283.

The components of lease expense consist of the following:

Year ended September 30,	**2023**
Operating lease cost	**$ 829,091**

Weighted average remaining lease term and discount rates consist of the following:

Years ended September 30,	**2023**
Weighted average remaining lease term	
Operating leases	9 years
Discount rate	
Operating leases	1.60%

Future minimum lease payments under non-cancellable leases as of September 30, 2023 were as follows:

Years ended September 30,	
2024	**$ 799,647**
2025	**703,356**
2026	**690,960**
2027	**708,800**
2028	**726,640**
Thereafter	**2,825,360**
Total future minimum lease payments	**6,454,763**
Less imputed interest	**(448,514)**
Present value of lease liabilities	**$ 6,006,249**

Note 10: CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents and certificates of deposit balances maintained at financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures these balances up to a total of $250,000 at each institution. Cash and investment balances are also maintained in broker accounts that are insured up to $500,000 by the Securities Investors Protection Corporation (SIPC). For the year ended September 30, 2023, the Organization had a total of $226,506,853 in excess of insured amounts. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to these accounts.

Note 11: EMPLOYEE BENEFITS

The Organization has a 403(b) pension plan under which employees may defer a portion of their gross earnings. All full-time employees are eligible to participate. The plan is funded fully by employee contribution deferrals. During the year ended September 30, 2021, the Organization changed the 403(b) pension plan to be a discretionary matching plan. During the year ended September 30, 2023, the Organization funded $438,383 for employee pension. All full time employees are eligible and fully vested on day one. During the year ended September 30, 2023, the Organization paid $1,613,711 for employee health insurance.

Note 12: RELATED PARTY

The Legacy Foundation

Certain employees and board members also serve as board members of The Legacy Foundation (Foundation). The employees of the Organization administer the Foundation on a day-to-day basis and operations are conducted in common facilities that are owned by the Organization. During the year ended September 30, 2023, contributed $20,000,000 to the Foundation. No amounts were due to or from the Foundation at September 30, 2023.