

SAN ANTONIO EDUCATION PARTNERSHIP, INC.

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

SAN ANTONIO EDUCATION PARTNERSHIP, INC.

FINANCIAL STATEMENTS

Year Ended September 30, 2023

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Schuh|Browne

CERTIFIED PUBLIC
ACCOUNTANTS

Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of San Antonio Education Partnership, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, the related statements of activities and functional expenses for the year ended September 30, 2023, the statements of cash flows for the years ended September 30, 2023 and 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Antonio Education Partnership, Inc. as of September 30, 2023 and 2022, the changes in net assets for the year ended September 30, 2023, and its cash flows for the years ended September 30, 2023 and 2022 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. 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 San Antonio Education Partnership, Inc. 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about San Antonio Education Partnership, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 San Antonio Education Partnership, Inc.'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 San Antonio Education Partnership, Inc.'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.

Report on Summarized Comparative Information

We have previously audited San Antonio Education Partnership, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 6, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Schub Browne, P.C.

San Antonio, Texas
January 31, 2024

SAN ANTONIO EDUCATION PARTNERSHIP, INC.

STATEMENT OF FINANCIAL POSITION

September 30, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 1,444,760	\$ 943,447
Accounts receivable	658,449	433,042
Accounts receivable, COSA estimated	2,100,000	1,613,488
Prepaid expenses	<u>37,053</u>	<u>26,334</u>
Total current assets	<u>4,240,262</u>	<u>3,016,311</u>
Property and equipment:		
Fixed assets	28,677	28,677
Less accumulated depreciation	<u>(28,677)</u>	<u>(28,677)</u>
Total property and equipment	<u>-</u>	<u>-</u>
Other assets:		
Investments	382,262	360,992
Operating lease right-of-use asset	<u>19,517</u>	<u>-</u>
Total other assets	<u>401,779</u>	<u>360,992</u>
Total assets	<u>\$ 4,642,041</u>	<u>\$ 3,377,303</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 379,553	\$ 82,748
Accrued liabilities	40,396	2,544
Deferred revenue	72,000	10,000
Scholarship commitments	2,100,000	1,613,488
Operating lease liabilities, current	<u>12,877</u>	<u>-</u>
Total current liabilities	<u>2,604,826</u>	<u>1,708,780</u>
Long-term liabilities:		
Operating lease liabilities, long-term	<u>6,640</u>	<u>-</u>
Total long-term liabilities	<u>6,640</u>	<u>-</u>
Total liabilities	<u>2,611,466</u>	<u>1,708,780</u>
Net assets:		
Without donor restrictions	1,671,974	1,535,269
With donor restrictions	<u>358,601</u>	<u>133,254</u>
Total net assets	<u>2,030,575</u>	<u>1,668,523</u>
Total liabilities and net assets	<u>\$ 4,642,041</u>	<u>\$ 3,377,303</u>

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

SAN ANTONIO EDUCATION PARTNERSHIP, INC.

STATEMENT OF ACTIVITIES

Year Ended September 30, 2023

(With Comparative Totals For Year Ended September 30, 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2023</u>	<u>2022</u>
Public support and revenue:				
Special events:				
Gross revenue	\$ 54,351	\$ -	\$ 54,351	\$ 98,717
Less direct expenses	<u>(1,010)</u>	<u>-</u>	<u>(1,010)</u>	<u>(30,443)</u>
Net special events support	53,341	-	53,341	68,274
Contributions, grants and scholarships	2,215,106	1,130,256	3,345,362	1,963,079
Program and contract services	1,726,801	-	1,726,801	1,812,240
Investment income	23,054	-	23,054	59,455
In-kind gifts and services	97,671	-	97,671	170,182
Miscellaneous income	<u>5,063</u>	<u>-</u>	<u>5,063</u>	<u>321</u>
Total public support	4,121,036	1,130,256	5,251,292	4,073,551
Net assets released from restrictions:				
Restrictions satisfied by payments	<u>904,909</u>	<u>(904,909)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>5,025,945</u>	<u>225,347</u>	<u>5,251,292</u>	<u>4,073,551</u>
Expenses:				
Program services	4,600,990	-	4,600,990	3,853,975
General and administrative	246,874	-	246,874	208,883
Fundraising	<u>62,261</u>	<u>-</u>	<u>62,261</u>	<u>35,993</u>
Total expenses	<u>4,910,125</u>	<u>-</u>	<u>4,910,125</u>	<u>4,098,851</u>
Change in net assets before unrealized gains (losses)	115,820	225,347	341,167	(25,300)
Unrealized gain (loss) on investments	<u>20,885</u>	<u>-</u>	<u>20,885</u>	<u>(134,122)</u>
Change in net assets	136,705	225,347	362,052	(159,422)
Net assets at beginning of year	<u>1,535,269</u>	<u>133,254</u>	<u>1,668,523</u>	<u>1,827,945</u>
Net assets at end of year	<u>\$ 1,671,974</u>	<u>\$ 358,601</u>	<u>\$ 2,030,575</u>	<u>\$ 1,668,523</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, 2023

(With Comparative Totals For Year Ended September 30, 2022)

	Program Services	Supporting Services		Totals	
		General and Administrative	Fundraising	2023	2022
Salaries and wages	\$ 1,299,096	\$ 83,382	\$ 44,178	\$ 1,426,656	\$ 1,407,964
Employee benefits	200,950	8,840	5,960	215,750	217,694
Payroll taxes	<u>99,055</u>	<u>6,570</u>	<u>3,368</u>	<u>108,993</u>	<u>107,515</u>
Total salaries and related expenses	1,599,101	98,792	53,506	1,751,399	1,733,173
Advertising and development	103,029	-	-	103,029	59,561
Bank charges	-	12	-	12	327
Dues and subscriptions	41,430	925	-	42,355	37,968
Equipment, supplies, and maintenance	15,512	999	-	16,511	13,686
Emergency aid	37,539	-	-	37,539	-
Insurance	15,079	104	-	15,183	14,526
Janitorial services	102,535	415	-	102,950	56,717
Miscellaneous	-	6,106	-	6,106	3,385
Occupancy	26,556	1,264	-	27,820	28,551
Office supplies	14,440	-	6,157	20,597	24,297
Postage	554	-	180	734	2,288
Printing	5,086	-	449	5,535	20,892
Professional employer services	39,263	2,574	1,309	43,146	42,163
Professional fees	266,778	129,677	449	396,904	289,548
Program and implementation costs	22,812	1,483	88	24,383	8,408
Repairs and maintenance	-	-	-	-	49,571
Scholarships	2,126,471	-	-	2,126,471	1,679,867
Security	4,349	30	-	4,379	4,968
Subcontractor fees	163,461	-	-	163,461	11,800
Travel and conferences	16,995	4,493	123	21,611	12,125
Write-offs and adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,030</u>
Total expenses	<u>\$ 4,600,990</u>	<u>\$ 246,874</u>	<u>\$ 62,261</u>	<u>\$ 4,910,125</u>	<u>\$ 4,098,851</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flow from operating activities:		
Change in net assets	\$ 362,052	\$ (159,422)
Noncash items included in operations:		
Realized and unrealized (gains) losses on investments	(20,885)	115,039
Effect of changes in operating working capital:		
Accounts receivable	(225,407)	254,180
Prepaid expenses	(10,719)	22,411
Accounts payable	296,805	(340,112)
Accrued liabilities	37,852	2,544
Deferred revenues	62,000	10,000
Net cash provided (used) by operating activities	<u>501,698</u>	<u>(95,360)</u>
 Cash flows from investing activities:		
Proceeds from sales and maturities of investments	-	18,664
Purchases of and reinvestments in investments	<u>(385)</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>(385)</u>	<u>18,664</u>
 Net increase (decrease) in cash and cash equivalents	501,313	(76,696)
 Cash and cash equivalents at beginning of year	<u>943,447</u>	<u>1,020,143</u>
 Cash and cash equivalents at end of year	<u>\$ 1,444,760</u>	<u>\$ 943,447</u>
 Schedule of supplemental cash flow information:		
Non-cash contributions:		
Other contributions of non-financial assets and services	<u>\$ 97,671</u>	<u>\$ 170,182</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 cafécollege 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, 2022, 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, 2023.

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.

Revenue and Revenue Recognition

The Partnership recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the conditions on which they depend have been met. Revenues from sponsorships, table sales, and ticket sales for special events are recognized when the event is held, as those contributions are conditioned on the performance of the event. Amounts received prior to the related special event are reported as deferred revenue in the statement of financial position.

A portion of the Partnership's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Partnership has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

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.

(Continued)

SAN ANTONIO EDUCATION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Donated Goods and Services

Donated goods and services include in-kind contributions received by the Partnership. Donated goods are valued based on their estimated fair market value on the date of the contribution. Services are valued based on an amount determined to be appropriate if individuals were employed by the Partnership to perform such services.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Change in Accounting Principle

Adoption of FASB ASC 842 (Leases)

Effective October 1, 2022, the Partnership adopted FASB ASC 842, *Leases*. The Partnership determines if an arrangement contains a lease at inception based on whether the Partnership has the right to control the asset during the contract period and other facts and circumstances. The Partnership elected the package of practical expedients permitted under the transition guidance with the new standard, which among other things, allowed it to carry forward the historical lease classification.

The adoption of FASB ASC 842 resulted in the recognition of right-of-use assets, net of prepaid lease payments and lease incentives, of \$31,945 and operating lease liabilities of \$31,945 as of October 1, 2022. Results for periods beginning prior to October 1, 2022 continue to be reported in accordance with our historical accounting treatment. The adoption of FASB ASC 842 did not have a material impact on the Partnership's statement of activities or cash flows.

Subsequent Events

The Partnership's management has evaluated subsequent events through January 31, 2024, the date which the financial statements were available for issue.

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, 2023, balances in excess of the FDIC insured limits were \$1,119,074. A collateral agreement with the bank has been obtained to cover any excesses over the insured limits. Additionally, the Partnership's cash and cash equivalents balance includes \$108,462 in assets that are not covered by federal deposit insurance.

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, 2023 and 2022, 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, 2023 and 2022:

	2023		2022	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Equity mutual funds	187,780	171,553	187,780	149,024
Fixed income mutual funds	<u>255,196</u>	<u>210,709</u>	<u>254,812</u>	<u>211,968</u>
	<u>442,976</u>	<u>382,262</u>	<u>442,592</u>	<u>360,992</u>
Total investments	<u>\$ 442,976</u>	<u>\$ 382,262</u>	<u>\$ 442,592</u>	<u>\$ 360,992</u>

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, 2023 and 2022, 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, 2023 and 2022.

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 DEFERRED REVENUE

The change in the Partnership's deferred revenue for the years ended September 30, 2023 and 2022 is comprised of the following:

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	\$ 10,000	\$ -
Additions:		
Program revenues for upcoming school year	72,000	10,000
Reductions:		
Program revenues earned	<u>(10,000)</u>	<u>-</u>
Balance at end of year	<u>\$ 72,000</u>	<u>\$ 10,000</u>

6 NET ASSETS WITH DONOR RESTRICTIONS

The Partnership receives contributions restricted for various specific programs and activities. As of September 30, 2023 and 2022, net assets with donor restrictions consisted of the following:

	<u>2023</u>	<u>2022</u>
Broadway Bank Scholarships - formerly Adopt-A-School Scholarships	\$ 25,000	\$ 15,000
Scholar Success	100,000	-
Somerset Direct School Services	-	62,500
Upgrade Program	13,976	4,477
Road to Success Program	219,472	25,000
Proyecto Ayuda	<u>153</u>	<u>26,277</u>
	<u>\$ 358,601</u>	<u>\$ 133,254</u>

Net assets release from restrictions consisted of the following for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Broadway Bank Scholarships - formerly Adopt-A-School Scholarships	\$ -	\$ 20,000
Equitable Enrollment Collaborative	-	6,000
Somerset Direct School Services	62,500	62,500
Upgrade Program	188,834	155,856
Road to Success Program	625,528	35,000
Proyecto Ayuda	26,547	15,950
Other	<u>1,500</u>	<u>28,767</u>
	<u>\$ 904,909</u>	<u>\$ 324,073</u>

7 CONDITIONAL CONTRIBUTION

On May 11, 2021, a donor pledged \$250,000 to the Partnership in response to the Partnership's application for financial assistance for the Upgrade program. Pursuant to the pledge agreement, the donor will provide the \$250,000 grant to the Partnership in three equal disbursements. The first disbursement is to be received by the Partnership subsequent to execution of the grant agreement while the final two disbursements are to be received after the Partnership submits yearly progress reports in November 2022 and November 2023 detailing their progress to goal and reconciled budget figures. The Partnership received \$83,333 and \$-0- in disbursements of the grant for the years ended September 30, 2023 and 2022, respectively, for a cumulative amount received of \$166,666 through September 30, 2023. Since not all conditions have been met to recognize the remaining \$83,334 in the grant as of September 30, 2023, the remaining pledge has not been recognized in the accompanying financial statements.

SAN ANTONIO EDUCATION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

8 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.

9 DONATED ASSETS AND SERVICES

The Partnership received gift in-kind for the years ended September 30, 2023 and 2022 as follows:

	<u>2023</u>	<u>2022</u>
Facilities usage	\$ 44,490	\$ 41,990
Food	-	10,350
Memberships	4,416	51,355
Printing and shipping	880	2,310
Professional services	38,386	50,880
Student participants	3,451	-
Supplies	6,048	13,297
	<u>\$ 97,671</u>	<u>\$ 170,182</u>

The Partnership's policy related to gifts in-kind is to utilize the assets given to carry out the organization's mission where possible and to monetize any assets given that do not relate directly to the organization's mission. If an asset is provided that does not allow the Partnership to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

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 2023 and 2022 does not meet these criteria, the Partnership did not recognize the value of this assistance in its financial statements.

10 SCHOLARSHIP COMMITMENTS

The Partnership has the following scholarship commitments outstanding at September 30, 2023:

	Estimated Commitment <u>Outstanding</u>
Scholarships for eligible students enrolled in college	<u>\$ 2,100,000</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.

SAN ANTONIO EDUCATION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

11 HIGH SCHOOLS SERVED

The Partnership provides college tuition assistance to students in the following San Antonio high schools as of September 30, 2023:

Academy of Creative Education	Kennedy High School
Brackenridge High School	Lanier High School
Burbank High School	LEE High School
CAST STEM High School	McCollum High School
Churchill High School	MacArthur High School
Cooper Academy at Navarro High School	Madison High School
Edgewood Fine Arts Academy	Memorial High School
Edison High School	Reagan High School
Fox Tech High School	Roosevelt High School
Harlandale High School	Sam Houston High School
Harlandale STEM High School	Somerset High School
Highlands High School	South San High School
Holmes High School	Southside High School
International School of the Americas High School	Southwest High School
Jefferson High School	Southwest Legacy High School
John Jay High School	Stevens High School
John Marshall High School	West Campus High School
Johnson High School	William Taft High School

12 PROGRAM SERVICE EXPENSES

Program service expenses are as follows for the years ended September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
cafécollege	\$ 1,253,898	\$ 938,509
Scholarships	2,120,085	1,679,867
High School Services	1,227,007	1,047,288
Other programs	-	188,311
	<u>\$ 4,600,990</u>	<u>\$ 3,853,975</u>

Program service expenses include in-kind expenses totaling \$97,671 and \$170,182 for the years ended September 30, 2023 and 2022, respectively.

SAN ANTONIO EDUCATION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

13 LEASING ACTIVITIES

The Partnership leases office space and equipment under various operating leases expiring through December 2022. Certain leases require the Partnership to pay all executory costs such as taxes, maintenance, and insurance. The following summarizes the weighted average remaining lease term and discount rate as of September 30:

	<u>2023</u>
Weighted Average Remaining Lease Term:	
Operating leases	1.5 years
Weighted Average Discount Rate:	
Operating leases	4.12%

The maturities of lease liabilities as of September 30, 2023 were as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 12,877
2025	6,640
	<u>\$ 19,517</u>

Rental expenses were \$13,753 and \$13,736 for each of the years ended September 30, 2023 and 2022, respectively.

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, 2023 and 2022 were \$36,199 and \$37,184, respectively.

15 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.

SAN ANTONIO EDUCATION PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

16 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	\$ 1,444,760
Investments	382,262
Accounts receivable	658,449
Accounts receivable, COSA estimated	<u>2,100,000</u>
Financial assets at year end	4,585,471
Less those unavailable for general expenditure within one year, due to:	
Donor-restricted to expenditure for specific purposes	(358,601)
Contractually restricted to expenditure for specific purposes	<u>(2,100,000)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 2,126,870</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, 2023, the Partnership has financial assets available to meet cash needs for general expenditure within one year that were equivalent to roughly 158 days of average operating expenses.