

NASHVILLE PUBLIC EDUCATION FOUNDATION

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2024 AND 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nashville Public Education Foundation
Nashville, Tennessee

OPINION

We have audited the accompanying financial statements of Nashville Public Education Foundation (the "Foundation"), a Tennessee not-for-profit corporation, which comprise the statements of financial position as of June 30, 2024 and 2023, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024 and 2023, and 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 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.

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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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 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.

Kraj+CPAs PLLC

Nashville, Tennessee
February 27, 2025

NASHVILLE PUBLIC EDUCATION FOUNDATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Cash	\$ 2,066,227	\$ 2,200,674
Contributions receivable	213,860	68,824
Investments	25,617	25,617
Property and equipment, net	-	8,911
Operating lease, right-of-use asset	58,278	-
Endowment assets:		
Cash	93,214	93,212
Investments	<u>61,636</u>	<u>62,485</u>
TOTAL ASSETS	<u><u>\$ 2,518,832</u></u>	<u><u>\$ 2,459,723</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued liabilities	\$ 10,967	\$ 26,495
Salaries, benefits and payroll taxes payable	44,737	33,746
Contributions payable	4,414	26,691
Operating lease liability	<u>59,270</u>	<u>-</u>
TOTAL LIABILITIES	<u><u>119,388</u></u>	<u><u>86,932</u></u>
NET ASSETS		
Net assets without donor restrictions	1,292,886	1,265,764
Net assets with donor restrictions	<u>1,106,558</u>	<u>1,107,027</u>
TOTAL NET ASSETS	<u><u>2,399,444</u></u>	<u><u>2,372,791</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,518,832</u></u>	<u><u>\$ 2,459,723</u></u>

See accompanying notes to financial statements.

NASHVILLE PUBLIC EDUCATION FOUNDATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Contributions	\$ 380,799	\$ 669,339	\$ 1,050,138
Government grant	98,623	-	98,623
Hall of Fame special event	383,315	-	383,315
Less: direct cost of event	(106,449)	-	(106,449)
Investment income (loss), net	10,339	(847)	9,492
Net assets released from restrictions	<u>668,961</u>	<u>(668,961)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUES	<u>1,435,588</u>	<u>(469)</u>	<u>1,435,119</u>
EXPENSES			
Program services	1,121,267	-	1,121,267
Supporting services:			
Management and general	102,733	-	102,733
Fundraising	<u>184,466</u>	<u>-</u>	<u>184,466</u>
Total supporting services	<u>287,199</u>	<u>-</u>	<u>287,199</u>
TOTAL EXPENSES	<u>1,408,466</u>	<u>-</u>	<u>1,408,466</u>
CHANGE IN NET ASSETS	27,122	(469)	26,653
NET ASSETS - BEGINNING OF YEAR	<u>1,265,764</u>	<u>1,107,027</u>	<u>2,372,791</u>
NET ASSETS - END OF YEAR	<u>\$ 1,292,886</u>	<u>\$ 1,106,558</u>	<u>\$ 2,399,444</u>

See accompanying notes to financial statements.

NASHVILLE PUBLIC EDUCATION FOUNDATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Contributions	\$ 698,172	\$ 608,987	\$ 1,307,159
Hall of Fame special event	426,713	-	426,713
Less: direct cost of event	(133,451)	-	(133,451)
Investment income, net	1,937	36	1,973
Net assets released from restrictions	<u>782,386</u>	<u>(782,386)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUES	<u>1,775,757</u>	<u>(173,363)</u>	<u>1,602,394</u>
EXPENSES			
Program services	1,349,343	-	1,349,343
Supporting services:			
Management and general	165,268	-	165,268
Fundraising	<u>209,007</u>	<u>-</u>	<u>209,007</u>
Total supporting services	<u>374,275</u>	<u>-</u>	<u>374,275</u>
TOTAL EXPENSES	<u>1,723,618</u>	<u>-</u>	<u>1,723,618</u>
CHANGE IN NET ASSETS	52,139	(173,363)	(121,224)
NET ASSETS - BEGINNING OF YEAR	<u>1,213,625</u>	<u>1,280,390</u>	<u>2,494,015</u>
NET ASSETS - END OF YEAR	<u>\$ 1,265,764</u>	<u>\$ 1,107,027</u>	<u>\$ 2,372,791</u>

See accompanying notes to financial statements.

NASHVILLE PUBLIC EDUCATION FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024					2023				
	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total</u>	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>			<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Partner program support	\$ 366,349	\$ -	\$ -	\$ -	\$ 366,349	\$ 492,064	\$ -	\$ -	\$ -	\$ 492,064
Salaries, wages and employee benefits	452,760	67,184	126,486	193,670	646,430	568,777	84,400	158,897	243,297	812,074
Public relations	100,734	14,390	28,781	43,171	143,905	119,784	17,112	34,224	51,336	171,120
Printing and publications	365	-	157	157	522	5,182	-	2,221	2,221	7,403
Professional fees	45,085	6,441	12,881	19,322	64,407	-	56,922	-	56,922	56,922
Office occupancy	35,686	5,097	10,196	15,293	50,979	33,684	4,812	9,624	14,436	48,120
Supplies	39,146	129	258	387	39,533	84,042	113	227	340	84,382
Telephone, postage and shipping	1,812	258	518	776	2,588	1,905	272	544	816	2,721
Travel, meetings and special events	61,167	-	106,449	106,449	167,616	32,455	-	133,451	133,451	165,906
Depreciation	1,591	227	455	682	2,273	2,759	395	788	1,183	3,942
Loss on disposition of equipment	-	6,638	-	6,638	6,638	-	-	-	-	-
Software maintenance expense	5,768	824	1,648	2,472	8,240	2,856	408	816	1,224	4,080
Other miscellaneous expenses	10,804	1,545	3,086	4,631	15,435	5,835	834	1,666	2,500	8,335
TOTAL EXPENSES	1,121,267	102,733	290,915	393,648	1,514,915	1,349,343	165,268	342,458	507,726	1,857,069
Less direct cost of special event included in revenues on the Statements of Activities	-	-	(106,449)	(106,449)	(106,449)	-	-	(133,451)	(133,451)	(133,451)
TOTAL EXPENSES INCLUDED IN EXPENSE SECTION OF THE STATEMENTS OF ACTIVITIES	\$1,121,267	\$ 102,733	\$ 184,466	\$ 287,199	\$1,408,466	\$1,349,343	\$ 165,268	\$ 209,007	\$ 374,275	\$1,723,618

See accompanying notes to financial statements.

NASHVILLE PUBLIC EDUCATION FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 26,653	\$ (121,224)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	2,273	3,942
Net realized and unrealized losses on investments	608	4,065
Loss on disposition of equipment	6,638	-
Non-cash contributions of investments	(5,108)	(25,617)
(Increase) decrease in:		
Contributions receivable	(145,036)	(67,871)
Grants receivable	-	137,500
Operating lease, right-of-use asset	(58,278)	-
Increase (decrease) in:		
Accounts payable and accrued liabilities	(15,528)	(12,110)
Salaries, benefits and payroll taxes payable	10,991	(4,720)
Contributions payable	(22,277)	2,276
Operating lease liability	59,270	-
TOTAL ADJUSTMENTS	<u>(166,447)</u>	<u>37,465</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(139,794)</u>	<u>(83,759)</u>
INVESTING ACTIVITIES		
Proceeds from sale of investments	13,502	28,383
Purchases of investments	<u>(8,153)</u>	<u>(3,293)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>5,349</u>	<u>25,090</u>
DECREASE IN CASH	(134,445)	(58,669)
CASH - BEGINNING OF YEAR	<u>2,293,886</u>	<u>2,352,555</u>
CASH - END OF YEAR	<u>\$ 2,159,441</u>	<u>\$ 2,293,886</u>
RECONCILIATION OF CASH TO STATEMENTS OF FINANCIAL POSITION		
Cash - operating	\$ 2,066,227	\$ 2,200,674
Cash - endowment	<u>93,214</u>	<u>93,212</u>
TOTAL CASH	<u>\$ 2,159,441</u>	<u>\$ 2,293,886</u>

See accompanying notes to financial statements.

NASHVILLE PUBLIC EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

NOTE 1 - GENERAL

On July 11, 2002, Nashville Public Education Foundation (the “Foundation”) was chartered as a public benefit corporation under the Tennessee Nonprofit Corporation Act. From its inception through June 9, 2011, the Foundation operated under the name “Nashville Alliance for Public Education, Inc.”

The Foundation was formed by a group of corporate and civic leaders for the purpose of improving public education in Nashville, Tennessee. The Foundation works to ensure every child in Nashville has access to a great public education that prepares them fully for college, work and life. The Foundation achieves this through raising and managing funds, making strategic investments and bringing the community together behind needle-moving efforts to accelerate progress.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation’s management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

NASHVILLE PUBLIC EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and Revenues

Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until the barrier(s) in the agreement are overcome.

Donated marketable securities are recorded at their fair value at the date of contribution based on their quoted market price.

Grants awarded are generally considered nonreciprocal transactions restricted by sponsors for certain purposes. Grant revenue is recognized when the conditions upon which it depends are substantially met, which primarily is when qualifying expenses occur. Payments received in advance of conditions being met, if any, are recorded as deferred revenue on the statements of financial position. There were no deferred revenues recognized as of June 30, 2024 or 2023.

Fundraising event revenues are generated from sponsorships, ticket sales and donations for events held during the year and revenues are recognized when the events occur, which is the completion of the Foundation's performance obligation. Some of these revenues are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the amount paid and the exchange element. The Foundation records fundraising event revenue equal to the fair value of direct benefits to donors, and contribution revenue for the excess received when the event takes place.

Donated services are recognized if they create or enhance non-financial assets, or the donated service requires specialized skills, were performed by a donor who possesses such skills, and would have been purchased by the Foundation if not donated. Such services are recognized at fair value as support and expense in the period the services are performed.

In addition to donated services, the Foundation acknowledges that many individuals routinely volunteer their time and efforts to perform a variety of beneficial tasks that greatly promote the Foundation's programs and services. No amounts have been reflected in the financial statements for these donated services since the volunteer's time does not meet the criteria for recognition under GAAP.

NASHVILLE PUBLIC EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Receivable

Unconditional contributions receivable that are expected to be collected within one year are recorded at their net realizable value. Unconditional contributions receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. All contributions receivable as of June 30, 2024 and 2023, were due within one year. Conditional promises to give, if any, are not included as support until such time as the conditions are substantially met.

An allowance for uncollectible contributions is provided based on management's estimate of uncollectible contributions receivable and historical trends. Contributions receivable are written off when deemed to be uncollectible. In management's opinion, no allowance for uncollectible contributions was necessary as of either June 30, 2024 or 2023.

Investments

Investments consist of mutual funds which are carried at fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized and unrealized gains and losses are reflected in the statements of activities.

Property and Equipment

Property and equipment are recorded at cost. Donated assets are capitalized at fair market value in the period received. Depreciation expense is calculated using the straight-line method over the estimated service lives of the assets, principally the initial lease term for leasehold improvements and 3 to 7 years for furniture and equipment.

Fair Value Measurements

The Foundation classifies its investments based on a hierarchy consisting of: Level 1 (valued using quoted prices from active markets for identical assets), Level 2 (not traded on an active market but for which observable market inputs are readily available), and Level 3 (valued based on significant unobservable inputs). An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value on a recurring basis.

Mutual funds - Valued based on quoted market prices on the last business day of the reporting period.

NASHVILLE PUBLIC EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

There have been no changes in the valuation methodology used at June 30, 2024 or 2023.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methodology is appropriate and consistent with that of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Endowment Funds

The Foundation has both donor-restricted endowment funds and funds designated by the Board to function as an endowment. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation's donor-restricted endowment funds are subject to the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") and the State of Tennessee's State Uniform Prudent Management of Institutional Funds Act ("SUPMIFA").

Interpretation of applicable law - The Board of Directors has interpreted SUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the investment funds designated as an endowment that is not classified in donor restricted net assets is classified as unrestricted as part of the Board-designated endowment fund, which is consistent with the standard of prudence prescribed by UPMIFA.

Spending policy - Investment earnings from the donor-restricted endowment fund are used to support activities of the Metro Forensics League of Metro Nashville Public Schools (debate team).

Investment return objective, risk parameters and strategies - The Foundation generally follows a conservative investment policy with respect to its endowment assets. Investment income earned on endowment assets typically includes dividends, interest, and realized and unrealized capital gains and losses. Investment income is recognized as a component of net assets without donor restrictions or net assets with donor restrictions, respectively, based on the use or appropriation of the funds for qualifying program expenditures.

NASHVILLE PUBLIC EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Payable

Contributions payable are promises to give to a qualifying not-for-profit organization (principally Metro Nashville Public Schools (“MNPS”)) that are recognized as a liability by the Foundation, at fair value, on the date the obligation is deemed to be unconditional. A conditional contribution is not recorded until the contingent condition is effectively satisfied. Contributions scheduled to be paid in less than one year are recorded at net settlement value. Contributions scheduled for payment in excess of one year are recorded at estimated present value in a manner similar to the valuation of unconditional promises to be received.

Income Taxes

The Foundation qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes are not provided. The Foundation files a U.S. federal Form 990 for organizations exempt from income tax.

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Foundation’s income tax returns to determine whether the income tax positions meet a “more likely than not” standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the “more likely than not” standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

Leases

The Foundation made an accounting policy election available under ASC Topic 842 not to recognize right-of-use (“ROU”) assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or July 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Foundation used the discount rate implicit in the lease agreement, if readily determinable. For leases in which the rate implicit in the lease agreement is not readily determinable, the Foundation made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

NASHVILLE PUBLIC EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Program Services

The Nashville Public Education Foundation supports teachers and leaders to build schools where all kids thrive. The Foundation does this by advocating for change, supporting MNPS as a consulting partner and critical friend, promoting excellence and innovation, and convening stakeholders to drive community solutions.

During the year ending June 30, 2024, the Foundation focused on key programs to support Metro Nashville Public Schools families and teachers. The Foundation completed the third Teacherpreneur cohort, providing teachers with professional learning around systems change and design thinking to build out their creative ideas for solving some of the biggest challenges in the district. The successful Tech Goes Home program continued, which provides digital literacy training and a laptop to MNPS parents and teaches them how to access the district's learning management system so they can better engage with their students' learning. The 9th annual Blue Ribbon Teacher Awards ceremony was very successful, recognizing some of the district's top teachers. This program invested in an innovative pilot program to support students with interrupted formal education. The Foundation ran a second cohort of the Science of Learning professional development series for teachers. There were collaborations with the Nashville Area Chamber of Commerce to co-lead Leadership Public Education, a leadership development cohort opportunity to increase stakeholders' understanding of and advocacy for public education. Several infographics were released to inform the community about critical issues facing our public schools. Topics included the state's education savings account/voucher program, the state's new A-F school accountability system, how federal funding works in public education, and what works in teacher recruitment and retention. The Foundation released a new documentary, *Why I Teach*, which chronicles the life of three MNPS teachers. The documentary premiered in partnership with Lipscomb University at a symposium that focused on dispelling myths about the teaching profession and raised awareness about what needs to be done to ensure that teaching is a sustainable career. The Foundation partnered with Council Member Zulfat Suara to host the inaugural Day of Youth in Local Government as part of the Nashville Child and Youth Collaborative, bringing high school students to the City Courthouse to meet with policymakers and then pitch ideas for how Nashville can better serve our young people.

NASHVILLE PUBLIC EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Services (Continued)

During the year ending June 30, 2023, the Foundation continued several of its flagship programs to support teachers and families in MNPS. This included Teacherpreneur, an experience for educators to develop their big ideas into pilot programs that could make a significant impact for students, families, and schools in the district. Participants applied design thinking principles and change management theory to the creation of their plan, which they pitched to a panel of judges for the chance to win a total of \$25,000 and seed funding to pilot their ideas. In addition to leading the second Teacherpreneur cohort, the Foundation worked with past winners to help implement the pilot program of their winning solution. This also included the Blue Ribbon Teacher program, which awards 50 exceptional educators each year for their work ensuring all students thrive. The Foundation further supported teacher development through opportunities such as the Science of Learning professional learning series, which provided training on instructional practices informed by cognitive science. The Foundation also continued Tech Goes Home, which provides technology training and laptops to MNPS families to address the digital divide, focusing specifically on areas of highest need and providing translation services to ensure the program is accessible to all families. The Foundation supported district initiatives through the Teacher Leadership Institute, a cohort of educators working to grow as teacher leaders focused on advancing equity in their classrooms and schools, and the Music Makes Us program, which supports private lessons and instrument repairs for MNPS's music program. The Foundation also continued its facilitation of two critical partnerships for the district - the Better Together collaboration between MNPS and Nashville State Community College and the Partnership for Educational Equity Research between Vanderbilt University and MNPS. The Foundation also continues to raise awareness through research-based and data-driven resources about important and relevant issues facing public school students, including school choice, the state's 3rd grade retention law, charter schools, and equitable access to opportunities for children and youth. The Foundation also played a critical role in the mayoral election, sharing a candidate survey and a policy guide for candidates to ensure public schools were at the center of discussions among both political leaders and voters as Nashville elected a new mayor. The survey was shared widely to help voters make an informed decision. The Foundation also played a central role in launching the Nashville Child and Youth Collaborative (the "Collaborative") with twelve other nonprofits to prioritize young Nashvillians in the mayoral election and to partner with city leaders after a new mayor was elected. The Collaborative shared resources about children and youth and the city entities that work in service of them, as well as hosted a mayoral forum with WPLN featuring student questions.

Supporting Services

Management and General relates to the overall direction of the Foundation. These expenses are not identifiable with a particular program or event, or with fundraising, but are indispensable to the conduct of those activities and are essential to the Foundation. Specific activities include organization oversight, business management, recordkeeping, budgeting, financing, and other administrative activities.

NASHVILLE PUBLIC EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Supporting Services (Continued)

Fundraising includes costs of activities directed toward appeals for financial support, including special events. Other activities include the creation and distribution of fundraising materials.

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. The expenses that are allocated on the basis of time and effort include salaries, wages and employee benefits; public relations; printing and publications; professional fees; office occupancy; supplies; telephone, postage and shipping; travel, meetings and special events; depreciation; software maintenance expense; and other miscellaneous expenses.

Recent Authoritative Accounting Guidance

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize right-of-use assets and lease liabilities on the statements of financial position for all leases with terms longer than 12 months. Leases are to be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. The new standard, which was effective for the Foundation on July 1, 2022, provides a number of practical expedients. There was no material impact on the financial statements for the adoption of this standard.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year’s presentation. Such reclassifications had no effect on the results of operations or net assets as previously reported.

Use of Estimates in the Preparation of Financial Statements

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NASHVILLE PUBLIC EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Events Occurring After Reporting Date

The Foundation has evaluated events and transactions that occurred between June 30, 2024 and February 27, 2025, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The following reflects the Foundation's financial assets at June 30, reduced by amounts not available for general use within one year of the statements of financial position date because of donor-imposed restrictions. Amounts not available also include amounts set aside by the Board of Directors that could be drawn upon if the governing board approves that action.

	<u>2024</u>	<u>2023</u>
Financial assets at year end:		
Cash	\$ 2,159,441	\$ 2,293,886
Contributions receivable	213,860	68,824
Investments	<u>87,253</u>	<u>88,102</u>
Total financial assets	<u>2,460,554</u>	<u>2,450,812</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions:		
Restricted for specific purposes	976,708	976,330
Donor-restricted endowment funds	129,850	130,697
Board-designated endowment funds	<u>25,000</u>	<u>25,000</u>
	<u>1,131,558</u>	<u>1,132,027</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,328,996</u>	<u>\$ 1,318,785</u>

NASHVILLE PUBLIC EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024 AND 2023

NOTE 4 - INVESTMENTS

Investments consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Mutual funds	\$ 87,253	\$ 88,102
Total	<u>\$ 87,253</u>	<u>\$ 88,102</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Leasehold improvements	\$ -	\$ 18,105
Furniture and equipment	<u>27,084</u>	<u>27,084</u>
	27,084	45,189
Less: accumulated depreciation	<u>(27,084)</u>	<u>(36,278)</u>
	<u>\$ -</u>	<u>\$ 8,911</u>

NASHVILLE PUBLIC EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024 AND 2023

NOTE 6 - ENDOWMENT

The Foundation had the following endowment net asset composition by type of fund as of June 30:

<u>2024</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 25,000	\$ -	\$ 25,000
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	120,253	120,253
Accumulated investment gains	-	9,597	9,597
	<u>\$ 25,000</u>	<u>\$ 129,850</u>	<u>\$ 154,850</u>
<u>2023</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 25,000	\$ -	\$ 25,000
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	120,253	120,253
Accumulated investment gains	-	10,444	10,444
	<u>\$ 25,000</u>	<u>\$ 130,697</u>	<u>\$ 155,697</u>

NASHVILLE PUBLIC EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024 AND 2023

NOTE 6 - ENDOWMENT (CONTINUED)

A summary of activity involving endowment assets during the fiscal years ended June 30, 2024 and 2023, is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment assets at June 30, 2022	\$ 25,000	\$ 134,071	\$ 159,071
Dividend distributions	-	(3,410)	(3,410)
Investment loss, net	<u>-</u>	<u>36</u>	<u>36</u>
Endowment assets at June 30, 2023	25,000	130,697	155,697
Dividend distributions	-	(10,098)	(10,098)
Investment income, net	<u>-</u>	<u>9,251</u>	<u>9,251</u>
Endowment assets at June 30, 2024	<u>\$ 25,000</u>	<u>\$ 129,850</u>	<u>\$ 154,850</u>

NOTE 7 - FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30:

<u>2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments at fair value:				
Mutual funds:				
High-yield bond fund	\$ 1,722	\$ -	\$ -	\$ 1,722
Floating rate income fund	12,743	-	-	12,743
Inflation protected bond fund	8,097	-	-	8,097
Low duration bond fund	11,482	-	-	11,482
Intermediate government bond fund	<u>53,209</u>	<u>-</u>	<u>-</u>	<u>53,209</u>
Total investments at fair value	<u>\$ 87,253</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,253</u>

NASHVILLE PUBLIC EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024 AND 2023

NOTE 7 - FAIR VALUE MEASUREMENTS (CONTINUED)

<u>2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments at fair value:				
Mutual funds:				
High-yield bond fund	\$ 1,663	\$ -	\$ -	\$ 1,663
Floating rate income fund	12,625	-	-	12,625
Inflation protected bond fund	8,235	-	-	8,235
Low duration bond fund	11,303	-	-	11,303
Intermediate government bond fund	<u>54,276</u>	<u>-</u>	<u>-</u>	<u>54,276</u>
Total investments at fair value	<u>\$ 88,102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,102</u>

NOTE 8 - CONTRIBUTIONS PAYABLE

Pursuant to a funding agreement between the Foundation and MNPS, MNPS directly purchases musical instruments for its music program and then provides supporting documentation to the Foundation to receive reimbursement. The amount owed to MNPS under this agreement totaled \$4,414 and \$26,691 at June 30, 2024 and 2023, respectively.

NOTE 9 - CONTRACTED SERVICES AND EMPLOYEE BENEFIT PLAN

Contracted Services

The Foundation's staff, which reports directly to the Foundation's Board of Directors, is employed under an agreement with a Professional Employer Organization ("PEO"). The Foundation reimburses the PEO for the Foundation's salaries and related fringe benefits, which include Social Security and Medicare taxes, insurance and employee benefit costs.

Employee Benefit Plan

The Foundation's eligible employees may participate in a Section 401(k) defined contribution plan through the PEO. The plan provides for matching contributions for each employee deferral contribution, subject to limitations. Total contributions by the Foundation to the plan amounted to \$25,639 and \$33,725 at June 30, 2024 and 2023, respectively.

NASHVILLE PUBLIC EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024 AND 2023

NOTE 10 - NET ASSETS

Net assets consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Net assets without donor restrictions:		
Undesignated	\$ 1,267,886	\$ 1,231,853
Invested in property and equipment	-	8,911
Board-designated endowment	<u>25,000</u>	<u>25,000</u>
Total net assets without donor restrictions	<u>1,292,886</u>	<u>1,265,764</u>
Net assets with donor restrictions:		
Temporary in nature - subject to expenditure for specified purpose or passage of time:		
Unspent earnings on endowment fund	9,597	10,444
Musical instruments and programs	290,575	415,486
Hall of Fame event	222,659	199,686
Speaker series for Title 1 schools	20,000	-
Other purposes	<u>443,474</u>	<u>361,158</u>
	<u>986,305</u>	<u>986,774</u>
Perpetual in nature - endowment:		
Debate	<u>120,253</u>	<u>120,253</u>
Total net assets with donor restrictions	<u>1,106,558</u>	<u>1,107,027</u>
	<u>\$ 2,399,444</u>	<u>\$ 2,372,791</u>

NASHVILLE PUBLIC EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024 AND 2023

NOTE 11 - LEASES

The Foundation leases office space under an operating lease agreement that has an initial term of two years. The lease contains termination options, where the rights to terminate are held by either the Foundation, the lessor or both parties. Operating lease cost is recognized on a straight-line basis over the lease term.

The components of lease expense are as follows for the year ended June 30, 2024:

Operating lease cost	\$ 24,792
Total lease cost	<u>\$ 24,792</u>

Facility lease expense was \$36,502 for the year ended June 30, 2023, resulting from a month-to-month lease agreement. This is included in occupancy expense in the Statement of Activities for the year ended June 30, 2023.

Additional information related to leases is as follows as of June 30, 2024:

Operating leases:	
Operating lease right-of-use assets	<u>\$ 58,278</u>
Current maturities of operating lease liability	\$ 39,062
Operating lease liabilities, non-current	<u>20,208</u>
Total operating lease liabilities	<u>\$ 59,270</u>
Weighted-average remaining lease term:	
Operating leases	1.42 years
Weighted-average discount rate:	
Operating leases	4.31%

NASHVILLE PUBLIC EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024 AND 2023

NOTE 11 - LEASES (CONTINUED)

Future undiscounted cash flows and a reconciliation to the lease liabilities recognized on the statement of net assets are as follows for the year ended:

	<u>Operating Leases</u>
<u>For the year ended December 31:</u>	
2025	\$ 40,800
2026	<u>20,400</u>
Total lease payments	61,200
Less imputed interest	<u>(1,930)</u>
Total present value of lease liabilities	<u>\$ 59,270</u>

NOTE 12 - CONCENTRATIONS

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash, investments, and various contributions, contracts and related receivables. The Foundation maintains cash balances at reputable financial institutions insured by the Federal Deposit Insurance Corporation (“FDIC”) up to statutory limits. The Foundation’s balances may, at times, exceed statutory limits. The Foundation has not experienced any losses in these accounts and management considers this to be a normal business risk.

Contributions received from one source comprised approximately 20% and 23% of total contributions received for the years ended June 30, 2024 and 2023, respectively. Contributions receivable from four and two donors comprised 94% and 65% of the receivable balance as of June 30, 2024 and 2023, respectively.

NOTE 13 - RELATED PARTY TRANSACTIONS

The Foundation receives support from and may, from time to time, purchase goods or services from companies or organizations that are affiliated with or owned, directly or indirectly, by members of the Board of Directors. All related party transactions are subject to the Foundation’s Conflict of Interest Policy.