
OAKLAND PUBLIC EDUCATION FUND

FINANCIAL STATEMENTS

June 30, 2015

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2014)

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

OAKLAND PUBLIC EDUCATION FUND

Contents

Independent Auditors' Report	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to the Financial Statements	7-11

INDEPENDENT AUDITORS' REPORT

Board of Directors
Oakland Public Education Fund
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of Oakland Public Education Fund, which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oakland Public Education Fund as of June 30, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Oakland Public Education Fund's June 30, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 10, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, reading "Crosby + Raneda". The signature is written in a cursive, flowing style.

Certified Public Accountants
Oakland, California
April 28, 2016

OAKLAND PUBLIC EDUCATION FUND

Statement of Financial Position
June 30, 2015
(With Comparative Totals as of June 30, 2014)

	2015	2014
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,883,112	\$ 2,512,432
Grants and pledges receivable (Note 8)	1,191,432	1,445,000
Contracts receivable	350,490	33,658
Prepaid expenses	8,808	6,061
Total Current Assets	<u>5,433,842</u>	<u>3,997,151</u>
Grants receivable - long-term (Note 8)	1,047,862	-
Deposits	<u>2,500</u>	<u>2,500</u>
Total Assets	<u>\$ 6,484,204</u>	<u>\$ 3,999,651</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 180,879	\$ 198,356
Accrued vacation	60,437	33,906
Total Liabilities	<u>241,316</u>	<u>232,262</u>
Contingencies (Note 3)		
Net Assets		
Unrestricted	1,151,292	1,777,876
Temporarily restricted (Note 4)	<u>5,091,596</u>	<u>1,989,513</u>
Total Net Assets	<u>6,242,888</u>	<u>3,767,389</u>
Total Liabilities and Net Assets	<u>\$ 6,484,204</u>	<u>\$ 3,999,651</u>

See Notes to the Financial Statements

OAKLAND PUBLIC EDUCATION FUND

Statement of Activities For the Year Ended June 30, 2015 (With Comparative Totals for the Year Ended June 30, 2014)

	Unrestricted	Temporarily Restricted	Total	
			2015	2014
Support and Revenue				
Support				
Contributions	\$ 350,180	\$	\$ 350,180	\$ 387,029
Foundation and corporate support	475,519	5,415,786	5,891,305	3,839,023
In-kind contributions (Note 5)	109,616		109,616	68,156
Total Support	935,315	5,415,786	6,351,101	4,294,208
Revenue				
Contracts	1,358,288		1,358,288	982,155
Sales	126,478		126,478	111,293
Fee for service	50,685		50,685	32,474
Interest and dividends	7,713		7,713	4,804
Other	46,348		46,348	37,551
Total Revenue	1,589,512	-	1,589,512	1,168,277
Net assets released from donor restrictions (Note 4)	2,313,703	(2,313,703)	-	-
Total Support and Revenue	4,838,530	3,102,083	7,940,613	5,462,485
Expenses				
Program	5,129,213		5,129,213	3,487,463
Management and general	242,486		242,486	130,028
Fundraising	93,415		93,415	59,479
Total Expenses	5,465,114	-	5,465,114	3,676,970
Change in Net Assets	(626,584)	3,102,083	2,475,499	1,785,515
Net Assets, beginning of year	1,777,876	1,989,513	3,767,389	1,981,874
Net Assets, end of year	\$ 1,151,292	\$ 5,091,596	\$ 6,242,888	\$ 3,767,389

See Notes to the Financial Statements

OAKLAND PUBLIC EDUCATION FUND

**Statement of Cash Flows
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)**

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,475,499	\$ 1,785,515
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	-	320
Change in assets and liabilities:		
Grants and pledges receivable	(794,294)	(1,141,192)
Contracts receivable	(316,832)	60,137
Prepaid expenses	(2,747)	884
Deposits	-	(2,500)
Accounts payable	(17,477)	10,970
Accrued vacation	26,531	13,650
Net cash provided (used) by operating activities	<u>1,370,680</u>	<u>727,784</u>
Cash flows from investing activities:		
Redemption of certificates of deposit, net	-	52,990
Net cash provided (used) by investing activities	<u>-</u>	<u>52,990</u>
Net change in cash and cash equivalents	1,370,680	780,774
Cash and cash equivalents, beginning of year	<u>2,512,432</u>	<u>1,731,658</u>
Cash and cash equivalents, end of year	<u><u>\$ 3,883,112</u></u>	<u><u>\$ 2,512,432</u></u>

See Notes to the Financial Statements

OAKLAND PUBLIC EDUCATION FUND

**Statement of Functional Expenses
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)**

	Programs		Total Program	Management and General	Fundraising	Total	
	Program	Projects				2015	2014
Salaries	\$ 311,559	\$ 998,834	\$ 1,310,393	\$ 56,459	\$ 67,354	\$ 1,434,206	\$ 1,119,174
Benefits	15,749	68,771	84,520	20,714	5,724	110,958	72,910
Payroll taxes	25,528	94,759	120,287	4,512	5,574	130,373	104,040
Total Personnel	<u>352,836</u>	<u>1,162,364</u>	<u>1,515,200</u>	<u>81,685</u>	<u>78,652</u>	<u>1,675,537</u>	<u>1,296,124</u>
Grants		584,389	584,389	-	-	584,389	172,523
Accounting			-	6,114	-	6,114	8,351
Legal fees		2,874	2,874	600	-	3,474	24,306
Contract services	125,533	1,625,071	1,750,604	59,769	-	1,810,373	1,256,729
Supplies	7,493	145,485	152,978	1,754	1,654	156,386	271,968
Phone and internet	1,089	1,632	2,721	181	242	3,144	3,025
Postage		2,119	2,119	1,708	-	3,827	1,998
Occupancy	8,640	163,844	172,484	1,440	1,920	175,844	72,035
Printing	8,679	47,987	56,666	6,249	-	62,915	36,844
Travel and hospitality	1,658	377,374	379,032	40,784	8,500	428,316	176,437
Depreciation			-	-	-	-	320
Insurance	6,898		6,898	1,150	1,533	9,581	5,137
Advertising	104	13,609	13,713	3,588	-	17,301	600
Bank and payroll fees	1,196	509	1,705	209	266	2,180	1,855
Dues and subscriptions	5,480	16,363	21,843	21,540	6	43,389	33,753
Equipment rental/maintenance	3,589	1,598	5,187	482	642	6,311	5,756
Information technology	31,775	149,644	181,419	8,457	-	189,876	210,888
Conferences, conventions, meetings	9,000	10,102	19,102	6,497	-	25,599	16,453
Background checks	1,740	194	1,934	279	-	2,213	2,988
Stipends	12,475	245,870	258,345	-	-	258,345	75,113
Bad debt expense			-	-	-	-	3,767
Total Expenses	<u>\$ 578,185</u>	<u>\$ 4,551,028</u>	<u>\$ 5,129,213</u>	<u>\$ 242,486</u>	<u>\$ 93,415</u>	<u>\$ 5,465,114</u>	<u>\$ 3,676,970</u>

See Notes to the Financial Statements

OAKLAND PUBLIC EDUCATION FUND

Notes to the Financial Statements For the Year Ended June 30, 2015 (With Comparative Totals for the Year Ended June 30, 2014)

NOTE 1: NATURE OF ACTIVITIES

Oakland Public Education Fund (the Organization) is a California nonprofit public benefit corporation. The Organization secures and manages resources for schools while helping those schools develop their own capacity to create the best learning environments for their students. The Organization works with schools that strive to be results oriented, to develop entrepreneurial leadership, and to cultivate collaboration and family leadership, and to focus on student personalization and innovative curriculum.

NOTE 2: 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 (GAAP).

Basis of Presentation

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

Unrestricted net assets – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that require the gift to be invested in perpetuity. The income from such invested assets, including realized and unrealized gains, is generally available to support the activities of the Organization. Donors may also restrict all or part of the income and/or appreciation from these investments to permanently restricted net assets, resulting in increases/decreases to these net assets. There were no permanently restricted net assets as of June 30, 2015.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

OAKLAND PUBLIC EDUCATION FUND

Notes to the Financial Statements For the Year Ended June 30, 2015 (With Comparative Totals for the Year Ended June 30, 2014)

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of June 30, 2015 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only 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.

Grants, Pledges and Contracts Receivable

The Organization considers all grants, pledges and contracts receivable to be fully collectible at June 30, 2015. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

OAKLAND PUBLIC EDUCATION FUND

Notes to the Financial Statements For the Year Ended June 30, 2015 (With Comparative Totals for the Year Ended June 30, 2014)

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an 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. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on June 30, 2015.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$5,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Furniture and equipment	3 years
-------------------------	---------

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable. Impairment is recognized if the sum of the undiscounted estimated future cash flows expected to result from the use of the asset is less than the carrying value. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to

OAKLAND PUBLIC EDUCATION FUND

Notes to the Financial Statements For the Year Ended June 30, 2015 (With Comparative Totals for the Year Ended June 30, 2014)

constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of April 28, 2016 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that it has complied with the terms of all grants.

NOTE 4: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available as follows as of June 30:

	<u>2015</u>	<u>2014</u>
School site expenses/Blended Learning Project	\$ 4,787,777	\$ 1,796,938
Academic intervention	-	48,938
ELC	131,539	-
Family engagement	2,244	26,885
UPA – Base Camp	130,000	-
Social Emotional Learning	40,036	91,752
Communities of Character	-	25,000
Total	<u>\$ 5,091,596</u>	<u>\$ 1,989,513</u>

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes or time restriction specified by donors as follows during the year ended June 30:

	<u>2015</u>	<u>2014</u>
School site expenses/Blended Learning Project	\$ 2,154,947	\$ 1,990,016
Wellness	-	327
Academic intervention	-	103,598
ELC	57,399	-
OUSD	24,641	-
Family engagement	-	123,115

OAKLAND PUBLIC EDUCATION FUND

**Notes to the Financial Statements
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)**

Social Emotional Learning	51,716	8,248
Communities of Character	<u>25,000</u>	<u>-</u>
Total	<u>\$ 2,313,703</u>	<u>\$ 2,225,304</u>

NOTE 5: IN KIND CONTRIBUTIONS

The Organization received in kind contributions as follows during the years ended June 30:

	<u>2015</u>	<u>2014</u>
Office space	\$ 109,616	\$ 46,090
Legal consultation	<u>-</u>	<u>22,066</u>
Total	<u>\$ 109,616</u>	<u>\$ 68,156</u>

NOTE 6: RELATED PARTY TRANSACTIONS

The Organization paid a printing company owned by a current board member. The total amount paid to the printing company during the year ended June 30, 2015 was \$38,299.

In addition, the Organization paid a consulting company owned by a current board member to help schools redesign their instructional models. The total amount paid to this company totaled \$79,222 during the year ended June 30, 2015.

NOTE 7: FUNDRAISING EFFORT

The Organization was able to raise \$6,341,123 by spending only \$94,393 for fundraising because the majority of fundraising is conducted by the schools, which the Organization sponsors.

NOTE 8: GRANTS AND PLEDGES RECEIVABLE

Grants and pledges receivable are recorded at their net realizable value and consist of the following at June 30, 2015:

Gross pledges receivable	\$ 2,291,432
Less: Current portion	<u>(1,191,432)</u>
Grants receivable – long term	1,100,000
Less: Discount to present value at 2%	<u>(52,138)</u>
Total grants receivable – long term, net	<u>\$ 1,047,862</u>