

Dallas Education Foundation

Financial Statements
December 31, 2023 and 2022



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) (Foundation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years 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 the Foundation as of December 31, 2023 and 2022, 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 (GAAP).

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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 GAAP, 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 any conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 Foundation'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 Foundation'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.



Limited Liability Partnership

Arlington, Texas
April 24, 2024

Dallas Education Foundation
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash	\$ 1,536,520	\$ 3,874,763
Certificate of deposit	3,000,000	-
Prepays	2,970	3,483
Total assets	<u>\$ 4,539,490</u>	<u>\$ 3,878,246</u>
Liabilities and Net Assets		
Current liabilities:		
Grants payable	\$ 34,454	\$ 92,625
Due to others	8,288	248,250
Total liabilities	42,742	340,875
Net assets:		
Without donor restrictions	1,178,556	683,168
With donor restrictions	3,318,192	2,854,203
Total net assets	<u>4,496,748</u>	<u>3,537,371</u>
Total liabilities and net assets	<u>\$ 4,539,490</u>	<u>\$ 3,878,246</u>

See notes to financial statements.

Dallas Education Foundation
Statement of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions cash and financial assets	\$ 1,213,079	\$ 1,160,805	\$ 2,373,884
Contributions of nonfinancial assets	223,587	-	223,587
Special events, net of direct costs of \$63,913	119,352	-	119,352
Interest income	123,229	-	123,229
Net assets released from restrictions	696,816	(696,816)	-
Total support and revenue	2,376,063	463,989	2,840,052
Expenses:			
Program	1,598,247	-	1,598,247
General and administrative	169,264	-	169,264
Fundraising	113,164	-	113,164
Total expenses	1,880,675	-	1,880,675
Change in net assets	495,388	463,989	- 959,377
Net assets at beginning of year	683,168	2,854,203	3,537,371
Net assets at end of year	\$ 1,178,556	\$ 3,318,192	\$ 4,496,748

See notes to financial statements.

Dallas Education Foundation
Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions cash and financial assets	\$ 947,651	\$ 484,300	\$ 1,431,951
Contributions of nonfinancial assets	245,900	-	245,900
Special events, net of direct costs of \$16,199	99,615	-	99,615
Interest income	5,534	-	5,534
Net assets released from restrictions	1,043,890	(1,043,890)	-
Total support and revenue	2,342,590	(559,590)	1,783,000
Expenses:			
Program	2,275,489	-	2,275,489
General and administrative	148,667	-	148,667
Fundraising	49,080	-	49,080
Total expenses	2,473,236	-	2,473,236
Change in net assets	(130,646)	(559,590)	(690,236)
Net assets at beginning of year	813,814	3,413,793	4,227,607
Net assets at end of year	\$ 683,168	\$ 2,854,203	\$ 3,537,371

See notes to financial statements.

Dallas Education Foundation
Statement of Functional Expenses
Year Ended December 31, 2023

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants and other assistance	\$ 1,453,464	\$ -	\$ -	\$ 1,453,464
Personnel	123,548	40,129	94,754	258,431
Professional services	-	24,911	-	24,911
Occupancy	8,835	2,651	6,183	17,669
Marketing	-	72,105	-	72,105
Bank fees	-	361	-	361
Office and supplies	12,400	29,107	8,680	50,187
Special events	-	-	67,460	67,460
Total expenses	1,598,247	169,264	177,077	1,944,588
Less expenses included with revenues on the statement of activities:				
Direct costs of special events	-	-	(63,913)	(63,913)
Total expenses included in the expenses section on the statement of activities	<u>\$ 1,598,247</u>	<u>\$ 169,264</u>	<u>\$ 113,164</u>	<u>\$ 1,880,675</u>

See notes to financial statements.

Dallas Education Foundation
Statement of Functional Expenses
Year Ended December 31, 2022

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants and other assistance	\$ 2,116,597	\$ -	\$ -	\$ 2,116,597
Personnel	131,055	30,487	36,858	198,400
Professional services	-	24,777	-	24,777
Occupancy	23,331	5,427	6,562	35,320
Marketing	-	72,123	-	72,123
Bank fees	-	378	-	378
Office and supplies	4,506	15,475	5,418	25,399
Special events	-	-	16,441	16,441
Total expenses	<u>2,275,489</u>	<u>148,667</u>	<u>65,279</u>	<u>2,489,435</u>
Less expenses included with revenues on the statement of activities:				
Direct costs of special events	<u>-</u>	<u>-</u>	<u>(16,199)</u>	<u>(16,199)</u>
Total expenses included in the expenses section on the statement of activities	<u><u>\$ 2,275,489</u></u>	<u><u>\$ 148,667</u></u>	<u><u>\$ 49,080</u></u>	<u><u>\$ 2,473,236</u></u>

See notes to financial statements.

Dallas Education Foundation
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 959,377	\$ (690,236)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Changes in assets and liabilities:		
Pledges receivable	-	55,000
Prepays	513	(2,295)
Grants payable	(58,171)	92,625
Due to others	(239,962)	248,250
Net cash provided (used) by operating activities	661,757	(296,656)
Cash flows from investing activities:		
Purchase of certificate of deposit	(3,000,000)	-
Net change in cash	(2,338,243)	(296,656)
Cash at beginning of year	3,874,763	4,171,419
Cash at end of year	\$ 1,536,520	\$ 3,874,763

See notes to financial statements.

Dallas Education Foundation

Notes to Financial Statements

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 ISD and the Foundation renewed a contract whereby the Foundation is obligated to provide support to the Dallas ISD. This contract is effective through January 2026.

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 accounting principles generally accepted in the United States of America (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 stipulations or a board of directors approved spending policy. As of December 31, 2023 and 2022, no such net asset restrictions existed.

Dallas Education Foundation

Notes to Financial Statements

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 certificates of deposit. The Foundation places cash and certificates of deposit, 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, 2023, the Foundation had uninsured bank balances totaling \$4,286,519.

For the year ended December 31, 2023, 38% of total contributions was from two donors. For the year ended December 31, 2022, 11% of total contributions was from one donor.

Certificate of Deposit

At December 31, 2023, the Foundation has one certificate of deposit with an interest rate of 5.10% maturing in May 2024.

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.

Dallas Education Foundation

Notes to Financial Statements

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.

Due to Others

The Foundation received transfers of assets for which the Dallas ISD was the beneficiary and for which the donors did not grant variance power to the Foundation. When the Foundation is acting as an agent and is not granted variance power, it records a liability when assets are received. These amounts are reflected as due to others in the statements of financial position.

Grants

The Foundation provides grants to educators and program initiatives that support academic enrichment to Dallas ISD 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 years ended December 31, 2023 and 2022. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

Dallas Education Foundation

Notes to 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, 2023 and 2022, 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.

3. Net Assets With Donor Restrictions

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

	2023	2022
Student wellness	\$ 185,203	\$ -
Liz Farrow Scholarship fund	150,072	155,419
Career and technical education	453,238	528,474
Teacher grants	57,697	27,522
Dallas ISD sponsorships	24,981	1,113
Disaster relief	1,637,892	1,893,617
Reverchon Park	712,958	14,746
Computer science	2,417	46,522
Heart of Teaching	86,421	186,790
Other	7,313	-
	\$ 3,318,192	\$ 2,854,203

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, 2023, \$200,000 was recognized as contribution revenue. During the year ended December 31, 2022, there were no contributions recognized as revenue related to this grant. At December 31, 2023 and 2022, the remaining conditional promise to give totaled \$200,000 and \$400,000, respectively.

During the year ended December 31, 2021, the Foundation was awarded a conditional grant totaling \$700,000 payable to the Foundation upon the City of Dallas and Dallas ISD executing a usage and maintenance contract and engaging a firm for the restoration of Reverchon Park. During the year ended December 31, 2023, \$700,000 was recognized as contribution revenue when conditions were met.

Dallas Education Foundation Notes to Financial Statements

During the year ended December 31, 2021, the Foundation was awarded a conditional grant totaling \$50,000 payable to the Foundation upon the City of Dallas and Dallas ISD obtaining all necessary approvals of the Reverchon Park restoration project and securing \$1,000,000 in additional written commitments for the project. During the years ended 2023 and 2022, there were no contributions recognized as revenue related to this grant.

The conditional promises to give will be recognized as revenue when the respective conditions are met in future years.

5. Contributions of Nonfinancial Assets

The Foundation received the following contributions of nonfinancial assets from Dallas ISD for the year ended December 31, 2023:

	Program Services	Management and General	Fundraising	Total
Personnel	\$ 92,514	\$ 33,891	\$ 69,008	\$ 195,413
Occupancy	8,835	2,651	6,183	17,669
Supplies	12,400	4,960	7,440	24,800
	<u>\$ 113,749</u>	<u>\$ 41,502</u>	<u>\$ 82,631</u>	<u>\$ 237,882</u>

Included in the fundraising amount above is \$14,295 of contributions of nonfinancial assets related to special events, which is shown in special event revenue in the accompanying statement of activities.

The Foundation received the following contributions of nonfinancial assets from Dallas ISD for the year ended December 31, 2022:

	Program Services	Management and General	Fundraising	Total
Personnel	\$ 131,055	\$ 30,487	\$ 36,858	\$ 198,400
Occupancy	23,331	5,427	6,562	35,320
Supplies	2,161	7,421	2,598	12,180
	<u>\$ 156,547</u>	<u>\$ 43,335</u>	<u>\$ 46,018</u>	<u>\$ 245,900</u>

Personnel - Contributed personnel are reported at the market value of similar positions held.

Occupancy - Contributed building space and utility usage is reported at market value of space and rent.

Supplies - Contributed supplies are reported at the market value of similar goods for sale online.

Dallas Education Foundation
Notes to Financial Statements

6. Related Party Transactions

The Foundation awarded grants and provided other assistance to Dallas ISD totaling \$1,326,725 and \$1,815,970 during the years ended December 31, 2023 and 2022, respectively.

The Foundation received approximately \$55,566 and \$46,831 in contributions from board members during the years ended December 31, 2023 and 2022, respectively.

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:

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,536,520	\$ 3,874,763
Certificate of deposit	<u>3,000,000</u>	<u>-</u>
Total financial assets at year end	4,536,520	3,874,763
Less those unavailable for general expenditure within one year, due to:		
Donor restricted for grants and scholarships	(3,318,192)	(2,854,203)
Due to others	<u>(8,288)</u>	<u>(248,250)</u>
Financial assets not available for general expenditure	<u>(3,326,480)</u>	<u>(3,102,453)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,210,040</u>	<u>\$ 772,310</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. During the years ended December 31, 2023 and 2022, the levels of liquidity were managed within the Foundation's expectations.

8. Subsequent Events

Management has evaluated subsequent events through April 24, 2024, the date the financial statements were available to be issued, and concluded that no additional disclosures are required.