

SAN ANTONIO EDUCATION PARTNERSHIP, INC.

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

SAN ANTONIO EDUCATION PARTNERSHIP, INC.

FINANCIAL STATEMENTS

Year Ended September 30, 2020

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Independent Auditor's Report

Board of Directors
San Antonio Education Partnership, Inc.
San Antonio, Texas

We have audited the accompanying financial statements of San Antonio Education Partnership, Inc. (a nonprofit corporation), which comprise the statements of financial position as of September 30, 2020 and 2019, the related statements of activities and functional expenses for the year ended September 30, 2020, the statements of cash flows for the years ended September 30, 2020 and 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Antonio Education Partnership, Inc. as of September 30, 2020 and 2019, and the changes in its net assets for the year ended September 30, 2020, and its cash flows for the years ended September 30, 2020 and 2019 in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited San Antonio Education Partnership, Inc.'s 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 10, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sagebiel, Ravenburg & Schuh, P.C.

San Antonio, Texas
December 8, 2020

Lincoln Center
7800 W Interstate 10, Ste. 630
San Antonio, TX 78230-4750

210-979-7600
FAX 210-979-7679

SAN ANTONIO EDUCATION PARTNERSHIP, INC.

STATEMENT OF FINANCIAL POSITION

September 30, 2020 and 2019

| ASSETS | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 819,832 | \$ 713,004 |
| Accounts receivable | 434,488 | 913,746 |
| Accounts receivable, COSA estimated | 1,554,922 | 1,869,454 |
| Prepaid expenses | <u>46,847</u> | <u>31,174</u> |
| Total current assets | <u>2,856,089</u> | <u>3,527,378</u> |
| Property and equipment: | | |
| Fixed assets | 28,677 | 204,446 |
| Less accumulated depreciation | <u>(28,677)</u> | <u>(204,446)</u> |
| | <u>-</u> | <u>-</u> |
| Other assets: | | |
| Investments | <u>453,708</u> | <u>14,012</u> |
| Total assets | <u>\$ 3,309,797</u> | <u>\$ 3,541,390</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable | \$ 43,391 | \$ 504,157 |
| Accrued liabilities - vacation carryover | 12,577 | - |
| Current portion of long-term debt | 31,547 | - |
| Scholarship commitments | <u>1,554,922</u> | <u>1,869,454</u> |
| Total current liabilities | <u>1,642,437</u> | <u>2,373,611</u> |
| Long-term liabilities: | | |
| Note payable - PPP forgivable loan | 316,862 | - |
| Less: current portion of long-term debt | <u>(31,547)</u> | <u>-</u> |
| Total long-term liabilities | <u>285,315</u> | <u>-</u> |
| Total liabilities | <u>1,927,752</u> | <u>2,373,611</u> |
| Net assets: | | |
| Without donor restrictions | 1,095,761 | 895,763 |
| With donor restrictions | <u>286,284</u> | <u>272,016</u> |
| Total net assets | <u>1,382,045</u> | <u>1,167,779</u> |
| Total liabilities and net assets | <u>\$ 3,309,797</u> | <u>\$ 3,541,390</u> |

The accompanying notes are an integral part
of the financial statements.

SAN ANTONIO EDUCATION PARTNERSHIP, INC.

STATEMENT OF ACTIVITIES

Year Ended September 30, 2020

(With Comparative Totals For Year Ended September 30, 2019)

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> | |
|--|---------------------------------------|------------------------------------|---------------------|---------------------|
| | | | <u>2020</u> | <u>2019</u> |
| Public support and revenue: | | | | |
| Special events: | | | | |
| Gross revenue | \$ 116,631 | \$ - | \$ 116,631 | \$ 122,805 |
| Less direct expenses | <u>(3,780)</u> | <u>-</u> | <u>(3,780)</u> | <u>(9,129)</u> |
| Net special events support | 112,851 | - | 112,851 | 113,676 |
| Contributions, grants and scholarships | 2,164,098 | 421,731 | 2,585,829 | 2,668,271 |
| Program and contract services | 1,740,569 | - | 1,740,569 | 1,635,513 |
| Investment income | 37,197 | - | 37,197 | 20,088 |
| In-kind gifts and services | 105,642 | - | 105,642 | 104,702 |
| Miscellaneous income | <u>2,724</u> | <u>-</u> | <u>2,724</u> | <u>4,568</u> |
| Total public support | 4,163,081 | 421,731 | 4,584,812 | 4,546,818 |
| Net assets released from restrictions: | | | | |
| Restrictions satisfied by payments | <u>407,463</u> | <u>(407,463)</u> | <u>-</u> | <u>-</u> |
| Total public support and revenue | <u>4,570,544</u> | <u>14,268</u> | <u>4,584,812</u> | <u>4,546,818</u> |
| Expenses: | | | | |
| Program services | 4,103,963 | - | 4,103,963 | 4,073,591 |
| General and administrative | 163,635 | - | 163,635 | 183,631 |
| Fundraising | <u>93,042</u> | <u>-</u> | <u>93,042</u> | <u>85,690</u> |
| Total expenses | <u>4,360,640</u> | <u>-</u> | <u>4,360,640</u> | <u>4,342,912</u> |
| Change in net assets before unrealized gains (losses) | 209,904 | 14,268 | 224,172 | 203,906 |
| Unrealized gain (loss) on investments | <u>(9,906)</u> | <u>-</u> | <u>(9,906)</u> | <u>(13,731)</u> |
| Change in net assets | 199,998 | 14,268 | 214,266 | 190,175 |
| Net assets at beginning of year | <u>895,763</u> | <u>272,016</u> | <u>1,167,779</u> | <u>977,604</u> |
| Net assets at end of year | <u>\$ 1,095,761</u> | <u>\$ 286,284</u> | <u>\$ 1,382,045</u> | <u>\$ 1,167,779</u> |

The accompanying notes are an integral part
of the financial statements.

SAN ANTONIO EDUCATION PARTNERSHIP, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2020

(With Comparative Totals For Year Ended September 30, 2019)

| | Program Services | Supporting Services | | Totals | |
|--------------------------------------|---------------------|-------------------------------|------------------|---------------------|---------------------|
| | | General and Administrative | Fundraising | 2020 | 2019 |
| Salaries and wages | \$ 1,181,468 | \$ 45,833 | \$ 74,202 | \$ 1,301,503 | \$ 1,192,714 |
| Employee benefits | 171,919 | 1,537 | 10,117 | 183,573 | 178,062 |
| Payroll taxes | 88,885 | 4,109 | 5,609 | 98,603 | 91,453 |
| Total salaries and related expenses | 1,442,272 | 51,479 | 89,928 | 1,583,679 | 1,462,229 |
| Advertising and development | 96,287 | - | - | 96,287 | 79,001 |
| Bank charges | 5 | 340 | 151 | 496 | 484 |
| Dues and subscriptions | 23,541 | 1,667 | - | 25,208 | 17,978 |
| Equipment, supplies, and maintenance | 15,076 | - | - | 15,076 | 20,083 |
| Insurance | 13,787 | 109 | - | 13,896 | 12,838 |
| Janitorial services | 89,079 | 244 | - | 89,323 | 63,770 |
| Miscellaneous | 8,888 | 2,768 | - | 11,656 | 5,609 |
| Occupancy | 27,899 | 1,731 | - | 29,630 | 38,349 |
| Office supplies | 36,870 | 209 | - | 37,079 | 30,625 |
| Postage | 1,331 | 88 | - | 1,419 | 1,375 |
| Printing | 17,362 | 120 | - | 17,482 | 18,367 |
| Professional employer services | 38,111 | 1,340 | - | 39,451 | 38,853 |
| Professional fees | 138,349 | 103,049 | 2,900 | 244,298 | 175,353 |
| Program and implementation costs | 27,873 | 201 | 63 | 28,137 | 125,907 |
| Scholarships | 2,114,442 | - | - | 2,114,442 | 2,197,600 |
| Security | 4,399 | 134 | - | 4,533 | 6,577 |
| Subcontractor fees | 6,000 | - | - | 6,000 | 13,539 |
| Travel and conferences | 1,085 | 156 | - | 1,241 | 25,180 |
| Write-offs and adjustments | 1,307 | - | - | 1,307 | 9,195 |
| Total expenses | <u>\$ 4,103,963</u> | <u>\$ 163,635</u> | <u>\$ 93,042</u> | <u>\$ 4,360,640</u> | <u>\$ 4,342,912</u> |

The accompanying notes are an integral part
of the financial statements.

SAN ANTONIO EDUCATION PARTNERSHIP, INC.

STATEMENT OF CASH FLOWS

Years Ended September 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Cash flow from operating activities: | | |
| Change in net assets | \$ 214,266 | \$ 190,175 |
| Noncash items included in operations: | | |
| Realized and unrealized (gains) losses on investments | (17,321) | 2,094 |
| Effect of changes in operating working capital: | | |
| Accounts receivable | 479,258 | (462,027) |
| Prepaid expenses | (15,673) | 31,294 |
| Accounts payable | (460,766) | 235,127 |
| Accrued liabilities - vacation carryover | <u>12,577</u> | <u>(2,728)</u> |
| Net cash provided (used) by operating activities | <u>212,341</u> | <u>(6,065)</u> |
| Cash flows from investing activities: | | |
| Proceeds from sales and maturities of investments | - | 405,660 |
| Purchases of and reinvestments in investments | <u>(422,375)</u> | <u>-</u> |
| Net cash provided (used) by investing activities | <u>(422,375)</u> | <u>405,660</u> |
| Cash flows from financing activities: | | |
| Proceeds from issuance of long-term debt | <u>316,862</u> | <u>-</u> |
| Net cash provided by financing activities | <u>316,862</u> | <u>-</u> |
| Net increase in cash | 106,828 | 399,595 |
| Cash at beginning of year | <u>713,004</u> | <u>313,409</u> |
| Cash at end of year | <u>\$ 819,832</u> | <u>\$ 713,004</u> |

The accompanying notes are an integral part
of the financial statements.

SAN ANTONIO EDUCATION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

1 NATURE OF ORGANIZATION

San Antonio Education Partnership, Inc. (hereinafter referred to as the Partnership) is a non-profit organization formed in 1988. The Partnership empowers students with quality educational programs, resources and counseling that will make them confident, knowledgeable and help them finish college and contribute to San Antonio's future, making the students San Antonio's leaders of tomorrow.

The goal of the Partnership is to close the college graduation gap for San Antonio by having its students graduate from high school, enroll in college, and earn a college degree and/or certificate. Services provided to students through the high school services component and Café College focus on five key areas with the following objectives:

- *College Aspirations & Goal Setting* – Helping students set and keep short and long-term academic and career goals by building a college-going future.
- *College and Career Exploration and Planning* – Increasing awareness of career opportunities and assisting with planning of career paths, to include increasing student knowledge and awareness of STEM fields for career opportunities in San Antonio.
- *College Entry and Enrollment* – Increasing awareness of higher education opportunities and assisting with college entry and enrollment.
- *College Affordability and Financial Aid* – Increasing awareness by providing information on financial literacy and financial aid resources, in addition to assisting with applying for financial aid and scholarships.
- *College Transition* – Providing guidance and coaching as students transition from high school to college with confidence and success, as well as opportunities for character development, including the essential skills needed to become an effective leader.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Partnership have been prepared on the accrual basis of accounting. The financial statements accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board for the format of financial statements of not-for-profit organizations. The Partnership is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Comparative Financial Information

The financial information for the year ended September 30, 2019, presented for comparative purposes, is not intended to be a complete financial statement presentation. It is included to provide a basis for comparison with the year ended September 30, 2020.

Allocated Expenses

Expenses are charged to program services based on costs which can be directly identified as those costs associated with the program of the Partnership. Any expenses not directly chargeable are allocated to programs and supporting service classifications on the basis of management estimates.

(Continued)

SAN ANTONIO EDUCATION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Partnership is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization other than a private foundation under Section 509(a)(2) of the Internal Revenue Code and qualifies for the 50% charitable contributions deduction for individual donors under Section 170(b)(1)(A).

Revenue and Support With and Without Donor Restrictions

The Partnership reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes all monies on hand, in banks, and highly liquid investments with initial maturity periods of three months or less.

Investments

Investments are carried at market value for financial statement purposes. A provision for unrealized gains or losses is made each year to adjust to the appropriate value, and changes in unrealized gains and losses are included in the change in net assets. Realized and unrealized gains and losses are determined by comparison of cost to proceeds or market value, respectively. Cost is determined by historical purchase price or, in the case of any donated investments, the fair market value of those investments at the date of the gift. Market risk could occur and is dependent on the future changes in market price of the various investments held.

Property and Equipment

The Partnership capitalizes all expenditures for property and equipment in excess of \$5,000. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of the donation. Maintenance and repairs are charged to expenses as incurred; major renewals and betterments are capitalized. Depreciation is computed using the straight-line method.

Donated Facilities

The Partnership receives an in-kind contribution from the City of San Antonio in the way of donated facilities. The Partnership recognizes in-kind revenue and expense for the estimated fair value of the donated space of the Urban Loop office. The use of other City of San Antonio facilities is not reflected in the accompanying financial statements since it is not subject to objective financial measurement or valuation.

(Continued)

SAN ANTONIO EDUCATION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

3 CONCENTRATION OF CREDIT RISK AND ACCOUNTS RECEIVABLE

The Partnership maintains cash in two bank accounts that are insured by the Federal Deposit Insurance Corporation (FDIC). The Partnership also maintains two accounts with a brokerage firm located in San Antonio, Texas. Balances in these brokerage accounts are insured by the Securities Investor Protection Corporation (SIPC). At September 30, 2020, balances in excess of the FDIC insured limits were \$859,694. A collateral agreement with the bank has been obtained to cover any excesses over the insured limits.

Accounts receivable are primarily due from local governments and school districts.

Management analyzes aging of accounts receivable on a monthly basis. Accounts receivable are considered delinquent when they are over 90 days old. Payment trends by delinquent accounts are considered by management when writing off bad debts and estimating the allowance for doubtful accounts. At September 30, 2020 and 2019, management estimated the allowance for doubtful accounts to be \$-0-. Accounts deemed to be uncollectible by management are initially charged to the allowance for doubtful accounts.

4 INVESTMENTS

The Partnership owned the following investments at September 30, 2020 and 2019:

| | 2020 | | 2019 | |
|---------------------------|------------|------------|-----------|-----------|
| | Cost | Market | Cost | Market |
| Equity mutual funds | 209,483 | 244,024 | - | - |
| Fixed income mutual funds | 254,039 | 209,684 | 14,341 | 14,012 |
| | 463,522 | 453,708 | 14,341 | 14,012 |
| Total investments | \$ 463,522 | \$ 453,708 | \$ 14,341 | \$ 14,012 |

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). At September 30, 2020 and 2019, all of the Partnership's investments were reported at fair value using a Level 1 measure.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis. There have been no changes to the methodologies used at September 30, 2020 and 2019.

Money market funds and mutual funds: Valued at the net asset value (NAV) of shares on the last trading day of the fiscal year, which is the basis for transactions at that date.

SAN ANTONIO EDUCATION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

5 DEBT

Note payable consists of a loan received in May 2020 under the Small Business Administration Paycheck Protection Program (PPP). This loan may be forgiven, in part or in full, if the Partnership meets certain criteria for the purpose and timing of expenditures of the proceeds from the loan. The loan is recorded as a financial liability and interest expense is accrued at the rate stipulated by the debt agreement. The Partnership intends to seek forgiveness of the loan balance, but has not yet done so as of the date of the audit report. If the loan is forgiven, the liability will be reduced and a gain will be recognized at that time.

The original note payable bears an interest rate of 1%, with a forbearance on interest and principal payments until November 3, 2020.

On June 5, 2020 the Paycheck Protection Program Flexibility Act of 2020 (the "PPP Flexibility Act") was enacted, amending the PPP. Key amendments to the PPP allow borrowers to have 24 weeks to spend loan proceeds, up from 8 weeks, and payment deferral periods are now extended from 6 months (November 3, 2020) to the date the borrower is notified of the amount of their loan forgiveness (the date of which is not yet known) or the date that is 10 months after the covered period ends (September 3, 2021). For purposes of determining future scheduled maturities, the Partnership has assumed a deferral period end date of September 3, 2021. At that time, payments are then due monthly in 9 equal installments of \$35,798, with the note scheduled to mature on May 3, 2022.

The future scheduled maturities of long-term debt are as follows:

| <u>Year Ending September 30</u> | |
|---------------------------------|-------------------|
| 2021 | \$ 31,547 |
| 2022 | <u>285,315</u> |
| | <u>\$ 316,862</u> |

6 NET ASSETS WITH DONOR RESTRICTIONS

The Partnership receives contributions restricted for various specific programs and activities. As of September 30, 2020 and 2019, net assets with donor restrictions consisted of the following:

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Broadway Bank Scholarships - formerly Adopt-A-School Scholarships | \$ 12,500 | \$ 11,250 |
| Road to Success - USAA, Cowden, Valero, Capital One | - | 71,241 |
| Technology Grant | 37,629 | 95,512 |
| Somerset Direct School Services | 187,500 | - |
| Upgrade Program | 27,655 | 91,313 |
| Reliance Scholarships | 2,700 | 2,700 |
| Proyecto Ayuda | <u>18,300</u> | <u>-</u> |
| | <u>\$ 286,284</u> | <u>\$ 272,016</u> |

7 FUNDING BY CITY OF SAN ANTONIO

A majority of the Partnership's contributions are received from the City of San Antonio. The City contributes to the Partnership, in the year the student graduates from high school, an amount to pay for two college semesters per student. Thereafter, the City may elect to fund each eligible student for up to a total of eight semesters, or five years, whichever comes first. However, this additional funding is committed and made on an annual basis by the City.

SAN ANTONIO EDUCATION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

8 DONATED GOODS AND SERVICES

In accordance with generally accepted accounting principles, the value of contributed services received are recognized if they (a) create or enhance a nonfinancial asset or (b) required specialized skills, provided by individuals possessing those skills, that would be purchased if they were not donated. The Partnership receives a substantial number of volunteers and volunteer hours each year. However, since the volunteer assistance received by the Partnership during 2020 and 2019 does not meet these criteria, the Partnership did not recognize the value of this assistance in its financial statements.

Donated goods and services recognized for the years ended September 30 consisted of the following:

| | <u>2020</u> | <u>2019</u> |
|----------------------------------|-------------------|-------------------|
| Marketing services | \$ 6,881 | \$ 3,010 |
| Contract labor | 35,892 | 45,584 |
| Facilities | 42,740 | 43,698 |
| Program and implementation costs | <u>20,129</u> | <u>12,410</u> |
| | <u>\$ 105,642</u> | <u>\$ 104,702</u> |

9 SCHOLARSHIP COMMITMENTS

The Partnership has the following scholarship commitments outstanding at September 30, 2020:

| | <u>Estimated Commitment Outstanding</u> |
|--|---|
| Scholarships for eligible students enrolled in college | <u>\$ 1,554,922</u> |

The total represents the estimated scholarship commitment for a one year period for those students currently attending higher education. The pay-out of this commitment is contingent upon the City of San Antonio's approval and execution of the contract with the Partnership. The estimation factors in historical trends for completion of 1, 2, 3 or 4 years of higher education. The Partnership administers the scholarship, which is funded by the City of San Antonio.

10 HIGH SCHOOLS SERVED

The Partnership provides college tuition assistance to students in the following San Antonio high schools as of September 30, 2020:

| | |
|---|------------------------------|
| Brackenridge High School | Kennedy High School |
| Burbank High School | Lanier High School |
| Churchill High School | Lee High School |
| Cooper Academy at Navarro High School | McCollum High School |
| Edison High School | MacArthur High School |
| Fox Tech High School | Madison High School |
| Hariandale High School | Memorial High School |
| Hariandale STEM High School | Reagan High School |
| Highlands High School | Roosevelt High School |
| Holmes High School | Sam Houston High School |
| International School of the Americas High School | South San High School |
| Jefferson High School | Southside High School |
| John Jay High School | Southwest High School |
| John Marshall High School | Southwest Legacy High School |
| Johnson High School | Stevens High School |
| | William Taft High School |

SAN ANTONIO EDUCATION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

11 PROGRAM SERVICE EXPENSES

Program service expenses are as follows for the years ended September 30, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|-----------------|---------------------|---------------------|
| Café College | \$ 867,472 | \$ 843,993 |
| Gear Up | - | 36,771 |
| Other programs | 232,496 | 197,057 |
| Road to Success | 889,553 | 798,170 |
| Scholarships | <u>2,114,442</u> | <u>2,197,600</u> |
| | <u>\$ 4,103,963</u> | <u>\$ 4,073,591</u> |

Program service expenses include in-kind expenses totaling \$105,642 and \$104,702 for the years ended September 30, 2020 and 2019, respectively.

12 OPERATING LEASES

The Partnership leases office space and equipment under various operating leases expiring through December 2022. Total rent payments on these leases for the years ended September 30, 2020 and 2019 were \$14,983 and \$22,316, respectively. The following are future minimum rental payments under these leases:

| <u>Year Ending September 30</u> | |
|---------------------------------|------------------|
| 2021 | \$ 14,625 |
| 2022 | 14,625 |
| 2023 | <u>3,656</u> |
| | <u>\$ 32,906</u> |

13 COMMITMENTS AND CONTINGENCIES

The Partnership participates in several local government grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Partnership has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the Partnership, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

14 RETIREMENT PLAN

During the year ended September 30, 2011, the Partnership established a 401(k) retirement plan. Employees are eligible to participate when they have completed 90 days of employment and are 21 years old. The Partnership will match the employee's contributions up to 5% of the employee's salary. The Partnership's contributions to the plan for the years ended September 30, 2020 and 2019 were \$27,554 and \$19,695, respectively.

SAN ANTONIO EDUCATION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

15 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects The Partnership's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Donor-restricted amounts that are available for use within one year for general purposes include amounts restricted for expenditure in the upcoming fiscal year. Accounts receivable are subject to an implied time restriction but are expected to be collected within one year, except for amounts that are due in future years.

| | |
|--|---------------------|
| Cash and cash equivalents | \$ 819,832 |
| Investments | 453,708 |
| Accounts receivable | 434,488 |
| Accounts receivable, COSA estimated | 1,554,922 |
| Financial assets at year end | <u>3,262,950</u> |
| Less those unavailable for general expenditure within one year, due to: | |
| Donor-restricted to expenditure for specific purposes | (286,284) |
| Contractually restricted to expenditure for specific purposes | <u>(1,554,922)</u> |
| Financial assets available to meet cash needs for general expenditure within one year | <u>\$ 1,421,744</u> |

As part of the Partnership'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. At September 30, 2020, the Partnership has financial assets available to meet cash needs for general expenditure within one year that were equivalent to roughly 119 days of average operating expenses.

16 SUBSEQUENT EVENTS

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases developing in the region. Measures taken by various governments and school districts to contain the virus, as well as changes in behavior by regular donors and event participants in response to the pandemic, have affected economic activity in our area. The Partnership has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for the Partnership's people (including social distancing and working from home).

Since April 2020, the impact on the Partnership has been significant, with some of its programs seeing reductions in capacity as a result of measures intended to mitigate the pandemic. These disruptions have continued into the new fiscal year, and it is uncertain as to when the Partnership will be able to resume running all of its programs at full capacity. As such, it is difficult to predict the impact the pandemic might have on the Partnership's finances, other than the fact that temporary declines in revenues and expenses may continue well into the new fiscal year. The Partnership will continue to follow the various government and school district policies and advice and, in parallel, the Partnership will do its utmost to continue its operations in the best and safest way possible.