Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

AUSTIN PUBLIC EDUCATION FOUNDATION
D.B.A AUSTIN ED FUND

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

31 DECEMBER 2022

Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Management
Austin Public Education Foundation d.b.a Austin Ed Fund

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of Austin Public Education Foundation d.b.a Austin Ed Fund (Austin Ed Fund), a nonprofit organization, which comprise of the statement of financial position as of 31 December 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Austin Ed Fund as of 31 December 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for our Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Austin Ed Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility 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 Austin 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 Responsibility 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

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that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, 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 Austin 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 Austin 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.

Whitley Penn Butler Bender PC

9 August 2023
Austin, Texas

AUSTIN PUBLIC EDUCATION FOUNDATION
D.B.A Austin Ed Fund

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2022

ASSETS

CURRENT ASSETS	
Cash	$4,965,268
Accounts receivable	328,590
Prepaid expenses	141,105
Prepaid gift cards	13,862
	$5,448,825

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	$408,062
Deferred revenue	529,435
	937,497
NET ASSETS	
Without donor restrictions	1,545,267
With donor restrictions	2,966,061
	4,511,328
	$5,448,825

The accompanying notes are an integral part of this financial statement presentation.

AUSTIN PUBLIC EDUCATION FOUNDATION
D.B.A Austin Ed Fund

STATEMENT OF ACTIVITIES

YEAR ENDED 31 DECEMBER 2022

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Grants and contributions	$624,725	$4,156,688	$4,781,413
Contributions of nonfinancial assets	231,391	0	231,391
Other	30,468	0	30,468
Net assets released from restriction	4,124,327	(4,124,327)	0
	5,010,911	32,361	5,043,272
EXPENSES			
Program	3,889,204	0	3,889,204
Administrative	93,832	0	93,832
Fundraising	94,267	0	94,267
	4,077,303	0	4,077,303
CHANGE IN NET ASSETS	933,608	32,361	965,969
BEGINNING NET ASSETS	611,659	2,933,700	3,545,359
ENDING NET ASSETS	$1,545,267	$2,966,061	$4,511,328

The accompanying notes are an integral part of this financial statement presentation.

AUSTIN PUBLIC EDUCATION FOUNDATION
D.B.A Austin Ed Fund

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$965,969
Change in accounts receivable	(208,727)
Change in prepaid expense	(96,105)
Change in accounts payable	246,839
Change in deferred revenue	35,763
Change in other assets	4,138
NET CHANGE IN CASH	947,877
BEGINNING CASH	4,017,391
ENDING CASH	$4,965,268

The accompanying notes are an integral part of this financial statement presentation.

AUSTIN PUBLIC EDUCATION FOUNDATION
D.B.A. Austin Ed Fund

NOTES TO FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION

Austin Public Education Foundation d.b.a Austin Ed Fund (Austin Ed Fund) was established in 1993. Austin Ed Fund is a nonprofit organization located in Austin, Texas that supports the Austin Independent School District (AISD). Austin Ed Fund receives and disburses grants for the support of education and education projects of the AISD. Austin Ed Fund in addition to the grant programs, supports important district-wide initiatives like the AISD Crisis Support Fund, social and emotional learning and encouraging the community to give generously to the AISD teachers, students and programs.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

Austin Ed Fund uses the accrual basis of accounting. Contributions and grants are recorded as revenue as the funds are considered earned. Fee revenues are recorded when earned, rather than received. Expenses are recorded when incurred regardless of when paid.

FINANCIAL STATEMENT PRESENTATION

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changers therein are classified and reported as follows:

Net Assets Without Donor Restrictions
Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions
Net assets subject to donor (or certain grantor) imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. 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.

SUBSEQUENT EVENTS

Austin Ed Fund has evaluated subsequent events through the date of the Independent Auditor's Report, the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

REVENUE AND REVENUE RECOGNITION

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

ACCOUNTS RECEIVABLE

Austin Ed fund has not recorded an allowance for uncollectible accounts because the receivables are considered to be 100% collectible. All receivables on the statement of financial position are due within the next fiscal year.

ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles require officers to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

FUNCTIONAL EXPENSE ALLOCATION

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include staffing, meeting and events, and other, which are allocated based on estimates of time and effort.

FEDERAL INCOME TAXES

Austin Ed Fund is exempt from federal income tax under Internal Revenue Code section 501(c)(3) on income related to its exempt purpose and, as such, is subject to income taxes only on unrelated business income. Austin Ed Fund did not have any unrelated business income and accordingly, no provision for income taxes has been made in the accompanying financial statements. Austin Ed Fund's policy is to record interest and penalties related to income taxes as interest and other expense, respectively. At 31 December 2022 no interest and penalties have been or are required to be accrued.

NOTE 3: CONCENTRATIONS

Austin Ed Fund received 40% of its total revenue from 3 organizations. 23% of accounts receivable are from two foundations.

Cash balances at year-end exceed FDIC coverage by $4,715,268.

NOTE 4: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash	$4,965,268
Accounts receivable	328,590
	5,293,858
Less: net assets unavailable for general expenditure due to donor imposed restrictions	(2,888,061)
	$2,405,797

As part of Austin Ed Fund's liquidity management, financial assets are structured to be available as general expenditures, liabilities and other obligations come due. The policy is that monthly revenues are to cover monthly expenses. Monthly revenues and expenditures are deposited in and deducted from Austin Ed Fund's operating accounts.

NOTE 5: CONTRIBUTED NONFINANCIAL ASSETS

Austin Ed Fund recognized revenue from contributed nonfinancial assets which were received without donor-imposed restrictions.

Rental space	$5,510
Professional services	225,881
	$231,391

Contributed rent was utilized by the admin staff to run back office activities of the organization. In valuing the contributed rent, Austin Ed Fund estimated the fair value based on current rates for similar rental spaces.

Contributed professional services comprise professional services received in support of its program. Contributed professional services are valued and reported at the estimated fair value in the financial statements based on current rates for similar services.

NOTE 6: CHANGE IN ACCOUNTING PRINCIPLE

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Non-for-Profit Entities for Contributed Nonfinancial Assets.* The ASU address additional presentation and disclosures of contributed nonfinancial assets. Austin Ed Fund adopted the new standard effective 1 January 2022. The amendment does not change the recognition or measurement of those contributions. No changes were required to be made to previously issued financial statements as a result of the adoption.

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

Purpose restriction:

Student health and wellness	$336,255
Campus support	680,489
Early childhood and family engagement	564,642
College, career, and enrichment	179,782
Permanently restricted	178,000
Crisis support	30,466
Other	996,427
	$2,966,061

Net assets released from donor restriction during the year:

Student health and wellness	$1,572,520
Campus support	727,570
Early childhood and family engagement	395,803
College, career, and enrichment	119,516
Crisis support	34,454
Other	1,274,464
	$4,124,327

NOTE 8: FUNCTIONAL EXPENSES

	Program	Administrative	Fundraising	Total
Program	$3,198,852	$0	$0	$3,198,852
Direct	354,551	0	0	354,551
Contributed professional services and space	231,391	0	0	231,391
Staffing	86,205	26,525	19,893	132,623
Accounting	0	49,450	0	49,450
Contracts	0	0	34,250	34,250
Event contracts	0	0	29,939	29,939
Meeting and events	0	9,498	9,498	18,996
Other	18,205	8,359	687	27,251
	$3,889,204	$93,832	$94,267	$4,077,303

NOTE 9: ENDOWMENT

Austin Ed Fund's endowment is donor-restricted as a permanent endowment to provide ongoing support for the Neighborhood LIFT Local Initiative Grant Program. This endowment is intended to provide a permanent corpus from which the income and/or interest from the principal of the endowment is to be used at the discretion of Austin Ed Fund.

The Board of Directors of Austin Ed Fund has interpreted the State Prudent Management of Institutional Funds Act as requiring the preservation of the historic value of the original gift as of the gift date to the donor-restricted endowment fund due to explicit donor stipulations. As a result of this interpretation, Austin Ed Fund classifies as permanently restricted net assets (a) the historical value of the gift donated to the permanent endowment, and (b) the historical value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund not classified in permanently restricted net assets is classified in unrestricted net assets to be used at the discretion of Austin Ed Fund.

Endowment net asset composition:

	Without Donor Restrictions	With Donor Restrictions	Total
Original donor-restricted gift amount and amounts required to be held in perpetuity	$0	$178,000	$178,000

Changes in endowment net assets:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning endowment net assets	$0	$0	$0
Initial contribution	0	178,000	178,000
Ending endowment net assets	$0	$178,000	$178,000

Return Objective and Risk Parameters and Strategies Employed for Achieving Objectives:

All endowment funds are invested in mutual funds and cash. Maximization of return on investment is an important objective. Allocation of assets for investment varies from time to time, as determined by the Board of Directors and management.

Spending Policy and How the Investments Objective Relate to Spending Policy:

Austin Ed Fund's policy is to use the income or interest on the fund to support operations and programming in accordance with the donor's objectives.