



Report of Independent Auditors and
Financial Statements

Oakland Public Education Fund

June 30, 2024 and 2023

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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, 2024 and 2023, 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, 2024 and 2023, 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
January 14, 2025

Financial Statements

Oakland Public Education Fund
Statements of Financial Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 18,159,913	\$ 19,683,615
Grants and pledges receivable	7,146,253	7,919,949
Contracts receivable	1,203,159	1,867,819
Prepaid expenses and other assets	<u>579,853</u>	<u>308,490</u>
Total assets	<u><u>\$ 27,089,178</u></u>	<u><u>\$ 29,779,873</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,938,484	\$ 1,473,483
Accrued wages and related costs	<u>344,448</u>	<u>298,928</u>
Total liabilities	<u>2,282,932</u>	<u>1,772,411</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	6,946,317	9,023,140
Board designated - operating reserve	<u>2,296,830</u>	<u>740,710</u>
Total without donor restrictions	9,243,147	9,763,850
With donor restrictions	<u>15,563,099</u>	<u>18,243,612</u>
Total net assets	<u>24,806,246</u>	<u>28,007,462</u>
Total liabilities and net assets	<u><u>\$ 27,089,178</u></u>	<u><u>\$ 29,779,873</u></u>

See accompanying notes.

Oakland Public Education Fund
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions and grants	\$ 5,865,724	\$ 9,531,928	\$ 15,397,652	\$ 3,014,174	\$ 11,710,929	\$ 14,725,103
Fiscal sponsor projects	4,475,454	-	4,475,454	4,776,733	-	4,776,733
Program revenue	1,184,367	-	1,184,367	1,853,538	-	1,853,538
Interest income, net	264,749	-	264,749	268,612	-	268,612
Government contracts	262,813	-	262,813	3,382,174	-	3,382,174
Special events (net of direct expenses of \$135,210 and \$96,948 in 2024 and 2023, respectively)	111,245	-	111,245	(74,607)	-	(74,607)
Other income	106,151	-	106,151	597,016	-	597,016
Net assets released from restrictions	12,212,441	(12,212,441)	-	14,834,916	(14,834,916)	-
Total support and revenue	24,482,944	(2,680,513)	21,802,431	28,652,556	(3,123,987)	25,528,569
EXPENSES						
Program services	21,065,294	-	21,065,294	24,877,765	-	24,877,765
Management and general	3,894,766	-	3,894,766	3,426,670	-	3,426,670
Fundraising	43,587	-	43,587	389,311	-	389,311
Total expenses	25,003,647	-	25,003,647	28,693,746	-	28,693,746
CHANGES IN NET ASSETS	(520,703)	(2,680,513)	(3,201,216)	(41,190)	(3,123,987)	(3,165,177)
NET ASSETS, beginning of year	9,763,850	18,243,612	28,007,462	9,805,040	21,367,599	31,172,639
NET ASSETS, end of year	\$ 9,243,147	\$ 15,563,099	\$ 24,806,246	\$ 9,763,850	\$ 18,243,612	\$ 28,007,462

See accompanying notes.

Oakland Public Education Fund
Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 4,086,583	\$ 2,031,859	\$ 11,942	\$ 6,130,384
Benefits	225,208	367,444	-	592,652
Payroll taxes	339,750	173,512	991	514,253
Total personnel costs	4,651,541	2,572,815	12,933	7,237,289
Grants	8,197,671	-	-	8,197,671
Contract and professional services	3,086,201	943,125	1,000	4,030,326
Advertising	4,272	5,989	-	10,261
Supplies and communication	915,981	53,655	9,676	979,312
Rent and occupancy	100,395	54,165	-	154,560
Travel and meetings	319,116	19,759	2,678	341,553
Bank and payroll fees	2,817	34,639	-	37,456
Dues and subscriptions	64,232	86,425	2,142	152,799
Equipment and maintenance	2,929	8,708	-	11,637
Software licenses	166,858	35,121	-	201,979
Staff development	413,459	24,472	787	438,718
Stipends	1,772,277	500	-	1,772,777
Other	1,367,545	55,393	14,371	1,437,309
Total expenses	<u>\$ 21,065,294</u>	<u>\$ 3,894,766</u>	<u>\$ 43,587</u>	<u>\$ 25,003,647</u>

See accompanying notes.

Oakland Public Education Fund
Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 4,800,415	\$ 1,895,740	\$ 168,553	\$ 6,864,708
Benefits	434,636	338,978	30,139	803,753
Payroll taxes	412,435	147,000	13,070	572,505
Total personnel costs	5,647,486	2,381,718	211,762	8,240,966
Grants	10,186,315	-	-	10,186,315
Contract and professional services	3,726,699	373,568	157,591	4,257,858
Advertising	3,376	47,531	-	50,907
Supplies and communication	1,017,919	146,641	8,295	1,172,855
Rent and occupancy	366,288	99,702	24	466,014
Travel and meetings	245,696	12,627	550	258,873
Bank and payroll fees	2,286	47,532	32	49,850
Dues and subscriptions	109,744	165,994	196	275,934
Equipment and maintenance	6,575	9,151	-	15,726
Software licenses	105,183	26,285	-	131,468
Staff development	406,616	21,324	5,620	433,560
Stipends	1,543,838	27,575	-	1,571,413
Other	1,509,744	67,022	5,241	1,582,007
Total expenses	<u>\$ 24,877,765</u>	<u>\$ 3,426,670</u>	<u>\$ 389,311</u>	<u>\$ 28,693,746</u>

See accompanying notes.

Oakland Public Education Fund
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (3,201,216)	\$ (3,165,177)
Adjustment to reconcile changes in net assets to net from operating activities		
Amortization of leases	90,301	82,236
Changes in operating assets and liabilities:		
Grants and pledges receivable	773,696	4,015,811
Contracts receivable	664,660	(1,236,122)
Prepaid expenses and other assets	(361,664)	(160,560)
Accounts payable and accrued expenses	465,001	770,953
Accrued wages and related costs	<u>45,520</u>	<u>(49,305)</u>
Net cash from operating activities	<u>(1,523,702)</u>	<u>257,836</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	(1,523,702)	257,836
CASH AND CASH EQUIVALENTS, beginning of year	<u>19,683,615</u>	<u>19,425,779</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 18,159,913</u></u>	<u><u>\$ 19,683,615</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Right-of-use operating lease assets obtained in exchange for operating lease liabilities	<u><u>\$ -</u></u>	<u><u>\$ 166,239</u></u>

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 (U.S. 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, 2024 and 2023, the Ed Fund's board designated operating reserve fund had a balance of \$2,296,830 and \$740,710, respectively.

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.

Government contracts – The Ed Fund is eligible for the Employee Retention Credit (ERC) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), subject to certain criteria. During the year ended June 30, 2023, the Ed Fund recognized \$2,473,421 of ERC and is included in the government contracts support and revenue. Amended tax returns or claims for refund were filed to Internal Revenue Service in August 2022 and the Ed Fund received \$2,473,421 of ERC on May 16, 2023.

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, 2024 and 2023. The Ed Fund determined that the appropriate method to estimate expected credit losses of its contracts receivables is a probability of default method, in conjunction with the aging schedule of the receivables. The Ed Fund believes that these two methods combined form a reasonable basis on which to determine expected credit losses for its contracts receivable. 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, 2024 and 2023, there was no bad debt expense and no allowance.

Grants and pledges receivable – Grants and pledges receivable of \$7,246,253 and \$7,919,949 as of June 30, 2024 and 2023, respectively, consists primarily of commitments made by individuals and foundations. Grants and pledges receivables outstanding as of June 30, 2024 and 2023, 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, 2024 and 2023, 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.

Oakland Public Education Fund

Notes to Financial Statements

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, 2024 and 2023, there was no grants payable outstanding.

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 U.S. 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) 740, *Income Taxes*. As of June 30, 2024 and 2023, 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, 2023, the Ed Fund adopted Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, which required the use of the current expected credit losses (CECL) impairment model for a broad scope of financial instruments, including financial assets measured at amortized cost, net investments in leases, and certain off-balance sheet credit exposures. The CECL model required the immediate recognition of estimated expected credit losses over the life of the financial instrument. Under this standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. The impact of the adoption was not considered material to the financial statements.

Oakland Public Education Fund

Notes to Financial Statements

Note 3 – Net Assets with Donor Restrictions

As of June 30, 2024 and 2023, net assets with donor restrictions were available for the following purposes:

	<u>2024</u>	<u>2023</u>
Fiscally Sponsored Projects	<u>\$ 15,563,099</u>	<u>\$ 18,243,612</u>
Total	<u><u>\$ 15,563,099</u></u>	<u><u>\$ 18,243,612</u></u>

All net assets with donor restrictions as of June 30, 2024 and 2023, are expected to be released from restriction within one year.

During 2024 and 2023, net assets were released from donor restriction by incurring expenses satisfying the restrictions specified by donors as follows:

	<u>2024</u>	<u>2023</u>
Fiscally Sponsored Projects	<u>\$ 12,212,441</u>	<u>\$ 14,834,916</u>
Total	<u><u>\$ 12,212,441</u></u>	<u><u>\$ 14,834,916</u></u>

Note 4 – Commitments and Contingencies

Operating leases – The Ed Fund entered into lease agreements for its headquarters.

As of June 30, 2024 and 2023, the total right-of-use operating lease asset of \$354,767 and \$80,668, respectively, is included in prepaid expenses and other assets on the accompanying statement of financial position. As of June 30, 2024 and 2023, the total operating lease liability of \$372,428 and \$85,299, respectively is included in accounts payable and accrued expenses on the accompanying statement of financial position.

The future aggregate lease payments for its headquarters are as follows:

<u>Year Ending June 30,</u>	
2025	\$ 96,420
2026	99,313
2027	102,292
2028	<u>96,340</u>
Total lease payments	394,365
Less Present value discount	<u>(21,937)</u>
Operating lease liability	<u><u>\$ 372,428</u></u>

Oakland Public Education Fund

Notes to Financial Statements

Total rent and occupancy expense for the years ended June 30, 2024 and 2023, was \$154,560 and \$99,146, respectively, and is included in rent and occupancy in the accompanying statements of functional expenses.

Supplemental lease information as of and for the year ended June 30, 2024, is as follow:

Operating lease weighted average remaining lease term (years)	3.92
Operating lease weighted average discount rate	2.84%

Supplemental lease information as of and for the year ended June 30, 2023, is as follow:

Operating lease weighted average remaining lease term (years)	0.92
Operating lease weighted average discount rate	2.84%

The future minimum lease payments as of June 30, 2024, were as follows:

Years Ending June 30,

2025	\$ 96,420
2026	99,313
2027	102,292
2028	<u>96,340</u>
	<u><u>\$ 394,365</u></u>

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.

Note 5 – 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 6 – 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.

Oakland Public Education Fund

Notes to Financial Statements

Grants and contributions receivables consist primarily of unsecured amounts due from foundations and individuals. Approximately 69% of these receivables are due from one donor as of June 30, 2024 and 41% of contributions and grant revenue was recognized from one donor for the year ended June 30, 2024. Approximately 86% of these receivables are due from two donors as of June 30, 2023, and 87% of contributions and grant revenue was recognized from two donors for the year ended June 30, 2023.

Note 7 – Liquidity and Funds Available

The following table reflects the Ed Fund's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general expenditure within one year:

	<u>2024</u>	<u>2023</u>
Financial assets, at year end		
Cash and cash equivalents	\$ 18,159,913	\$ 19,683,615
Grants and pledges receivable	7,146,253	7,919,949
Contracts receivable	<u>1,203,159</u>	<u>1,867,819</u>
	<u>26,509,325</u>	<u>29,471,383</u>
Less assets unavailable for general expenditures within one year		
Board designated - operating reserve	<u>(2,296,830)</u>	<u>(740,710)</u>
	<u>(2,296,830)</u>	<u>(740,710)</u>
 Total financial assets available to meet cash needs for general expenditure within one year	 <u><u>\$ 24,212,495</u></u>	 <u><u>\$ 28,730,673</u></u>

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 8 – Subsequent Events

Subsequent events are events or transactions that occur after the statements 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 statements 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 statements of financial position but arose after the statements of financial position date and before financial statements were available to be issued.

The Ed Fund has evaluated subsequent events through January 14, 2025, which is the date the financial statements are available to be issued.

