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# OAKLAND PUBLIC EDUCATION FUND

## FINANCIAL STATEMENTS

June 30, 2016

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2015)

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**CROSBY & KANEDA**  
Certified Public Accountants

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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, 2016, 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.

### **Auditors' 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.

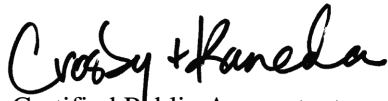
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **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, 2016, 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, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 28, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants  
Oakland, California  
May 5, 2017

**OAKLAND PUBLIC EDUCATION FUND**

**Statement of Financial Position**  
**June 30, 2016**  
**(With Comparative Totals as of June 30, 2015)**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 12,516,969	\$ 3,883,112
Grants and pledges receivable (Note 8)	3,455,200	2,691,432
Contracts receivable	818,305	350,490
Prepaid expenses	37,493	8,808
Total Current Assets	<u>16,827,967</u>	<u>6,933,842</u>
Grants and pledges receivable (Note 8)	2,631,622	1,047,862
Deposits	<u>2,500</u>	<u>2,500</u>
Total Assets	<u>\$ 19,462,089</u>	<u>\$ 7,984,204</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable	\$ 213,532	\$ 180,879
Grants payable	3,650,500	-
Deferred revenue	3,896,945	-
Accrued vacation	113,422	60,437
Total Liabilities	<u>7,874,399</u>	<u>241,316</u>
Contingencies (Note 3)		
Net Assets		
Unrestricted	3,038,767	1,151,292
Temporarily restricted (Note 4)	8,548,923	6,591,596
Total Net Assets	<u>11,587,690</u>	<u>7,742,888</u>
Total Liabilities and Net Assets	<u>\$ 19,462,089</u>	<u>\$ 7,984,204</u>

See Notes to the Financial Statements

**OAKLAND PUBLIC EDUCATION FUND**

**Statement of Activities  
For the Year Ended June 30, 2016  
(With Comparative Totals for the Year Ended June 30, 2015)**

	Unrestricted	Temporarily Restricted	Total	
			2016	2015
<b>Support and Revenue</b>				
Support				
Contributions	\$ 95,087	\$ 762,862	\$ 857,949	\$ 350,180
Foundation and corporate support	178,479	18,563,025	18,741,504	5,891,305
Government grants	74,005		74,005	-
Special events, net (Note 9)	91,227		91,227	-
In-kind contributions (Note 5)	109,616		109,616	109,616
Total Support	<u>548,414</u>	<u>19,325,887</u>	<u>19,874,301</u>	<u>6,351,101</u>
Revenue				
Contracts	1,497,032		1,497,032	1,358,288
Sales	99,172		99,172	126,478
Fee for service	11,180		11,180	50,685
Conference	36,200		36,200	-
Interest and dividends	44,492		44,492	7,713
Other	129,047		129,047	46,348
Total Revenue	<u>1,817,123</u>	<u>-</u>	<u>1,817,123</u>	<u>1,589,512</u>
Net assets released from donor restrictions (Note 4)	17,368,560	(17,368,560)	-	-
Total Support and Revenue	<u>19,734,097</u>	<u>1,957,327</u>	<u>21,691,424</u>	<u>7,940,613</u>
<b>Expenses</b>				
Program	17,197,803		17,197,803	5,129,213
Management and general	325,873		325,873	242,486
Fundraising	322,946		322,946	93,415
Total Expenses	<u>17,846,622</u>	<u>-</u>	<u>17,846,622</u>	<u>5,465,114</u>
Change in Net Assets	1,887,475	1,957,327	3,844,802	2,475,499
Net Assets, beginning of year				
As previously reported	1,151,292	5,091,596	6,242,888	3,676,389
Prior period adjustment (Note 10)		1,500,000	1,500,000	-
Balance at beginning of year, as restated	<u>1,151,292</u>	<u>6,591,596</u>	<u>7,742,888</u>	<u>3,767,389</u>
Net Assets, end of year	<u>\$ 3,038,767</u>	<u>\$ 8,548,923</u>	<u>\$ 11,587,690</u>	<u>\$ 6,242,888</u>

See Notes to the Financial Statements

**OAKLAND PUBLIC EDUCATION FUND**

**Statement of Cash Flows**  
**For the Year Ended June 30, 2016**  
**(With Comparative Totals for the Year Ended June 30, 2015)**

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	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 3,844,802	\$ 2,475,499
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Change in assets and liabilities:		
Grants and pledges receivable	(2,347,528)	(794,294)
Contracts receivable	(467,815)	(316,832)
Prepaid expenses	(28,685)	(2,747)
Accounts payable	32,653	(17,477)
Grants payable	3,650,500	-
Deferred revenue	3,896,945	-
Accrued vacation	52,985	26,531
Net cash provided (used) by operating activities	<u>8,633,857</u>	<u>1,370,680</u>
Net change in cash and cash equivalents	8,633,857	1,370,680
Cash and cash equivalents, beginning of year	<u>3,883,112</u>	<u>2,512,432</u>
Cash and cash equivalents, end of year	<u>\$ 12,516,969</u>	<u>\$ 3,883,112</u>

See Notes to the Financial Statements

**OAKLAND PUBLIC EDUCATION FUND**

**Statement of Functional Expenses  
For the Year Ended June 30, 2016  
(With Comparative Totals for the Year Ended June 30, 2015)**

	Programs		Total Program	Management and General	Fundraising	Total	
	Program	Projects				2016	2015
Salaries	\$ 393,636	\$ 2,513,192	\$ 2,906,828	\$ 36,118	\$ 191,817	\$ 3,134,763	\$ 1,434,206
Benefits	13,818	184,254	198,072	16,988	13,919	228,979	110,958
Payroll taxes	32,153	245,790	277,943	2,995	15,774	296,712	130,373
Total Personnel	<u>439,607</u>	<u>2,943,236</u>	<u>3,382,843</u>	<u>56,101</u>	<u>221,510</u>	<u>3,660,454</u>	<u>1,675,537</u>
Grants	168,000	7,841,945	8,009,945	-	-	8,009,945	584,389
Accounting			-	19,057	-	19,057	6,114
Legal fees		1,923	1,923	58	-	1,981	3,474
Contract services	109,580	3,514,954	3,624,534	76,844	19,047	3,720,425	1,810,373
Advertising	5,986	12,143	18,129	1,776	-	19,905	17,301
Supplies	125,134	789,418	914,552	78,346	1,521	994,419	346,262
Phone and internet	839	6,595	7,434	80	413	7,927	3,144
Postage	1,904	3,083	4,987	181	890	6,058	3,827
Printing	21,760	37,742	59,502	9,633	9,187	78,322	62,915
Occupancy	79,592	60,273	139,865	7,339	38,834	186,038	175,844
Travel and hospitality	100	426,114	426,214	42,438	18,051	486,703	428,316
Insurance		46	46	10,445	-	10,491	9,581
Bank and payroll fees	33	4,979	5,012	3,386	1,674	10,072	2,180
Dues and subscriptions	24,020	41,755	65,775	2,288	11,819	79,882	43,389
Equipment rental/maintenance		16,547	16,547	6,352	-	22,899	6,311
Conferences, conventions, meetings		144,517	144,517	400	-	144,917	-
Background checks	5,330	539	5,869	1,564	-	7,433	2,213
Staff development	42,000	40,967	82,967	9,375	-	92,342	25,599
Stipends	350	286,792	287,142	-	-	287,142	258,345
Miscellaneous			-	210	-	210	-
Total Expenses	<u>\$ 1,024,235</u>	<u>\$ 16,173,568</u>	<u>\$ 17,197,803</u>	<u>\$ 325,873</u>	<u>\$ 322,946</u>	<u>\$ 17,846,622</u>	<u>\$ 5,465,114</u>

See Notes to the Financial Statements



## OAKLAND PUBLIC EDUCATION FUND

### Notes to the Financial Statements For the Year Ended June 30, 2016 (With Comparative Totals for the Year Ended June 30, 2015)

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#### 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 and other inflows of assets 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 and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization, other asset enhancements and diminishments subject to the same kinds of stipulations or reclassifications from or to other classes of net assets as a consequence of donor-imposed stipulations. There were no permanently restricted net assets as of June 30, 2016.

##### **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, 2016 (With Comparative Totals for the Year Ended June 30, 2015)

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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, 2016 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, 2016. 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.

#### **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

## OAKLAND PUBLIC EDUCATION FUND

### Notes to the Financial Statements For the Year Ended June 30, 2016 (With Comparative Totals for the Year Ended June 30, 2015)

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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, 2016.

#### **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**

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment. The Organization had no property and equipment that met this capitalization policy at June 30, 2016.

#### **Deferred Revenue**

Deferred revenue represents conditional awards which have not yet been completely fulfilled.

#### **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 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, 2015, 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.

OAKLAND PUBLIC EDUCATION FUND

Notes to the Financial Statements  
For the Year Ended June 30, 2016  
(With Comparative Totals for the Year Ended June 30, 2015)

**Subsequent Events**

The Organization has evaluated subsequent events and has concluded that as of May 5, 2017 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>2016</u>	<u>2015</u>
Projects	\$ 8,198,825	\$ 6,287,777
ELC	147,010	131,539
Family engagement	-	2,244
UPA – Base Camp	-	130,000
Social Emotional Learning	233	40,036
Cadet Program	<u>202,855</u>	<u>-</u>
Total	<u>\$ 8,548,923</u>	<u>\$ 6,591,596</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>2016</u>	<u>2015</u>
Projects	\$ 16,895,245	\$ 2,154,947
Various	95,200	-
ELC	173,529	57,399
OUSD	-	24,641
Family engagement	2,244	-
UPA – Base Camp	130,000	-
Social Emotional Learning	39,803	51,716
Villa Lindo	10,000	-
Cadet Program	22,539	-
Communities of Character	<u>-</u>	<u>25,000</u>
Total	<u>\$ 17,368,560</u>	<u>\$ 2,313,703</u>

**NOTE 5: IN KIND CONTRIBUTIONS**

The Organization received the benefit of donated office space valued at \$109,616 during the years ended June 30, 2016 and 2015.

OAKLAND PUBLIC EDUCATION FUND

Notes to the Financial Statements  
For the Year Ended June 30, 2016  
(With Comparative Totals for the Year Ended June 30, 2015)

**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 years ended June 30, 2016 and 2015 was \$37,151 and \$38,299, respectively.

In addition, the Organization paid a program consulting company owned by a current board member. The total amount paid to this company during the year ended June 30, 2016 was \$27,748.

**NOTE 7: FUNDRAISING EFFORT**

During the year ended June 30, 2016, the Organization was able to raise \$19,874,301 by spending only \$322,946 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:

	<u>2016</u>	<u>2015</u>
Gross grants receivable	\$ 6,230,200	\$ 3,791,432
Less: Current portion	<u>(3,455,200)</u>	<u>(2,691,432)</u>
Grants receivable – long term	2,775,000	1,100,000
Less: Discount to present value at 2%	<u>(143,378)</u>	<u>(52,138)</u>
Total grants receivable – long term, net	<u>\$ 2,631,622</u>	<u>\$ 1,047,862</u>

**NOTE 9: SPECIAL EVENT**

The Organization held a fundraising event during the year. Activity related to the event was as follows during the year ended June 30, 2016:

Admission	\$ 31,680
Donations and sponsorships	97,170
Sale of donated auction items	9,300
Less: Costs of direct donor benefit	<u>(46,923)</u>
Total	<u>\$ 91,227</u>

**NOTE 10: PRIOR PERIOD ADJUSTMENT**

Net assets as of June 30, 2015 have been restated for an understatement of grant revenue and grants receivable by \$1,500,000, and an understatement of temporarily restricted net assets by \$1,500,000. The correction has no effect on the results of the current year's activities.