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 2023

Montemayor Britton Bender PC
CERTIFIED PUBLIC ACCOUNTANTS

Arturo Montemayor III CPA, President & CEO | Stacy Britton CPA, Shareholder | Sean Bender CPA, Shareholder
Danielle Guerrero, Shareholder | Sara Carey CPA, Shareholder

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 2023, 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 2023, 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

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guarantee 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.

Maxwell Locke & Ritter? Montemayor Britton Bender PC

6 May 2024
Austin, Texas

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

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2023

ASSETS

Cash	$5,815,385
Investments	545,799
Accounts receivable	59,475
Prepaid expenses	44,856
Prepaid gift cards and other	15,440
	$6,480,955

LIABILITIES AND NET ASSETS

Accounts payable	$19,971
Deferred revenue	2,434,181
	2,454,152
NET ASSETS	
Without donor restrictions	1,635,016
With donor restrictions	2,391,787
	4,026,803
	$6,480,955

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 2023

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Grants and contributions	$728,480	$2,125,453	$2,853,933
Special events	546,956	0	546,956
Contributed services, goods, and space	296,212	0	296,212
Investment income	243,686	0	243,686
Net assets released from restriction	2,699,727	(2,699,727)	0
	4,515,061	(574,274)	3,940,787
EXPENSES			
Program	4,027,469	0	4,027,469
Administrative	143,846	0	143,846
Fundraising	253,997	0	253,997
	4,425,312	0	4,425,312
CHANGE IN NET ASSETS	89,749	(574,274)	(484,525)
BEGINNING NET ASSETS	1,545,267	2,966,061	4,511,328
ENDING NET ASSETS	$1,635,016	$2,391,787	$4,026,803

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 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	($484,525)
Unrealized (gain)/loss on investments	(44,667)
Change in accounts receivable	269,115
Change in prepaid expense	96,249
Change in prepaid gift cards and other assets	(1,578)
Change in accounts payable	(388,091)
Change in deferred revenue	1,904,746
	1,351,249
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(501,132)
NET CHANGE IN CASH	850,117
BEGINNING CASH	4,965,268
ENDING CASH	$5,815,385

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

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 encourages philanthropic donations and grants in support of Austin ISD students and educators. Austin Ed Fund supports education programs and projects in Austin ISD including an educator grant program, crisis fund, and district initiatives like early literacy and college and career readiness. Austin Ed Fund's services are primarily funded by contributions and grants. 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. Austin Ed Fund's services are primarily funded by contributions and grants.

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:

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

<u>Net Assets With Donor Restrictions</u>
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.

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, those with measurable performance or other barrier and a right to return, 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.

INVESTMENTS

Investments are stated at their readily determinable fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

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 2023 no interest and penalties have been or are required to be accrued.

NOTE 3: CONCENTRATIONS

Austin Ed Fund received 23% of its total revenue from 2 organizations and 14% of its total revenue from one fundraising event.

Cash balances at year-end exceed FDIC coverage by $678,408. Investment and money market account balances at year end exceeded SIPC coverage by $4,931,775.

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	$5,815,385
Investments	545,799
Accounts receivable	59,475
	6,420,659
Less: net assets unavailable for general expenditure due to donor imposed restrictions	(2,391,787)
	$4,028,872

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. Cash in excess of daily requirements are invested in money market funds and short term investments.

Austin Ed Fund's endowment consists of a donor restricted endowment. Income from the endowment is restricted for specific purposes. See Note 6 for additional information regarding net assets with donor imposed restrictions.

NOTE 5: CONTRIBUTED SERVICES, GOODS, AND SPACE

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

Professional services	$236,442
Rental space	4,190
Gift cards	40,000
Other contributed items	15,580
	$296,212

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.

Gift cards and other contributed items were utilized for Austin Ed fund's program activities. The contributed gift cards were valued based on their cash value. Other contributed goods were valued based on the estimated market value for similar items.

NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor imposed restrictions at year end:

Purpose restricted	
Campus support	$1,172,199
Student health and wellness	385,172
Early childhood and family engagement	282,002
College, career, and enrichment	135,572
LBJ High School landscaping project	20,778
Crisis support	2,647
Other	215,417
	2,213,787
Endowment to be held in perpetuity	178,000
	$2,391,787

Net assets released from donor restriction during the year:

Student health and wellness	$828,759
Campus support	491,159
Early childhood and family engagement	363,538
College, career, and enrichment	171,090
Crisis support	29,176
LBJ High School landscaping project	199,222
Other	616,783
	$2,699,727

NOTE 7: CONDITIONAL CONTRIBUTIONS

At year end, contributions approximating $3,800,000 have not been recognized in th accompanying statement of activities because the conditions on which they depend have not been met. Of the total conditional contributions, $2,208,407 depend on distribution of the funds to AISD; $1,164,341 depend on the completion of milestones established in the grant; $349,987 depend on providing services; and $104,936 depend on performance measures.

NOTE 8: FUNCTIONAL EXPENSES

	Program	Administrative	Fundraising	Total
Program	$3,066,079	$0	$0	$3,066,079
Staffing	401,068	50,654	37,991	489,713
Inspire the future grants	365,000	0	0	365,000
Inspire the future event	0	0	104,332	104,332
Contracts	0	0	98,441	98,441
Strategic project funds	81,155	0	0	81,155
Accounting	0	61,000	0	61,000
Crisis fund	29,126	0	0	29,126
Meetings and events	0	12,197	12,197	24,394
Other	85,041	19,995	1,036	106,072
	$4,027,469	$143,846	$253,997	$4,425,312

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 net assets with donor restrictions is classified in net assets without donor restrictions to be used at the discretion of Austin Ed Fund.

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

The endowment funds are invested in fixed income and equity funds. Maximization of return on investment is an important objective. Allocation of assets for investment may vary from time to time, as determined by the Board of Directors and management. The objectives include providing income that is reasonable stable and predictable from year to year, following an investment policy that maintains the purchasing power of income and protects the real value of the principal, and a total portfolio return that exceeds the annual CPI Inflation Index on average over a 10-year period.

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. Annually, the Board of Directors may approve a distribution from the endowment, recommended by the Finance Committee, not expected to exceed 4% of the average of the endowment's last three calendar year's ending value.

Endowment net asset composition at year end:

	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
Endowment earnings	40,046	0	40,046
	$40,046	$178,000	$218,046

Changes in endowment net assets during the year:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning endowment net assets	$0	$178,000	$178,000
Net investment gain (loss)	40,046	0	40,046
Appropriations for expenditure	0	0	0
Ending endowment net assets	$40,046	$178,000	$218,046

NOTE 10: INVESTMENTS

Investments consist of:

Equities	$335,667
Fixed income	210,132
	$545,799

Investments are held for the following purposes:

Donor restricted endowment	$178,000
Unrestricted purposes	367,799
	$545,799

NOTE 11: FAIR VALUE MEASUREMENTS

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	$335,667	$0	$0
Fixed income	$210,132	$0	$0