

**THE EDUCATION FOUNDATION
OF HARRIS COUNTY
FINANCIAL STATEMENTS**

For The Year Ended August 31, 2024

THE EDUCATION FOUNDATION OF HARRIS COUNTY
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Education Foundation of Harris County

Opinion

We have audited the accompanying financial statements of The Education Foundation of Harris County ("the Foundation"), which comprise the statement of financial position as of August 31, 2024, 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 August 31, 2024, and the 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

To the Board of Directors of
The Education Foundation of Harris County

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston Texas
February 21, 2025

FINANCIAL STATEMENTS

THE EDUCATION FOUNDATION OF HARRIS COUNTY

STATEMENT OF FINANCIAL POSITION

As of August 31, 2024

Assets

Current Assets

Cash and cash equivalents	\$ 452,741
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Total Assets	\$ 452,741
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Liabilities

Current Liabilities

Accounts payable	\$ 200,442
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Total Liabilities	200,442
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Net Assets

Without donor restrictions	56,242
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With donor restrictions	196,057
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Total Net Assets	252,299
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Total Net Liabilities and Net Assets	\$ 452,741
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THE EDUCATION FOUNDATION OF HARRIS COUNTY

STATEMENT OF ACTIVITIES

For The Year Ended August 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue, Gains, and Other Support:			
Contributions	\$ 73,759	\$ 252,246	\$ 326,005
In-kind revenues	111,081	-	111,081
Net assets released from restrictions	813,660	(813,660)	-
Total Revenue, Gains, and Other Support	998,500	(561,414)	437,086
Expenses:			
Program expenses	813,660	-	813,660
Supporting services:			
Management and general	149,028	-	149,028
Total Expenses	962,688	-	962,688
Changes in net assets	35,812	(561,414)	(525,602)
Net Assets at Beginning of Year (September 1)	20,430	757,471	777,901
Net Assets at End of Year (August 31)	\$ 56,242	\$ 196,057	\$ 252,299

THE EDUCATION FOUNDATION OF HARRIS COUNTY

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended August 31, 2024

Functional Expenses	Programs						Support	Management	Total Expenses
	Partners in Education	After School Initiative	Head Start	Tools for Teachers	Ecobot	Other Grants	Services		
Grants	\$ 429,403	\$ 200,261	\$ 9,400	\$141,143	\$ 17,572	\$ 15,881	\$ 813,660	\$ -	\$ 813,660
Subscriptions	-	-	-	-	-	-	-	3,799	3,799
Professional services	-	-	-	-	-	-	-	13,296	13,296
In-kind support services	-	-	-	-	-	-	-	111,081	111,081
Other operating expenses	-	-	-	-	-	-	-	19,307	19,307
Insurance	-	-	-	-	-	-	-	1,545	1,545
	<u>\$ 429,403</u>	<u>\$ 200,261</u>	<u>\$ 9,400</u>	<u>\$141,143</u>	<u>\$ 17,572</u>	<u>\$ 15,881</u>	<u>\$ 813,660</u>	<u>\$ 149,028</u>	<u>\$ 962,688</u>

THE EDUCATION FOUNDATION OF HARRIS COUNTY**STATEMENT OF CASH FLOWS*****For The Year Ended August 31, 2024*****Cash Flows From Operating Activities**

Cash received from contributions	\$	403,678
Cash paid for other program expenses		(805,160)
Cash paid for grants and scholarships		191,942
Cash paid for management and general expenses		<u>(149,028)</u>
Net Cash Provided by Operating Activities		<u>(358,568)</u>

Net Decrease in Cash and Cash Equivalents (358,568)

Cash and Cash Equivalents, Beginning of Year 811,309

Cash and Cash Equivalents, End of Year \$ 452,741

Reconciliation of Decrease in Net Assets to**Cash Flows from Operating Activities**

Decrease in net assets	\$	(525,602)
Adjustments to reconcile increase in net assets to net cash provided by:		
Increase in Accounts payable		8,500
Increase in Scholarships payable		191,942
Decrease in deferred income		<u>(33,408)</u>
Net Cash Provided by Operating Activities	\$	<u>(358,568)</u>

THE EDUCATION FOUNDATION OF HARRIS COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 1 - Description of the Organization

The Education Foundation of Harris County (the "Foundation") was incorporated in 1993 as a nonprofit organization (as described in 501(c)(3) of the Internal Revenue Code), for the purpose of creating opportunities for all Harris County children by improving public education through various contributions from donors. Working in partnership with the Harris County Department of Education (HCDE) and organizations throughout the community, the Foundation provides grants and program development for programs that improve academic achievement and collaborates with local organizations to provide hands on, experiential learning in the afterschool setting through arts, math, science, and leadership. The Foundation's corporate office is located in Houston, Texas.

Note 2 - Summary of Significant Accounting Policies

A summary of the Foundation's significant accounting policies follows:

Basis of Accounting

The accounts are maintained and the financial statements have been prepared using the accrual basis of accounting in accordance with the United States generally accepted accounting principles ("GAAP").

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in demand deposits and money market deposits. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Estimates

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results may differ from those estimates.

In-Kind Contributions and Contributed Services

In-kind contributions are reflected as contributions at their fair value at the date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Foundation recognizes the fair value of contributed services received if such services (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Foundation did not receive any contributed services for the year ended August 31, 2024. The value of other contributed time is not reflected in the accompanying financial statements, as the nature of the services do not meet the guidelines for recognition established by generally accepted accounting principles. The value of donated materials is recorded based on the estimated value at the time of the gift. In-kind contributions of indirect public support by the HCDE, an organization closely associated with the Foundation, are reported as unrestricted support. In-kind contributions could consist of occupancy costs. During fiscal year 2024, HCDE contributed \$111,081 for supporting services costs.

Functional Allocation of Expenses

Functional expenses for management, general, and other fundraising are not allocated to program services.

THE EDUCATION FOUNDATION OF HARRIS COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Income Tax Status

The Internal Revenue Service has determined that the Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Foundation has no unrelated business activities and does not owe income taxes. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Note 3 - Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents are comprised of cash on hand and in banks. The Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less at date of purchase to be cash equivalents.

Note 4 - Net Assets with Donor Restrictions

Net assets with donor restrictions are for contributions received that are donated for a specific purpose but have not yet been paid to the recipient. Net assets with donor restrictions at August 31, 2024 totaled \$196,057. The details of each donor restricted component is listed below:

With Donor Restrictions	Balance 8/31/23	Additions	Deductions	Balance 8/31/24
Head Start	\$ 3,720	\$ 9,400	\$ (9,400)	\$ 3,720
Your Voice Matters Endowment Grant to HCDE	201,500	-	(200,261)	1,239
EcoBot	51,827	17,572	(17,572)	51,827
Adult Education	5,000	-	-	5,000
Instructional Support Services	6,737	-	-	6,737
Energy of the Future	1,732	-	-	1,732
Partners in Education	268,909	177,500	(429,403)	17,006
Tools for Teachers	117,131	26,655	(141,143)	2,643
Teacher of the Year	-	2,200	(2,000)	200
Dollar General Literacy	2,900	8,000	(8,000)	2,900
Focal Point	72,000	-	-	72,000
HCDE PICNIC	-	1,750	(1,608)	142
HCDE Employee Giving	-	7,699	-	7,699
Other	26,015	1,470	(4,273)	23,212
Total With Donor Restrictions	\$ 757,471	\$ 252,246	\$ (813,660)	\$ 196,057

The beginning restricted and unrestricted balances were reclassified due to identifying previously restricted funds incorrectly classified. The restricted balance decreased by \$561,414 while unrestricted increased by \$35,812.

Note 5 - Concentrations of Credit Risk

The Foundation places its cash and cash equivalents with high credit quality financial institutions. Deposits with these financial institutions may exceed the amount of insurance provided on such deposits during and as of the year ended August 31, 2024. As of August 31, 2024, the Foundation's deposits per bank exceeded Federal Deposit Insurance Corporation insurance by \$249,402.

THE EDUCATION FOUNDATION OF HARRIS COUNTY

NOTES TO FINANCIAL STATEMENTS (continued)

Note 6 - Liquidity and Availability

Donor restricted funds consist of donations made for programs supported by the Foundation. Donor restricted funds are not available for general expenditures.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position amounted to \$56,242 at year end and was comprised primarily of cash.

Note 7 - Related Party Transactions

During the fiscal year, Board members donated approximately \$1,520.

Note 8 - Subsequent Events

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through the date of this report. There were no subsequent events that were required to be recognized or disclosed in the financial statements through that date.