

NASHVILLE PUBLIC EDUCATION FOUNDATION

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2025 AND 2024

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INDEPENDENT AUDITORS' 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 statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year 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, 2025, and 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 OPINION

We conducted our audit 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 audit. 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.

OTHER MATTER - 2024 FINANCIAL STATEMENTS

The financial statements of Nashville Public Education Foundation for the year ended June 30, 2024, were audited by other auditors whose report thereon, dated February 27, 2025, expressed an unmodified opinion.

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.

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.

Baker Tilly US, LLP

Nashville, Tennessee
February 16, 2026

NASHVILLE PUBLIC EDUCATION FOUNDATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,973,226	\$ 2,066,227
Contributions receivable	129,500	213,860
Grants receivable	172,650	-
Investments	-	25,617
Property and equipment, net	1,620	-
Operating lease, right-of-use asset	17,516	58,278
Endowment assets:		
Cash and cash equivalents	38,025	93,214
Investments	-	61,636
Other current assets	<u>37</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 2,332,574</u>	<u>\$ 2,518,832</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued liabilities	\$ 52,158	\$ 10,967
Salaries, benefits and payroll taxes payable	58,787	44,737
Contributions payable	-	4,414
Operating lease liability	<u>20,208</u>	<u>59,270</u>
TOTAL LIABILITIES	<u>131,153</u>	<u>119,388</u>
NET ASSETS		
Net assets without donor restrictions	1,354,964	1,292,886
Net assets with donor restrictions	<u>846,457</u>	<u>1,106,558</u>
TOTAL NET ASSETS	<u>2,201,421</u>	<u>2,399,444</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,332,574</u>	<u>\$ 2,518,832</u>

See accompanying notes to financial statements.

NASHVILLE PUBLIC EDUCATION FOUNDATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2025

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Contributions	\$ 163,415	\$ 701,570	\$ 864,985
Government grants	476,081	-	476,081
Hall of Fame special event	152,165	275,487	427,652
Less: direct cost of event	(113,171)	-	(113,171)
Investment income (loss), net	53,236	25	53,261
Unrealized investment gain	2,423	-	2,423
Realized investment loss	(2,293)	-	(2,293)
Net assets released from restrictions	<u>1,237,183</u>	<u>(1,237,183)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUES	<u>1,969,039</u>	<u>(260,101)</u>	<u>1,708,938</u>
EXPENSES			
Program services	1,532,181	-	1,532,181
Supporting services:			
Management and general	127,459	-	127,459
Fundraising	<u>247,321</u>	<u>-</u>	<u>247,321</u>
Total supporting services	<u>374,780</u>	<u>-</u>	<u>374,780</u>
TOTAL EXPENSES	<u>1,906,961</u>	<u>-</u>	<u>1,906,961</u>
CHANGE IN NET ASSETS	62,078	(260,101)	(198,023)
NET ASSETS - BEGINNING OF YEAR	<u>1,292,886</u>	<u>1,106,558</u>	<u>2,399,444</u>
NET ASSETS - END OF YEAR	<u>\$ 1,354,964</u>	<u>\$ 846,457</u>	<u>\$ 2,201,421</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, 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

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025					2024				
	Program Services	Supporting Services		Total Supporting Services	Total	Program Services	Supporting Services		Total Supporting Services	Total
		Management and General	Fundraising				Management and General	Fundraising		
Partner program support	\$ 399,742	\$ -	\$ -	\$ -	\$ 399,742	\$ 366,349	\$ -	\$ -	\$ -	\$ 366,349
Salaries, wages and employee benefits	518,468	76,935	144,843	221,778	740,246	452,760	67,184	126,486	193,670	646,430
Public relations	101,879	14,553	29,108	43,661	145,540	100,734	14,390	28,781	43,171	143,905
Printing and publications	3,354	-	1,437	1,437	4,791	365	-	157	157	522
Professional fees	46,309	6,616	13,231	19,847	66,156	45,085	6,441	12,881	19,322	64,407
Office occupancy	36,965	5,280	10,561	15,841	52,806	35,686	5,097	10,196	15,293	50,979
Supplies	155,331	22,189	44,380	66,569	221,900	39,146	129	258	387	39,533
Telephone, postage and shipping	1,118	159	319	478	1,596	1,812	258	518	776	2,588
Travel, meetings and special events	256,964	-	113,171	113,171	370,135	61,167	-	106,449	106,449	167,616
Depreciation	103	15	29	44	147	1,591	227	455	682	2,273
Loss on disposition of equipment	-	-	-	-	-	-	6,638	-	6,638	6,638
Software maintenance expense	6,544	935	1,870	2,805	9,349	5,768	824	1,648	2,472	8,240
Other miscellaneous expenses	5,404	777	1,543	2,320	7,724	10,804	1,545	3,086	4,631	15,435
TOTAL EXPENSES	1,532,181	127,459	360,492	487,951	2,020,132	1,121,267	102,733	290,915	393,648	1,514,915
Less direct cost of special event included in revenues on the Statements of Activities	-	-	(113,171)	(113,171)	(113,171)	-	-	(106,449)	(106,449)	(106,449)
TOTAL EXPENSES INCLUDED IN EXPENSE SECTION OF THE STATEMENTS OF ACTIVITIES	<u>\$1,532,181</u>	<u>\$ 127,459</u>	<u>\$ 247,321</u>	<u>\$ 374,780</u>	<u>\$1,906,961</u>	<u>\$1,121,267</u>	<u>\$ 102,733</u>	<u>\$ 184,466</u>	<u>\$ 287,199</u>	<u>\$1,408,466</u>

See accompanying notes to financial statements.

NASHVILLE PUBLIC EDUCATION FOUNDATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
OPERATING ACTIVITIES		
Change in net assets	\$ (198,023)	\$ 26,653
Adjustments to reconcile change in net assets to net cash and cash equivalents used in operating activities:		
Depreciation	147	2,273
Net realized and unrealized losses on investments	(130)	608
Loss on disposition of equipment	-	6,638
Non-cash contributions of investments	(40,325)	(5,108)
(Increase) decrease in:		
Contributions receivable	84,360	(145,036)
Grants receivable	(172,650)	-
Other current assets	(37)	-
Operating lease, right-of-use asset	40,762	(58,278)
Increase (decrease) in:		
Accounts payable and accrued liabilities	41,191	(15,528)
Salaries, benefits and payroll taxes payable	14,050	10,991
Contributions payable	(4,414)	(22,277)
Operating lease liability	(39,062)	59,270
TOTAL ADJUSTMENTS	<u>(76,108)</u>	<u>(166,447)</u>
NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES	<u>(274,131)</u>	<u>(139,794)</u>
INVESTING ACTIVITIES		
Purchase of equipment	(1,767)	-
Proceeds from sale of investments	130,526	13,502
Purchases of investments	(2,818)	(8,153)
NET CASH AND CASH EQUIVALENTS PROVIDED BY INVESTING ACTIVITIES	<u>125,941</u>	<u>5,349</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(148,190)	(134,445)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,159,441</u>	<u>2,293,886</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,011,251</u>	<u>\$ 2,159,441</u>
RECONCILIATION OF CASH TO STATEMENTS OF FINANCIAL POSITION		
Cash and cash equivalents - operating	\$ 1,973,226	\$ 2,066,227
Cash and cash equivalents - endowment	38,025	93,214
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 2,011,251</u>	<u>\$ 2,159,441</u>

See accompanying notes to financial statements.

NASHVILLE PUBLIC EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and money market accounts with financial institutions.

NASHVILLE PUBLIC EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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, 2025 or 2024.

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

JUNE 30, 2025 AND 2024

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, 2025 and 2024, 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, 2025 or 2024.

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

JUNE 30, 2025 AND 2024

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, 2025 or 2024.

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 were to be used to support activities of the Metro Forensics League of Metro Nashville Public Schools (debate team). Investment earnings from the board restricted endowment fund are used to support general operations, as necessary.

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

JUNE 30, 2025 AND 2024

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

JUNE 30, 2025 AND 2024

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, 2025, the Foundation focused on key programs to support Metro Nashville Public Schools families and teachers. The Foundation completed the fourth 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 10th annual Blue Ribbon Teacher Awards ceremony recognized and celebrated some of the district's top teachers in the categories of leadership, instruction, and student success and opportunity. The Foundation continued to partner 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 federal role in public education, a 2025 update on Tennessee's voucher program, the 2023-24 A-F school accountability ratings, and why academic standards are critical to student success. The Foundation released school data profiles for MNPS elementary, middle, and high schools highlighting information tied to our Thriving Schools framework and released a new video explaining the basis of the framework and each of its six conditions. The Foundation partnered with Metro Nashville Public Schools to update the Teach Nashville online resource, which provides information for new and early career teachers looking to start their journey with MNPS and moving to Nashville. The Foundation helped facilitate strategic planning sessions with the Nashville Child and Youth Collaborative to engage nonprofit partners and identify critical next steps for furthering the collaborative's mission. The Foundation also helped fund and facilitate a study conducted by the Urban Schools Human Capital Academy on strengthening teacher talent pipelines to provide insights and recommendations to Metro Nashville Public Schools.

NASHVILLE PUBLIC EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Services (Continued)

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.

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

JUNE 30, 2025 AND 2024

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.

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.

Events Occurring After Reporting Date

The Foundation has evaluated events and transactions that occurred between June 30, 2025 and February 16, 2026, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NASHVILLE PUBLIC EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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>2025</u>	<u>2024</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 2,011,251	\$ 2,159,441
Contributions receivable	129,500	213,860
Grants receivable	172,650	-
Investments	-	87,253
Total financial assets	<u>2,313,401</u>	<u>2,460,554</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions:		
Restricted for specific purposes	846,457	976,708
Donor-restricted endowment funds	-	129,850
Board-designated endowment funds	-	25,000
	<u>846,457</u>	<u>1,131,558</u>

Financial assets available to meet general expenditures

NOTE 4 - INVESTMENTS

Investments consisted of the following at:

	<u>2025</u>	<u>2024</u>
Mutual funds	\$ -	\$ 87,253
Total	<u>\$ -</u>	<u>\$ 87,253</u>

NASHVILLE PUBLIC EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2025	2024
Furniture and equipment	\$ 22,531	\$ 27,084
Less: accumulated depreciation	(20,911)	(27,084)
	\$ 1,620	\$ -

NOTE 6 - ENDOWMENT

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

	Without Donor Restrictions	With Donor Restrictions	Total
2025			
Donor-restricted endowment funds:			
Original board-restricted gift amount and amounts required to be maintained in perpetuity by the board	\$ 38,000	\$ -	\$ 38,000
Accumulated investment gains	25	-	25
	\$ 38,025	\$ -	\$ 38,025
2024			
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
	\$ 25,000	\$ 129,850	\$ 154,850

NASHVILLE PUBLIC EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 6 - ENDOWMENT (CONTINUED)

A summary of activity involving endowment assets during the fiscal years ended June 30, 2025 and 2024, is as follows:

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Endowment assets at June 30, 2023	\$ 25,000	\$ 130,697	\$ 155,697
Dividend distributions	-	(10,098)	(10,098)
Investment loss, net	-	9,251	9,251
Endowment assets at June 30, 2024	25,000	129,850	154,850
Appropriation of endowment assets for expenditure	(25,000)	(129,850)	(154,850)
Contributions	38,000	-	38,000
Investment income, net	25	-	25
Endowment assets at June 30, 2025	<u>\$ 38,025</u>	<u>\$ -</u>	<u>\$ 38,025</u>

In October 2024 the endowment funds held for the debate team were distributed to the Nashville Urban Debate League in accordance with the intention of the restriction.

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, 2024:

	<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	53,209	-	-	53,209
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

JUNE 30, 2025 AND 2024

NOTE 7 - FAIR VALUE MEASUREMENTS (CONTINUED)

There are no investments valued at fair value at June 30, 2025.

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 \$24,275 and \$4,414 at June 30, 2025 and 2024, 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 \$31,305 and \$25,639 at June 30, 2025 and 2024, respectively.

NASHVILLE PUBLIC EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 10 - NET ASSETS

Net assets consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Net assets without donor restrictions:		
Undesignated	\$ 1,315,344	\$ 1,267,886
Invested in property and equipment	1,620	-
Board-designated endowment	<u>38,000</u>	<u>25,000</u>
Total net assets without donor restrictions	<u>1,354,964</u>	<u>1,292,886</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
Musical instruments and programs	218,141	290,575
Hall of Fame event	260,802	222,659
Speaker series for Title 1 schools	20,000	20,000
Other purposes	<u>347,514</u>	<u>443,474</u>
	<u>846,457</u>	<u>986,305</u>
Perpetual in nature - endowment:		
Debate	<u>-</u>	<u>120,253</u>
Total net assets with donor restrictions	<u>846,457</u>	<u>1,106,558</u>
	<u>\$ 2,201,421</u>	<u>\$ 2,399,444</u>

NASHVILLE PUBLIC EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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:

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 42,500	\$ 24,792
Total lease cost	<u>\$ 42,500</u>	<u>\$ 24,792</u>

Additional information related to leases is as follows as of June:

	<u>2025</u>	<u>2024</u>
Operating leases:		
Operating lease right-of-use assets	<u>\$ 17,516</u>	<u>\$ 58,278</u>
Current maturities of operating lease liability	\$ 20,208	\$ 39,062
Operating lease liabilities, non-current	<u>-</u>	<u>20,208</u>
Total operating lease liabilities	<u>\$ 20,208</u>	<u>\$ 59,270</u>
Weighted-average remaining lease term:		
Operating leases	0.42	1.42
Weighted-average discount rate:		
Operating leases	4.56%	4.31%

NASHVILLE PUBLIC EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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>	
2026	\$ 20,400
Less imputed interest	<u>192</u>
Total present value of lease liabilities	<u>\$ 20,208</u>

NOTE 12 - CONCENTRATIONS

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents, 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 two and one sources comprised approximately 32% and 20% of total contributions received for the years ended June 30, 2025 and 2024, respectively. Contributions receivable from three and four donors comprised 66% and 94% of the receivable balance as of June 30, 2025 and 2024, 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.

NOTE 14 - SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

	<u>2025</u>	<u>2024</u>
CASH PAID FOR		
Operating cash flows - payments on operating leases	<u>\$ 40,800</u>	<u>\$ 23,800</u>