



Report of Independent Auditors and
Financial Statements

Oakland Public Education Fund

June 30, 2022 and 2021

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Report of Independent Auditors

To the Board of Directors
Oakland Public Education Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Oakland Public Education Fund (the “Ed Fund”), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 the Ed Fund as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 the Ed Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the Ed Fund’s ability to continue as a going concern within one year after the date that the 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 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.

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 the Ed Fund'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 Ed Fund'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.



San Francisco, California
June 30, 2023

Financial Statements

Oakland Public Education Fund
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 19,425,779	\$ 19,506,262
Grants and pledges receivable	11,935,760	8,925,100
Contracts receivable	631,697	1,273,458
Prepaid expenses and other assets	230,166	130,810
	\$ 32,223,402	\$ 29,835,630
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 702,530	\$ 555,531
Accrued wages and related costs	348,233	492,105
Long-term debt	-	1,270,700
	1,050,763	2,318,336
Net assets:		
Without donor restrictions:		
Undesignated	9,064,330	3,764,460
Board designated - operating reserve	740,710	740,710
	9,805,040	4,505,170
With donor restrictions	21,367,599	23,012,124
	31,172,639	27,517,294
Total liabilities and net assets	\$ 32,223,402	\$ 29,835,630

See accompanying notes.

Oakland Public Education Fund
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contributions and grants	\$ 6,857,528	\$ 16,376,707	\$ 23,234,235	\$ 3,019,274	\$ 19,851,143	\$ 22,870,417
Fiscal sponsor projects	2,732,252	-	2,732,252	2,963,048	-	2,963,048
Program revenue	1,440,406	-	1,440,406	775,243	-	775,243
Interest income, net	33,678	-	33,678	34,969	-	34,969
Gain on forgiveness of long-term debt	1,270,700	-	1,270,700	989,400	-	989,400
Government contracts	-	-	-	324,364	-	324,364
Special events (net of direct expenses of \$30,016 and \$22,321 in 2022 and 2021, respectively)	32,617	-	32,617	187,656	-	187,656
Other income	395,947	-	395,947	64,908	-	64,908
Net assets released from restrictions	18,021,232	(18,021,232)	-	27,004,879	(27,004,879)	-
Total support and revenue	30,784,360	(1,644,525)	29,139,835	35,363,741	(7,153,736)	28,210,005
Expenses:						
Program services	22,719,883	-	22,719,883	28,854,714	-	28,854,714
Management and general	2,328,401	-	2,328,401	2,765,037	-	2,765,037
Fundraising	436,206	-	436,206	337,825	-	337,825
Total expenses	25,484,490	-	25,484,490	31,957,576	-	31,957,576
Changes in net assets	5,299,870	(1,644,525)	3,655,345	3,406,165	(7,153,736)	(3,747,571)
Net assets, beginning of year	4,505,170	23,012,124	27,517,294	1,099,005	30,165,860	31,264,865
Net assets, end of year	\$ 9,805,040	\$ 21,367,599	\$ 31,172,639	\$ 4,505,170	\$ 23,012,124	\$ 27,517,294

See accompanying notes.

Oakland Public Education Fund
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 5,575,825	\$ 1,486,859	\$ 262,611	\$ 7,325,295
Benefits	528,667	259,671	45,864	834,202
Payroll taxes	469,396	124,168	21,931	615,495
Total personnel costs	6,573,888	1,870,698	330,406	8,774,992
Grants	6,453,361	-	-	6,453,361
Contract and professional services	3,657,505	148,982	29,870	3,836,357
Advertising	18,675	9,942	-	28,617
Supplies and communication	2,894,016	19,900	-	2,913,916
Rent and occupancy	304,142	89,941	394	394,477
Travel and meetings	80,277	1,075	68,086	149,438
Bank and payroll fees	939	29,332	89	30,360
Dues and subscriptions	157,257	37,722	-	194,979
Equipment and maintenance	19,136	16,160	-	35,296
Software licenses	568,321	19,208	3,745	591,274
Staff development	360,245	8,229	926	369,400
Stipends	1,172,332	3,585	-	1,175,917
Other	459,789	73,627	2,690	536,106
Total expenses	\$ 22,719,883	\$ 2,328,401	\$ 436,206	\$ 25,484,490

See accompanying notes.

Oakland Public Education Fund
Statement of Functional Expenses (Continued)
Year Ended June 30, 2021

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 4,799,970	\$ 1,593,622	\$ 219,239	\$ 6,612,831
Benefits	326,036	151,834	14,986	492,856
Payroll taxes	405,563	121,160	19,732	546,455
Total personnel costs	5,531,569	1,866,616	253,957	7,652,142
Grants	10,401,385	-	-	10,401,385
Contract and professional services	3,334,398	514,102	10,250	3,858,750
Advertising	33,548	100	60	33,708
Supplies and communication	5,246,811	21,727	4,931	5,273,469
Rent and occupancy	280,302	85,606	220	366,128
Travel and meetings	77,817	1,042	66,000	144,859
Bank and payroll fees	10,804	23,687	-	34,491
Dues and subscriptions	180,024	93,193	880	274,097
Equipment and maintenance	80,340	11,952	411	92,703
Software licenses	1,864,338	21,466	-	1,885,804
Staff development	341,522	19,853	1,116	362,491
Stipends	1,256,577	-	-	1,256,577
Other	215,279	105,693	-	320,972
Total expenses	\$ 28,854,714	\$ 2,765,037	\$ 337,825	\$ 31,957,576

See accompanying notes.

Oakland Public Education Fund
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Operating activities:		
Changes in net assets	\$ 3,655,345	\$ (3,747,571)
Adjustment to reconcile changes in net assets to net cash used in operating activities:		
Gain on forgiveness of long-term debt	(1,270,700)	(989,400)
Changes in operating assets and liabilities:		
Grants and pledges receivable	(3,010,660)	1,145,678
Contracts receivable	641,761	148,938
Prepaid expenses and other assets	(99,356)	(26,344)
Accounts payable and accrued expenses	146,999	165,507
Accrued wages and related costs	(143,872)	152,047
Grants payable	-	(425,000)
Net cash used in operating activities	(80,483)	(3,576,145)
Financing activities:		
Proceeds from long-term debt	-	1,270,700
Net cash provided by financing activities	-	1,270,700
Net change in cash and cash equivalents	(80,483)	(2,305,445)
Cash and cash equivalents, beginning of year	19,506,262	21,811,707
Cash and cash equivalents, end of year	\$ 19,425,779	\$ 19,506,262

See accompanying notes.

Oakland Public Education Fund

Notes to Financial Statements

Note 1 – Organization

The Oakland Public Education Fund (“Ed Fund”) is a California nonprofit public benefit corporation. The Ed Fund secures and manages resources for schools while helping those schools develop their own capacity to create the best learning environments for their students. The Ed Fund 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. The Ed Fund is also a fiscal sponsor for a range of projects with the Oakland Public schools, Oakland Unified School District, and education-focused projects.

The Ed Fund is primarily funded through grants, contributions, and fees generated from its fiscal sponsor contracts.

Note 2 – Significant Accounting Policies

Basis of presentation – The 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”).

The Ed Fund reports information regarding its financial position and activities according to two classes of net assets as follows:

Net assets without donor restrictions – Net assets without donor restrictions represent the portion of net assets that are not subject to donor-imposed stipulations. The Ed Fund’s Board established an operating reserve fund policy to support working capital needs. The Board plans to build the fund over time to a level equivalent to three months’ worth of expenses. As of June 30, 2022 and 2021, the Ed Fund’s board designated operating reserve fund had a balance of \$740,710.

Net assets with donor restrictions – Net assets with donor restrictions represent the portion of net assets, the use of which by the Ed Fund is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Ed Fund. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue recognition – Contributions and grants are recognized at their fair value when the donor/grantor makes an unconditional promise to give to the Ed Fund. Fiscal sponsor project and program revenues are recognized when earned through services rendered or program occurrence. Contributions without donor-imposed restrictions are reported as support without donor restrictions. Contributions with donor-imposed restrictions are reported as net assets with donor restrictions.

The satisfaction of a donor-imposed restriction on a contribution is recognized when the corresponding expenditures are incurred or when the time restriction expires. Such transactions are recorded as net assets released from restriction on the statements of activities and changes in net assets.

Oakland Public Education Fund

Notes to Financial Statements

Unconditional grants and pledges receivable which are scheduled to be received after one year are discounted at rates commensurate with the risks involved. Amortization of the discount is recorded with contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. Conditional promises to give are not included as support until the conditions are met.

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

Contracts receivable – Contracts receivable are stated at the amount management expects to collect from outstanding balances. The Ed Fund considers all contracts receivable to be fully collectible as of June 30, 2022 and 2021. The Ed Fund uses the historical allowance method to determine potential uncollectible receivables. In evaluating the collectability of accounts receivable, the Ed Fund regularly analyzes its past history and identifies and reviews trends for each of its major payor sources of revenue to estimate appropriate and sufficient implicit and explicit price concessions reflected in contracts receivable. For the years ended June 30, 2022 and 2021, there was no bad debt expense and no allowance.

Grants and pledges receivable – Grants and pledges receivable of \$11,935,760 and \$8,925,100 as of June 30, 2022 and 2021, respectively, consists primarily of commitments made by individuals and foundations. Grants and pledges receivables outstanding as of June 30, 2022 and 2021, are expected to be collected within one year. The Ed Fund uses the historical allowance method to determine potential uncollectible grants and pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. As of June 30, 2022 and 2021, there was no allowance for uncollectible grants and pledges receivable.

Fair value measurements – The Ed Fund carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Ed Fund classifies its financial assets and liabilities according to three levels, and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

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

Level 2 – Observable inputs other than quoted market prices included within Level 1 for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability that are not corroborated by market data.

Grants and grants payable – Unconditional grants awarded are accrued as a liability and expensed when approved. Grant cancellations or unspent funds are recorded in the year cancelled or the funds are returned. As of June 30, 2022 and 2021, there was no grants payable outstanding.

Oakland Public Education Fund

Notes to Financial Statements

Fiscal sponsorship projects – The Ed Fund provides fiscal sponsorship and organizational services to approximately 116 projects. All the financial activity of fiscal sponsored projects is aggregated for financial statement purposes. The fiscal sponsorship projects are legally a part of the Ed Fund and all of their employees are employees of the Ed Fund. From time to time, projects will obtain their own 501(c)(3) status and are “spun-off” as separate organizations.

Functional allocation of expenses – Program expenses include the expenses of various projects of the Ed Fund. The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The costs have been allocated among the program and supporting services benefited based upon management’s estimate of time and effort recorded on functions related to the specific activity, or in the case of shared expenses, using an allocation based on personnel costs, space usage or, if necessary, other relevant bases.

Advertising – The Ed Fund uses advertising to promote its programs. The costs of advertising are expensed as incurred.

Use of estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income taxes – The Ed Fund has been determined to be exempt from federal and state income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code.

The Ed Fund follows the guidance on accounting for uncertainty in income taxes issued by Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 740, *Income Taxes*. As of June 30, 2022, management evaluated the Ed Fund’s tax positions and concluded that the Ed Fund had maintained its tax-exempt status and had taken no uncertain tax positions that required adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

Recent accounting pronouncements – Effective July 1, 2021, the Ed Fund adopted FASB 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* (“ASU No. 2020-07”), which increases the transparency of contributed nonfinancial assets for not-for-profit organizations through enhancements to presentation and disclosure. The update addresses certain stakeholders’ concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profit organizations, as well as the amount of those contributions used in a not-for-profit organization’s programs and other activities. The adoption of ASU No. 2020-07 did not have a material impact on the Ed Fund’s financial statements.

Oakland Public Education Fund

Notes to Financial Statements

In February 2016, the FASB issued FASB ASU No. 2016-02, *Leases (Topic 842)* ("ASU No. 2016-02"), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The effective date of ASU No. 2016-02 was deferred by ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*, to annual periods beginning after December 15, 2021. As such, the adoption of ASU 2016-02 is effective for the Ed Fund beginning July 1, 2022. Management is currently evaluating the impact of the provisions of ASU No. 2016-02 on the Ed Fund's financial statements.

Note 3 – Long-term Debt

In April 2020, the Ed Fund was granted a loan under the Paycheck Protection Program ("PPP") offered by the Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), section 7(a)(36) of the Small Business Act for \$989,400. In December 2020, the Ed Fund received full forgiveness of the SBA PPP loan in the amount of \$989,400. As a result, the Ed Fund was released from being the primary obligor and the loan is considered paid in full, along with any accrued interest. The outstanding balance has been derecognized as long-term debt at June 30, 2021, and recognized as gain on forgiveness of long-term debt during the year ended June 30, 2021, on the statement of activities and changes in net assets.

In February 2021, the Ed Fund was granted a Second Draw PPP loan offered by the SBA under the CARES Act, and renewed under section 311 of the Economic Aid to Hard-Hit Small Business, Nonprofits, and Venues Act ("Economic Aid Act"), for \$1,270,700. In December 2021, the Ed Fund received full forgiveness of the SBA PPP loan in the amount of \$1,270,700. As a result, the Ed Fund was released from being the primary obligor and the loan is considered paid in full, along with any accrued interest. The outstanding balance has been derecognized as long-term debt at June 30, 2022, and recognized as gain on forgiveness of long-term debt during the year ended June 30, 2022, on the statement of activities and changes in net assets.

Note 4 – Net Assets with Donor Restrictions

As of June 30, 2022 and 2021, net assets with donor restrictions were available for the following purposes:

	2022	2021
Projects	\$ 21,367,599	\$ 20,492,850
Other	-	2,519,274
Total	\$ 21,367,599	\$ 23,012,124

All net assets with donor restrictions as of June 30, 2022 and 2021, are expected to be released from restriction within one year.

Oakland Public Education Fund
Notes to Financial Statements

During 2022 and 2021, net assets were released from donor restriction by incurring expenses satisfying the restrictions specified by donors as follows:

	2022	2021
Projects	\$ 18,021,232	\$ 26,967,964
Other	-	36,915
Total	\$ 18,021,232	\$ 27,004,879

Note 5 – Commitments and Contingencies

Operating leases – The Ed Fund entered into lease agreements for its headquarters and office equipment. The approximate future minimum lease payments related to these leases are as follows:

<u>Year Ending June 30,</u>	
2023	\$ 89,748
2024	86,517
	\$ 176,265

Total rent and occupancy expense related to these lease agreements for the year ended June 30, 2022 and 2021, were \$89,326 and \$89,451, respectively, and is included in rent and occupancy in the accompanying statements of functional expenses.

Contingencies – Grant awards required the fulfillment of certain conditions as set forth in the grant agreement. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Ed Fund's management is of the opinion that it has complied with the terms of all grants.

COVID-19 pandemic – In March 2020, the World Health Organization declared the novel coronavirus ("COVID- 19") a global pandemic and recommended containment and mitigation measures worldwide. The related adverse public health developments, including orders to shelter-in-place, travel restrictions, and mandated business and school closures, have adversely affected workforces, organizations, their customers, economies, and financial markets globally, leading to increased market volatility and disruptions in normal business operations, including the Ed Fund's operations.

Ed Fund management has been closely monitoring the impact of COVID-19 on the Ed Fund's operations, including the impact on its customers and employees. The duration and intensity of the pandemic is uncertain but may influence customer decisions, donor decisions, and may also negatively impact collections of the Ed Fund's receivables.

Oakland Public Education Fund

Notes to Financial Statements

Note 6 – Retirement Plans

The Ed Fund sponsors a 401(k) profit sharing plan (the Plan) that covers all employees who meet certain eligibility requirements. The Plan is funded by employee contributions and the Ed Fund does not match or make discretionary contributions into the Plan.

Note 7 – Concentrations of Credit Risk

The Ed Fund has defined its financial instruments, which are potentially subject to credit risk as cash and accounts receivable.

Periodically, throughout the year, the Ed Fund has maintained balances in various operation and money market accounts in excess of federally insured limits. The Ed Fund has not experienced any losses on such accounts.

Grants and contributions receivables consist primarily of unsecured amounts due from foundations and individuals. Approximately 96% of these receivables are due from three donors as of June 30, 2022, and 52% of contributions and grant revenue was recognized from two donors for the year ended June 30, 2022. Approximately 84% of these receivables were due from one donor as of June 30, 2021, and 44% of contributions and grant revenue was recognized from two donors for the year ended June 30, 2021.

Note 8 – Liquidity and Funds Available

The following table reflects the Ed Fund's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general expenditure within one year:

	<u>2022</u>	<u>2021</u>
Financial assets, at year end		
Cash and cash equivalents	\$ 19,425,779	\$ 19,506,262
Grants and pledges receivable	11,935,760	8,925,100
Contracts receivable	631,697	1,273,458
	<u>31,993,236</u>	<u>29,704,820</u>
Less assets unavailable for general expenditures within one year		
Board designated - operating reserve	<u>(740,710)</u>	<u>(740,710)</u>
	<u>(740,710)</u>	<u>(740,710)</u>
Total financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ 31,252,526</u></u>	<u><u>\$ 28,964,110</u></u>

Oakland Public Education Fund

Notes to Financial Statements

Financial assets are considered unavailable when illiquid or not convertible to cash and cash equivalents within one year. The Ed Fund has established an operating reserve and reviews its funding level on an ongoing basis to ensure it is adequate to meet current obligations. In addition to financial assets available to meet general expenditures over the next 12 months, the Ed Fund operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Cash in excess of daily requirements is typically invested in liquid investments.

Note 9 – Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The Ed Fund recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including estimates inherent in the process of preparing the financial statements. The Ed Fund's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements were available to be issued.

The Ed Fund has evaluated subsequent events through June 30, 2023, which is the date the financial statements are available to be issued.

