
Collaborative for Academic, Social, and Emotional Learning

Financial Report
June 30, 2022

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Independent Auditor's Report

To the Board of Directors
Collaborative for Academic, Social,
and Emotional Learning

Opinion

We have audited the financial statements of Collaborative for Academic, Social, and Emotional Learning (CASEL), which comprise the statement of financial position as of June 30, 2022 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CASEL as of June 30, 2022 and the changes in its net assets, functional expenses, and 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 (GAAS). 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 CASEL and to meet our 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 CASEL's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors
Collaborative for Academic, Social,
and Emotional Learning

In performing an audit in accordance with GAAS, 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 CASEL'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 CASEL'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.

Plante & Moreau, PLLC

February 15, 2023

Collaborative for Academic, Social, and Emotional Learning

Statement of Financial Position

June 30, 2022

Assets		
Cash and cash equivalents		\$ 17,188,510
Receivables:		
Trade accounts receivable		337,582
Contributions receivable		<u>1,665,504</u>
Total receivables		<u>2,003,086</u>
Total assets		<u><u>\$ 19,191,596</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable		\$ 580,105
Contract liabilities - Deferred revenue:		
Program revenue		279,917
SEL Exchange		50,000
Accrued liabilities		<u>380,899</u>
Total liabilities		1,290,921
Net Assets		
Without donor restrictions		13,158,394
With donor restrictions		<u>4,742,281</u>
Total net assets		<u>17,900,675</u>
Total liabilities and net assets		<u><u>\$ 19,191,596</u></u>

Collaborative for Academic, Social, and Emotional Learning

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Contributions	\$ 10,448,435	\$ 4,223,654	\$ 14,672,089
Government grants	1,091	-	1,091
Donated services	26,111	-	26,111
Program revenue	1,365,432	-	1,365,432
SEL Exchange	553,648	-	553,648
SEL virtual workshop	535,661	-	535,661
SEL Fellows Academy	77,500	-	77,500
Interest income	6,039	-	6,039
Net assets released from restrictions	4,472,849	(4,472,849)	-
Total revenue and other support	17,486,766	(249,195)	17,237,571
Expenses			
Program services	7,204,615	-	7,204,615
Support services:			
Management and general	1,934,683	-	1,934,683
Fundraising	323,180	-	323,180
Total expenses	9,462,478	-	9,462,478
Increase (Decrease) in Net Assets - Before nonoperating income	8,024,288	(249,195)	7,775,093
Nonoperating Income - Forgiveness of Paycheck Protection Program note	812,700	-	812,700
Increase (Decrease) in Net Assets	8,836,988	(249,195)	8,587,793
Net Assets - Beginning of year	4,321,406	4,991,476	9,312,882
Net Assets - End of year	\$ 13,158,394	\$ 4,742,281	\$ 17,900,675

Collaborative for Academic, Social, and Emotional Learning

Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services				Support Services		
	Practice and External Affairs	Research	SEL Exchange	Total	Management and General	Fundraising	Total
Contractors	\$ 1,633,103	\$ 372,158	\$ 399,017	\$ 2,404,278	\$ 486,686	\$ 6,175	\$ 2,897,139
Office equipment expense	4,494	275	-	4,769	1,015	282	6,066
Insurance	7,917	485	-	8,402	1,790	497	10,689
Information technology services	78,217	4,789	-	83,006	17,681	4,912	105,599
Legal and audit	44,406	2,719	-	47,125	10,040	2,788	59,953
Materials and supplies	24,375	976	134	25,485	38,922	1,009	65,416
Meetings	109,873	750	939	111,562	23,381	-	134,943
Miscellaneous	17,299	-	4,926	22,225	16,104	1,280	39,609
Rent	141,459	8,661	-	150,120	32,642	8,883	191,645
Payroll and employee benefits	3,838,819	275,140	25,000	4,138,959	1,193,514	293,727	5,626,200
Repairs and maintenance	-	-	-	-	3,600	-	3,600
Shipping and postage	(1,140)	-	-	(1,140)	3,224	-	2,084
Software expense	89,846	-	468	90,314	55,549	-	145,863
Staff development	2,072	-	-	2,072	8,547	740	11,359
Telecommunications	20,597	1,203	-	21,800	15,039	1,234	38,073
Travel	83,910	5,672	1,064	90,646	25,885	1,357	117,888
Utilities	4,704	288	-	4,992	1,064	296	6,352
Total functional expenses	<u>\$ 6,099,951</u>	<u>\$ 673,116</u>	<u>\$ 431,548</u>	<u>\$ 7,204,615</u>	<u>\$ 1,934,683</u>	<u>\$ 323,180</u>	<u>\$ 9,462,478</u>

Collaborative for Academic, Social, and Emotional Learning

Statement of Cash Flows

Year Ended June 30, 2022

Cash Flows from Operating Activities

Increase in net assets	\$ 8,587,793
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:	
Forgiveness of note payable	(812,700)
Contributions restricted for endowment	(197,885)
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:	
Accounts receivable	861,056
Prepaid expenses and other assets	29,466
Accounts payable	212,978
Accrued and other liabilities	(187,811)
Deferred revenue	(386,800)
Net cash and cash equivalents provided by operating activities	8,106,097

Cash Flows Provided by Investing Activities - Contributions restricted for investment in endowment

197,885

Net Increase in Cash and Cash Equivalents

8,303,982

Cash and Cash Equivalents - Beginning of year

8,884,528

Cash and Cash Equivalents - End of year

\$ 17,188,510

June 30, 2022

Note 1 - History and Nature of Business

In 1994, a group of researchers, educators, child advocates, and philanthropists founded an organization now known as Collaborative for Academic, Social, and Emotional Learning, more commonly referred to as CASEL. In 1996, CASEL was based at the University of Illinois at Chicago (UIC). As an organization based at UIC, CASEL conducted research and also translated science into forms that educators and others can apply to the context of schools so that children can receive the maximum benefit from scientific understanding and new knowledge.

As the leaders of CASEL looked toward its future, they determined that, in order to ensure the sustainability and momentum of the synergies CASEL had built in the areas of research and education, and by way of its collaborations with a wide variety of organizations, there was a need to establish an organization associated with, but governed separately from, UIC. Consequently, CASEL was incorporated as a 501(c)(3) organization in 2006 in order to accomplish its overall mission.

CASEL is now one of the world's leading organizations advancing one of the most important fields in education: systemic academic, social, and emotional learning for all children in preschool through high school.

CASEL provides a unique combination of research, practice, and policy to support high-quality social and emotional learning in school districts and schools nationwide. Leaders of the Chicago-based nonprofit organization catalyzed the collaboration that defined the field 25 years ago.

CASEL's mission is to help make evidence-based social and emotional learning (SEL) an integral part of education from preschool through high school.

As a thought leader, field builder, and advocate, CASEL spans three worlds:

- Research to build the evidence base by developing, synthesizing, and disseminating evidence that documents the impact of social and emotional learning
- Practice to demonstrate and codify what is possible in classrooms, schools, school districts, and communities that prioritize SEL, including our work with partner districts, which impacts 1.7 million students in 20 districts across 3,000 schools. Our work focuses on implementing, refining, and demonstrating high-quality SEL in school districts and creating scalable tools and resources.
- Policy to help pave the way for SEL practices that are scalable and sustainable, setting a new standard for high-quality education in the United States. Through collaborating with states and informing federal policy efforts, CASEL is helping create the conditions for success.

Note 2 - Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Cash

CASEL routinely maintains balances in bank accounts in excess of federally insured limits. CASEL has not experienced any losses in such accounts, and management believes there is no significant concentration of credit risk with respect to these accounts. At June 30, 2022, the amount of funds exceeding federally insured limits was approximately \$16,390,000.

Cash Equivalents

CASEL considers all investments with an original maturity of three months or less when purchased to be cash equivalents.

Note 2 - Significant Accounting Policies (Continued)***Receivables***

Receivables represent amounts due from customers and donors at June 30, 2022 and are recorded at the present value of estimated future cash flows. At June 30, 2022, all receivables are due within one year. CASEL provides for an allowance, as needed, for estimated uncollectible amounts based on its assessment of the current status of donor or customer history and collection experience. The allowance for doubtful accounts was \$0 as of June 30, 2022.

Property and Equipment

Property and equipment are recorded at cost or estimated fair value if donated. The capitalization policy is set at \$3,000. Depreciation and amortization are charged to expense using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of their useful life or remaining lease term. As of June 30, 2022, all property and equipment are fully depreciated or amortized. Estimated useful lives of property and equipment are as follows:

	Depreciable Life - Years
Furnishings and equipment	5-7 years
Software	3-5 years
Leasehold improvements	3 years

Classification of Net Assets

Net assets of CASEL are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of CASEL.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CASEL or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as contributions without donor restrictions.

Conditional promises to give are not recognized as revenue until barriers prescribed by the grant agreements or pledge agreements are overcome. CASEL records cash received in advance of meeting conditions as a refundable advance on the statement of financial position. Conditional contributions that have been awarded but not yet recognized as revenue total \$25,000 as of June 30, 2022.

Concentration

Approximately 68 percent of contribution revenue was from a single donor for the year ended June 30, 2022. There was no related receivable from this grantor at June 30, 2022.

June 30, 2022

Note 2 - Significant Accounting Policies (Continued)

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the statement of functional expenses. Costs are charged to program and support services on an actual basis when available. Additionally, the following indirect costs have been allocated between program and support services based on estimates determined by management:

- Information technology services, rent, utilities, insurance, office equipment - By head count per department
- Salaries and benefits - By estimates of time and effort

Income Taxes

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncement

As of July 1, 2021, CASEL adopted Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides for additional disclosures to support clearer financial information about important noncash contributions that charities and other not-for-profit organizations receive, known as gifts in kind (GIKs). Contributed nonfinancial assets are reported by category within the financial statements, and there are additional disclosures included for each category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and a description of the fair value techniques used to arrive at a fair value measurement. The standard was applied retrospectively and did not result in restatement of opening balances.

Upcoming Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for CASEL's year ending June 30, 2023 and will be applied using a modified retrospective transition method to either the beginning of the earliest period presented or the beginning of the year of adoption. CASEL is still evaluating which method it will apply. The new lease standard is expected to have a significant effect on CASEL's financial statements as a result of CASEL's operating lease, as disclosed in Note 11, that will be reported on the statement of financial position at adoption. Upon adoption, CASEL will recognize a lease liability and corresponding right-to-use asset based on the present value of the minimum lease payments. The effects on the results of operations are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

June 30, 2022**Note 2 - Significant Accounting Policies (Continued)**

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which addresses the accounting consequences that could result from the global markets' anticipated transition away from the use of the London Interbank Offered Rate (LIBOR). The ASU provides optional expedients and exceptions to contracts, hedging relationships, and other transactions impacted by reference rate reform. The provisions of the ASU are effective upon issuance (March 2020) and generally can be applied through December 31, 2022. CASEL is still assessing the impact that the ASU and reference rate reform will have on its financial statements.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including February 15, 2023, which is the date the financial statements were available to be issued.

Note 3 - Line of Credit

Under a line of credit agreement with a bank, CASEL has available borrowings of \$400,000. Interest is payable monthly at a rate of the one-month LIBOR plus 2 percent (an effective rate of 3.80 percent at June 30, 2022). The balance as of June 30, 2022 is \$0. The line of credit is unsecured.

Note 4 - Note Payable

On January 27, 2021, CASEL obtained a Paycheck Protection Program (PPP) loan in the amount of \$812,700. The PPP loan program was created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is administered by the Small Business Administration (SBA). Under the terms of this program, the loan may be fully or partially forgiven if the loan proceeds are spent on qualifying expenses and staffing level and salary maintenance requirements are met. On October 13, 2021, the SBA granted full forgiveness of the loan. Loan forgiveness in the amount of \$812,700 has been recorded on the accompanying statement of activities and changes in net assets as forgiveness of Paycheck Protection Program note.

Note 5 - Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30, 2022 are available for the following purposes:

Subject to expenditures for a specified purpose:	
Research	\$ 2,860,680
Practice	165,863
Policy	388,001
Communications	133,696
	<hr/>
Total subject to expenditures for a specified purpose	3,548,240
Subject to the passage of time - Various grant dates expiring through October 31, 2023	996,156
Not subject to appropriation or expenditure	197,885
	<hr/>
Total	\$ 4,742,281

June 30, 2022**Note 5 - Net Assets with Donor Restrictions (Continued)**

Net assets released from donor restrictions as of June 30, 2022 were as follows:

Purpose restrictions:	
Research	\$ 2,649,411
Practice	268,384
Policy	592,242
Communications	758,968
Time restrictions	<u>203,844</u>
Total	<u>\$ 4,472,849</u>

Note 6 - Revenue from Contracts with Customers

CASEL derives its revenue from contracts with customers primarily from program revenue, SEL Exchange, and SEL virtual workshop. During the year ended June 30, 2022, CASEL recognized revenue from contracts with customers of \$2,532,241. For the year ended June 30, 2022, the beginning balance of CASEL's receivables from contracts with customers was \$558,856, and the closing balance was \$337,582.

For each revenue stream identified above, revenue recognition is subject to the completion of performance obligations. For each contract with a customer, CASEL determined whether performance obligations in the contract are distinct or should be bundled. Factors to be considered include the pattern of transfer, whether customers can benefit from the resources, and whether the resources are readily available.

CASEL's revenue is recognized when a given performance obligation is satisfied, either over a period of time or at a given point in time. CASEL recognizes revenue over a period of time if the customer receives and consumes the benefits that CASEL provides simultaneously or if CASEL's performance does not create an asset with an alternative use and has an enforceable right to payment for the performance. The revenue is recognized at a given point in time when the control of the goods or service is transferred to the customer and when the customer can direct its use and obtain substantial benefit from the goods.

The transaction price is calculated as the amount of consideration to which CASEL expects to be entitled (such as accreditation price, application price, and conference admission price). The transaction price is allocated to the various revenue streams for product bundles based on a fair market value of the individual products approach. For program revenue, CASEL invoices in accordance with the underlying executed contracts. For all other revenue streams, CASEL invoices and receives payment at the time of purchase. Payment terms are generally 30 days after the issuance of the invoice. In some situations, CASEL bills customers and collects cash prior to the satisfaction of the performance obligations, which results in CASEL recognizing contract liabilities upon receipt of payment. Total contract liabilities were \$329,917 and \$716,717 as of June 30, 2022 and 2021, respectively, and are recorded as contract liabilities - deferred revenue on the statement of financial position.

The following explains the performance obligations related to each revenue stream and how they are recognized:

Program Revenue

CASEL has entered into various contracts with customers, which are primarily school districts, to provide consulting services. The fees under these contracts are billed ratably over the term of the contract, and revenue is recognized over the term of the contract based on the benefit provided to the customer.

SEL Exchange and SEL Virtual Workshop

CASEL hosts an annual conference in addition to a number of virtual workshops for which it sells registrations and sponsorships. CASEL has a performance obligation to host the events and recognizes revenue at the time the events are held.

June 30, 2022

Note 7 - Donated Services

Donated services received by CASEL consist of donated professional services and have no associated donor restrictions. The fair value of these donated professional services was estimated based on the current rates for similar legal services.

Note 8 - Related Party Transactions

Related Party Contributions

CASEL receives contributions from related parties including employees and board members. The amount received from related parties for the year ended June 30, 2022 was \$194,426.

Note 9 - Transactions with UIC

CASEL reimburses UIC for personnel, materials, services, facilities, and equipment. For the year ended June 30, 2022, CASEL was charged \$174,469 by UIC for these expenses. At June 30, 2022, the amount due to UIC included in accounts payable on the statement of financial position was \$39,732.

Note 10 - Donor-restricted Endowment

During the year ended June 30, 2022, CASEL established the CASEL Weissberg Scholars Endowment Fund, a donor-restricted endowment aimed to provide educational and professional development opportunities to early career scholars, with the goal of inspiring the next generation of innovators who will strengthen the future vision of social and emotional learning for many years to come. CASEL's goal is to raise \$4,000,000 for the endowment. During the year ended June 30, 2022, CASEL received \$197,885 in contributions for the endowment that will be maintained in perpetuity. The contributions are included in cash and cash equivalents on the statement of financial position as of June 30, 2022. CASEL's management and board of directors intend to invest the funds received and are currently establishing investment and spending policies.

Interpretation of Relevant Law

CASEL is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions because those net assets are time restricted until such amounts are appropriated for expenditure. Those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions.

Note 11 - Operating Leases

CASEL is obligated under an operating lease for its office lease, expiring in March 2023. Total rent expense under this lease was \$190,982 for 2022.

Future minimum annual commitments under the operating lease are as follows:

Year Ending June 30	Amount
2023	\$ 146,435

Note 12 - Defined Contribution Plan

CASEL sponsors a defined contribution plan for full-time employees who have completed three months of service. The plan provides for CASEL to make a required matching contribution up to a maximum of 4 percent of participants' gross salaries. Contributions to the plan totaled \$141,048 for the year ended June 30, 2022.

Notes to Financial Statements

June 30, 2022

Note 13 - Liquidity and Availability of Resources

The following reflects CASEL's financial assets as of June 30, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

Cash and cash equivalents	\$ 17,188,510
Accounts receivable	337,582
Contributions receivable	<u>1,665,504</u>
Financial assets - At year end	19,191,596
Less those unavailable for general expenditures within one year due to donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions - Net of expected pledge receivables	4,368,188
Endowment funds to be maintained in perpetuity	<u>197,885</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 14,625,523</u></u>

CASEL is supported by contributions with and without donor restrictions and also manages an earned revenue stream to help buffer its dependence on donors. CASEL regularly monitors liquidity to meet operating needs and to fulfill the requirements of net assets with donor restrictions. This is achieved through (1) investing idle cash in a money market account, (2) maintaining a cash forecast and reviewing on a monthly basis, (3) approving an organizationwide budget prior to the start of each new fiscal year, (4) maintaining a line of credit with CASEL's financial institution, and (5) maintaining a target operating reserve that is reviewed by the board of directors for adequacy on an annual basis.