



**Dallas Education Foundation**

**Financial Statements**  
**December 31, 2020**

# Dallas Education Foundation

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## **Independent Auditors' Report**

The Board of Directors of  
Dallas Education Foundation

We have audited the accompanying financial statements of Dallas Education Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows 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 U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards. 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 Dallas Education Foundation as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

*Sutton Frost Cary*  
A Limited Liability Partnership

Arlington, Texas  
June 22, 2021

**Dallas Education Foundation**  
**Statement of Financial Position**  
**December 31, 2020**

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**Assets**

**Current assets:**

Cash	\$ 3,105,080
Pledge receivable	378,097
Prepays	<u>1,559</u>
<b>Total assets</b>	<u><u>\$ 3,484,736</u></u>

**Liabilities and Net Assets**

**Current liabilities:**

Grants payable	<u>\$ 128,513</u>
<b>Total liabilities</b>	128,513

**Net assets:**

Without donor restrictions	437,839
With donor restrictions	<u>2,918,384</u>
<b>Total net assets</b>	<u>3,356,223</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 3,484,736</u></u>

See notes to financial statements.

**Dallas Education Foundation**  
**Statement of Activities**  
**Year Ended December 31, 2020**

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	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and other revenue:</b>			
Contributions	\$ 2,965,965	\$ 2,918,384	\$ 5,884,349
In-kind contributions	228,568	-	228,568
Interest income	305	-	305
	<hr/>	<hr/>	<hr/>
<b>Total support and other revenue</b>	3,194,838	2,918,384	6,113,222
<b>Expenses:</b>			
Program	2,647,015	-	2,647,015
General and administrative	61,423	-	61,423
Fundraising	48,561	-	48,561
	<hr/>	<hr/>	<hr/>
<b>Total expenses</b>	2,756,999	-	2,756,999
<b>Change in net assets</b>	437,839	2,918,384	3,356,223
<b>Net assets at beginning of year</b>	<hr/> -	<hr/> -	<hr/> -
<b>Net assets at end of year</b>	<hr/> <u>\$ 437,839</u>	<hr/> <u>\$ 2,918,384</u>	<hr/> <u>\$ 3,356,223</u>

See notes to financial statements.

**Dallas Education Foundation**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2020**

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	Program	General and Administrative	Fundraising	Total
Grants and other assistance	\$ 2,489,398	\$ -	\$ -	\$ 2,489,398
Personnel	100,140	22,260	40,800	163,200
Professional services	44,285	-	-	44,285
Occupancy	13,192	2,933	5,375	21,500
Bank fees	-	19,542	-	19,542
Marketing & office software	-	14,674	-	14,674
Development	-	-	2,386	2,386
Insurance	-	1,070	-	1,070
Other	-	944	-	944
	<u>\$ 2,647,015</u>	<u>\$ 61,423</u>	<u>\$ 48,561</u>	<u>\$ 2,756,999</u>

See notes to financial statements.

**Dallas Education Foundation**  
**Statement of Cash Flows**  
**Year Ended December 31, 2020**

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<b>Cash flows from operating activities:</b>	
Change in net assets	\$ 3,356,223
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in assets and liabilities:	
Pledge receivable	(378,097)
Prepays	(1,559)
Grants payable	<u>128,513</u>
Net cash provided by operating activities	<u>3,105,080</u>
<b>Net increase in cash</b>	3,105,080
<b>Cash at beginning of year</b>	<u>-</u>
<b>Cash at end of year</b>	<u><u>\$ 3,105,080</u></u>

See notes to financial statements.



# Dallas Education Foundation

## Notes to Financial Statements

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### 1. Foundation

Dallas Education Foundation (Foundation) is a Texas nonprofit corporation committed to inspiring community investment to accelerate student success. The Foundation's vision is a galvanized community whose resources support the transformative work that makes Dallas Independent School District (Dallas ISD) the preferred choice for families across North Texas. The Foundation generates private support for priority projects identified by Dallas ISD. As the nonprofit, philanthropic partner of Dallas ISD, the Foundation aligns with Dallas ISD's strategic initiatives and partners with city business leaders, residents and the philanthropic community to raise funds for programs that enrich the lives of our students. The Foundation is primarily supported by individual contributions, corporate funding and foundation grants.

The Dallas Foundation served as the Foundation's fiscal sponsor through March 31, 2020. During the year ended December 31, 2020, the Dallas Foundation transferred funds totaling \$1,345,331 to the Foundation. The transferred funds represent the net assets of the Foundation's program initiatives while under the umbrella of the Dallas Foundation. In accordance with U.S. generally accepted accounting principles (GAAP), the net assets transferred to the Foundation during the year were accounted for as a contribution and included in the accompanying statement of activities as contributions without donor restrictions of \$83,481 and contributions with donor restrictions of \$1,261,850.

### 2. Summary of Significant Accounting Policies

#### ***Basis of Accounting and Financial Statement Presentation***

The accompanying financial statements are presented on the accrual basis of accounting in accordance with GAAP.

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

*Net assets without donor restrictions* - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

*Net assets with donor restrictions* - Net assets subject to donor stipulations that will be met by actions of the Foundation and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Foundation to expend the income generated by the assets in accordance with the provisions of additional donor-imposed

## **Dallas Education Foundation**

### **Notes to Financial Statements**

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stipulations or a board of directors approved spending policy. As of December 31, 2020, no such net asset restrictions existed.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Foundation chooses to show contributions with donor restrictions whose restrictions are met in the same reporting period as contributions without donor restrictions.

#### ***Financial Instruments and Credit Risk Concentrations***

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash and a pledge receivable. The Foundation places cash, which at times may exceed the federally insured limits, with a high credit quality financial institution to minimize risk. The Foundation has not experienced losses on such assets. At December 31, 2020, the Foundation had uninsured bank balances totaling \$2,855,080.

The pledge receivable is unsecured and due from one donor. The Foundation evaluates the collectability of pledges receivable and maintains allowances for potential losses, if considered necessary. No allowance was deemed necessary as of December 31, 2020.

#### ***Revenue Recognition***

The Foundation recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to meeting measurable performance or other barriers are reported as refundable advances.

Donated goods and use of facilities are reflected as contributions at their estimated fair value at date of receipt. Contributions of services are recorded at estimated fair value if the services received create or enhance nonfinancial assets or require specialized skills and would typically need to be purchased if not provided by donation.

# **Dallas Education Foundation**

## **Notes to Financial Statements**

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### ***Grants***

The Foundation provides grants to educators and program initiatives that support academic enrichment to DISD students. The Foundation records a liability for grants when they have been approved by the board of directors and the intended recipient has satisfied all related Foundation imposed conditions, if any.

### ***Functional Allocation of Expenses***

The costs of providing the programs and supporting activities have been summarized on a functional basis in the financial statements. Costs are allocated between program services, general and administrative, and fundraising based on management's judgment considering space used, time spent or direct relation to the program or support service benefited. Personnel and occupancy costs are allocated based on estimates of time and effort.

### ***Estimates and Assumptions***

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

### ***Income Taxes***

The Foundation is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (IRC) and has not been classified as a private foundation as defined in the IRC. Income generated from activities unrelated to the Foundation's exempt purposes is subject to tax under IRC Section 511. The Foundation had no unrelated business income for the year ended December 31, 2020. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Foundation's tax returns and recognition of a tax liability (or asset) if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Foundation, and has concluded that as of December 31, 2020, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

**Dallas Education Foundation**  
**Notes to Financial Statements**

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**3. Net Assets With Donor Restrictions**

Net assets with donor restrictions consist of the following as of December 31, 2020:

COVID response/distance learning	\$ 130,161
Liz Farrow Scholarship fund	110,531
Internship program	138,000
Teacher grants	3,600
STEM awards	78,322
Disaster relief	2,455,564
Other	2,206
	<u>\$ 2,918,384</u>

**4. Conditional Promise to Give**

During the year ended December 31, 2020, the Foundation was awarded a \$1,000,000 conditional grant from a corporation (Grantor) payable to the Foundation in five equal annual installments. The amount the Grantor promises to give is conditioned upon specific provisions mandated by the Grantor. During the year ended December 31, 2020, \$200,000 was recognized as contribution revenue. At December 31, 2020, the remaining conditional promise to give totaled \$800,000. The conditional promise to give will be recognized as revenue when the respective conditions are met in future years.

**5. Related Party Transactions and In-Kind Contributions**

The Foundation received the following in-kind contributions from Dallas ISD for the year end December 31, 2020:

Salary	\$ 163,200
Professional services	43,035
Occupancy	21,500
Supplies	833
	<u>\$ 228,568</u>

The Foundation awarded grants and provided other assistance to Dallas ISD totaling \$2,489,398 during the year ended December 31, 2020.

The Foundation received approximately \$37,800 in contributions from board members for the year ended December 31, 2020.

## Dallas Education Foundation

### Notes to Financial Statements

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#### 6. Uncertainty

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. The coronavirus outbreak has severely restricted the level of economic activity in the North Texas area. Given the uncertainty of the spread of the coronavirus, the related financial impact to the Foundation, if any, cannot be determined at this time.

#### 7. Liquidity and Availability of Resources

The Foundation's financial assets available within one year of the statement of financial position date for general expenditure are as follows as of December 31:

Cash	\$ 3,105,080
Pledge receivable	<u>378,097</u>
Total financial assets at year end	3,483,177
Less those unavailable for general expenditure within one year, due to:	
Donor restricted for grants and scholarships	<u>(2,918,384)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 564,793</u>

The Foundation is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors, thus, financial assets may not be available for general expenditure within one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

#### 8. Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued and concluded that no additional disclosures are required.