



FINANCIAL STATEMENTS

JUNE 30, 2024 and 2023

WITH

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Foundation for Tulsa Schools

Opinion

We have audited the financial statements of The Foundation for Tulsa Schools (the Foundation), which comprise the statements of financial position as of June 30, 2024 and 2023, the statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 within one year after the date that the financial statements are issued or available to be issued.

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 "Hogan Taylor LP". The signature is written in a cursive, flowing style.

Tulsa, Oklahoma
December 2, 2024

THE FOUNDATION FOR TULSA SCHOOLS

STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash	\$ 6,185,712	\$ 6,364,363
Contributions receivable, net	1,649,404	4,215,844
Investments	2,154,284	1,902,745
Other assets	13,122	6,342
Beneficial interest in assets held by community foundation	<u>16,296</u>	<u>14,644</u>
Total assets	<u>\$ 10,018,818</u>	<u>\$ 12,503,938</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 52,372	\$ 47,972
Net assets:		
Without donor restrictions	2,644,725	2,125,274
With donor restrictions		
Restricted for specified purpose or time	6,980,946	10,043,664
Restricted in perpetuity - endowment	<u>340,775</u>	<u>287,028</u>
Total with donor restrictions	7,321,721	10,330,692
Total net assets	<u>9,966,446</u>	<u>12,455,966</u>
Total liabilities and net assets	<u>\$ 10,018,818</u>	<u>\$ 12,503,938</u>

THE FOUNDATION FOR TULSA SCHOOLS

STATEMENT OF ACTIVITIES

Year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Contributions	\$ 605,174	\$ 1,058,401	\$ 1,663,575
Net investment returns	507,226	36,736	543,962
Other	2,504	-	2,504
Net assets released from restriction	4,104,108	(4,104,108)	-
Total revenue, gains and other support	5,219,012	(3,008,971)	2,210,041
Expenses			
Program services:			
TPS Priorities and Strategies	408,694	-	408,694
Early Childhood Education Initiative	1,052,242	-	1,052,242
Tulsa Teacher Corps	598,891	-	598,891
CARES Enrollment Initiative	532,434	-	532,434
Innovative Partners programs	1,343,820	-	1,343,820
Compensation and benefits	96,873	-	96,873
Total program services	4,032,954	-	4,032,954
Fundraising:			
Compensation and benefits	156,195	-	156,195
Other	183,443	-	183,443
Total fundraising	339,638	-	339,638
General and administrative:			
Compensation and benefits	146,287	-	146,287
Professional services	104,687	-	104,687
Other	75,995	-	75,995
Total general and administrative	326,969	-	326,969
Total expenses	4,699,561	-	4,699,561
Change in net assets	519,451	(3,008,971)	(2,489,520)
Net assets, beginning of year	2,125,274	10,330,692	12,455,966
Net assets, end of year	\$ 2,644,725	\$ 7,321,721	\$ 9,966,446

THE FOUNDATION FOR TULSA SCHOOLS

STATEMENT OF ACTIVITIES

Year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Contributions	\$ 610,529	\$ 4,431,089	\$ 5,041,618
Net investment returns	255,691	9,369	265,060
Other	2,905	-	2,905
Net assets released from restriction	5,208,706	(5,208,706)	-
Total revenue, gains and other support	6,077,831	(768,248)	5,309,583
Expenses			
Program services:			
TPS Priorities and Strategies	2,089,585	-	2,089,585
Early Childhood Education Initiative	839,607	-	839,607
CARES Enrollment Initiative	448,711	-	448,711
Innovative Partners programs	2,153,747	-	2,153,747
TPS High School Redesign	10,836	-	10,836
Compensation and benefits	78,842	-	78,842
Total program services	5,621,328	-	5,621,328
Fundraising:			
Compensation and benefits	150,060	-	150,060
Other	122,601	-	122,601
Total fundraising	272,661	-	272,661
General and administrative:			
Compensation and benefits	121,838	-	121,838
Professional services	94,309	-	94,309
Other	67,700	-	67,700
Total general and administrative	283,847	-	283,847
Total expenses	6,177,836	-	6,177,836
Change in net assets	(100,005)	(768,248)	(868,253)
Net assets, beginning of year	2,225,279	11,098,940	13,324,219
Net assets, end of year	\$ 2,125,274	\$ 10,330,692	\$ 12,455,966

THE FOUNDATION FOR TULSA SCHOOLS

STATEMENTS OF CASH FLOWS

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (2,489,520)	\$ (868,253)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net unrealized and realized investment gains	(158,620)	(55,253)
Depreciation	1,544	648
Change in operating assets and liabilities:		
Contributions receivable	2,566,440	(1,711,394)
Other assets	(1,440)	(552)
Accounts payable and accrued liabilities	4,400	(33,569)
	<u>(77,196)</u>	<u>(2,668,373)</u>
Cash Flows from Investing Activities		
Purchase of investments	(381,826)	(1,192,178)
Proceeds from sales and maturities of investments	287,255	864,356
Purchase of property and equipment	(6,884)	-
	<u>(101,455)</u>	<u>(327,822)</u>
Net change in cash	(178,651)	(2,996,195)
Cash, beginning of year	<u>6,364,363</u>	<u>9,360,558</u>
Cash, end of year	<u>\$ 6,185,712</u>	<u>\$ 6,364,363</u>

THE FOUNDATION FOR TULSA SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

Note 1 – Nature of Operations

The Foundation for Tulsa Schools (the Foundation) is a not-for-profit organization that was incorporated on March 29, 2001, under the laws of the state of Oklahoma. The Foundation's purpose is to enhance the educational programs of Independent School District No. 1 of Tulsa County, Oklahoma (the School District or TPS), by providing a permanent entity through which contributions can be received and distributions made for the benefit of the School District and its students. The Foundation is committed to raising revenues to increase educational opportunities, enlisting community support and business assistance in providing educational resources and opportunities, and communicating the need for continued community involvement in the process and mission of providing a first-class public education.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and include the statements of financial position, statements of activities and cash flows of the Foundation.

Description of the two net asset categories and the types of transactions included in each category are as follows:

Without donor restrictions – Net assets not subject to donor-imposed restrictions that are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time-to-time, the Board may designate a portion of these net assets for specific purposes, making them unavailable for use at management's discretion.

With donor restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Foundation or the passage of time. When a restriction has been fulfilled, net assets subject to donor-imposed restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Also included in this category are net assets whose use is limited by donor-imposed restrictions that require such resources be maintained in perpetuity and the related income utilized for operating or other donor-restricted purposes.

Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor-imposed restrictions that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes.

Contributions

Contributions, including unconditional promises to give, are recorded when received. All contributions are available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions.

Conditional promises to give, which contain donor-imposed conditions that include one or more barriers that must be overcome as well as a right of return or release from the obligation, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor. Transfers of assets under conditional promises, which are received by the Foundation prior to fulfilling these conditions, are recorded as a liability (i.e., refundable advance) until the conditions are substantially met or explicitly waived by the donor.

Contributions receivable

Contributions receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts and historical collection experience. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to contributions receivable. At June 30, 2024 and 2023, there was no allowance for uncollectible contributions receivable.

Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using rates determined by the Foundation based on factors applicable to the year in which the promises are received.

Investments

Investments, including investments restricted for endowment, are held under managerial agency agreements and include money market funds, fixed income securities and equity securities, which are carried at fair value based upon quoted market prices or dealer quotes. Dividends, interest, and net unrealized gains and losses, including investment expenses, are reported in the statement of activities. Interest and gains earned on investments are considered unrestricted as to their use unless their use is restricted by donor stipulation.

Donated goods and services

The Foundation recognizes the fair value of substantive donated goods and services that either create or enhance a nonfinancial asset or require specialized skills that would need to be purchased if they were not donated.

Volunteers from the community donate a significant amount of time to the Foundation's programs and fundraising campaigns. The value of this time is not reflected in the accompanying financial statements as it does not meet the criteria for recognition.

Functional allocation of expenses

The statements of activities present expenses by natural and functional classifications. Compensation and benefit expenses are allocated between program, fundraising or administrative expenses based on the estimated time spent for each function.

Income taxes

The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and has been determined not to be a private foundation. As a result, the Foundation will not be subject to income tax as long as it maintains its tax exemption.

Use of estimates

The preparation of financial statements in conformity with U.S. 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 revenues and expenses during the accounting period. Actual results could differ from those estimates.

Concentrations and risks

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist primarily of cash, contributions receivable and investments.

The Foundation maintains its cash in accounts which may, at times, exceed federally insured amounts. However, it has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Two donors and one donor accounted for approximately 39% and 63% of the Foundation's total revenue during the years ended June 30, 2024 and 2023, respectively. Two donors accounted for approximately 100% and 97% of the Foundation's contributions receivable at June 30, 2024 and 2023, respectively.

The Foundation's investments are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the statements of activities. Significant fluctuations in fair values could occur from year-to-year, and the amounts the Foundation will ultimately realize could differ materially.

Reclassifications

Certain amounts in the 2023 financial statements were reclassified to conform with the current year presentation. The reclassifications had no impact on previously reported change in net assets or net assets.

Subsequent events

Management has evaluated subsequent events through December 2, 2024, the date the financial statements were available to be issued.

Note 3 – Liquidity and Availability of Financial Assets

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Foundation seeks to raise all funds needed for its operations in each fiscal year. In addition to funds raised annually, the Foundation seeks to maintain an amount of funds to cover operating expenses exclusive of program expenses. The Foundation holds these funds in its operating and investments accounts. The Foundation also maintains a board-designated fund that is not currently available for general expenditure. The board-designated fund can be made available for general expenditure upon approval of the Board.

Financial assets available for general expenditure, that is without donor or other restriction limiting their use, within one year of June 30, comprise the following:

	2024	2023
Financial assets at year-end:		
Cash	\$ 6,185,712	\$ 6,364,363
Contributions receivable, net	1,649,404	4,215,844
Investments and beneficial interest	2,170,580	1,917,389
Total financial assets	10,005,696	12,497,596
Less amounts not available for general expenditures within one year:		
Subject to appropriation or satisfaction of donor-purpose restrictions	(6,936,470)	(10,035,564)
Board-designated financial assets	(73,964)	(190,785)
Perpetual endowment and accumulated earnings	(385,251)	(295,128)
Total financial assets available to management for general expenditures within one year	<u>\$ 2,610,011</u>	<u>\$ 1,976,119</u>

Note 4 – Contributions Receivable

Contributions receivable are expected to be received as follows at June 30:

	2024	2023
In one year or less	\$ 1,649,404	\$ 3,408,321
Between one and five years	-	843,861
	1,649,404	4,252,182
Less: discount to reflect contributions receivable at present value	-	(36,338)
	<u>\$ 1,649,404</u>	<u>\$ 4,215,844</u>

Note 5 – Investments

Investments consist of the following at June 30:

	2024	2023
Money market	\$ 31,852	\$ 45,037
Equity securities	1,270,501	1,056,418
Fixed income securities	851,931	801,290
	<u>\$ 2,154,284</u>	<u>\$ 1,902,745</u>

Net investment returns consist of the following for the years ended June 30:

	2024	2023
Interest and dividends	\$ 395,310	\$ 217,582
Investment fees	(9,968)	(7,775)
Net realized and unrealized gains	158,620	55,253
Net investment returns	<u>\$ 543,962</u>	<u>\$ 265,060</u>

Note 6 – Beneficial Interest in Assets Held by Community Foundation

The Foundation is the beneficiary of certain endowment funds held by the Tulsa Community Foundation (TCF). TCF is a not-for-profit entity that provides for endowed contributions to be pooled to maximize return on investments for the benefit of area not-for-profit organizations. Contributions to the endowment funds are permitted by not-for-profit entities, as well as individual donors in the community who designate the Foundation as the beneficiary of their contributions. The Foundation made no contributions to TCF for the years ended June 30, 2024 or 2023. Earnings on these endowed funds are distributed in accordance with the terms of the endowment, TCF's spending policies and upon the Foundation's direction to TCF.

Endowed funds contributed by the Foundation and the reinvested earnings thereon, net of distributions received, are reflected in the statements of financial position as beneficial interest in assets held by community foundation. The fair value of endowed funds contributed by third-party donors that are held by TCF designated for the benefit of the Foundation was \$23,275 and \$20,917 at June 30, 2024 and 2023, respectively. TCF has variance power over contributions it has received from third parties on behalf of the Foundation. Accordingly, such endowed funds are not reflected in the Foundation's statements of financial position.

Note 7 – Fair Value Measurements

The Financial Accounting Standards Board Accounting Standards Codification establishes a consistent framework for measuring the fair value and fair value hierarchy based on the observability of inputs used to measure fair value.

These inputs are summarized in the three broad levels listed below:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk and others)
- Level 3 Unobservable inputs including the Foundations assumptions in determining the values of investments.

The asset 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 need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at June 30, 2024 or 2023. During the years ended June 30, 2024 and

2023, there were no transfers of financial instruments between Level 1 and Level 2 or transfers into or out of Level 3. The following is a description of the valuation methodologies used for assets measured at fair value:

The fair value of investments in money market funds and equity securities are based upon quoted market prices for identical assets and are classified within Level 1.

Fixed income securities (including government and agency securities) are valued by the asset custodian who uses independent pricing services or by dealers who make markets in such securities. Pricing services consider yield or price of bonds of comparable quality, coupon, maturity and type as well as available dealer supplied prices. Certain securities may be valued by a single source or dealer. Fixed income securities are classified within Level 2.

Beneficial interest in assets held by community foundation is measured at fair value using Level 2 inputs. Since TCF maintains variance power for the beneficial interests held, there is no potential market for the beneficial interests or similar assets. Consequently, the valuation is determined by aggregating the valuation of the underlying investments of the beneficial interest. The underlying investments include cash equivalents, corporate obligations, equity securities and other investments. The fair values of the underlying investments are based on quoted prices from active and inactive markets.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets that are measured at fair value on a recurring basis at June 30:

	2024		
	Level 1	Level 2	Total
Money market	\$ 31,852	\$ -	\$ 31,852
Equity securities	1,270,501	-	1,270,501
Fixed income securities	-	851,931	851,931
Total investments	1,302,353	851,931	2,154,284
Beneficial interest in assets held by community foundation	-	16,296	16,296
	<u>\$ 1,302,353</u>	<u>\$ 868,227</u>	<u>\$ 2,170,580</u>
	2023		
	Level 1	Level 2	Total
Money market	\$ 45,037	\$ -	\$ 45,037
Equity securities	1,056,418	-	1,056,418
Fixed income securities	-	801,290	801,290
Total investments	1,101,455	801,290	1,902,745
Beneficial interest in assets held by community foundation	-	14,644	14,644
	<u>\$ 1,101,455</u>	<u>\$ 815,934</u>	<u>\$ 1,917,389</u>

Note 8 – Net Assets

Net assets without donor restrictions include \$73,964 and \$190,785 of board-designated financial assets as of June 30, 2024 and 2023, respectively. Board designated net assets are earmarked for future projects. Net assets with donor restrictions at June 30, are as follows:

	2024	2023
Restricted for purpose:		
Early Childhood Education Initiative	\$ 3,209,843	\$ 4,460,433
TPS Priorities and Strategies	102,569	-
Innovative Partners Programs	952,994	1,790,911
Parent Resource Center	620,210	620,210
TPS High School Redesign	99,675	99,675
Tulsa Teacher Corps	657,632	1,256,523
CARES Enrollment Initiative	1,293,547	1,807,812
Total funds restricted for purpose	6,936,470	10,035,564
Unappropriated endowment earnings	44,476	8,100
Endowment funds held in perpetuity	340,775	287,028
Total net assets with donor restrictions	<u>\$ 7,321,721</u>	<u>\$ 10,330,692</u>

Note 9 – Endowment

The Foundation's endowment consists of a permanently restricted fund established by several donors. Net assets associated with endowment funds are classified and based on the existence or absence of donor-imposed restrictions. The Foundation has interpreted the Oklahoma Uniform Prudent Management of Institutional Funds Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2024 and 2023, there were no such stipulations. As a result of this interpretation, The Foundation classifies net assets with donor restrictions to be held in perpetuity as (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts donated to the endowment (including promises to give net of discount and allowance for doubtful accounts), and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument the time the accumulation is added. Earnings on the endowment are purpose restricted as defined by the donor. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and appreciation of investments
- Other resources of The Foundation
- The investment policies of The Foundation

Investment and spending policies

The Foundation has adopted investment and spending policies for the endowment that emphasizes long-term growth while achieving returns in excess of the rate of inflation. The Foundation's strategy is secondarily designed to generate investment returns as a supplemental source of revenue to support the Foundation's programs. Spending from these funds will commence upon determination by the Foundation that a sufficient level of funding exists to support the purposes of the funds. The Foundation may choose to make distributions of up to 5% of the market value annually. The amount to be distributed is based on the Foundation's prior year operating budget, adjusted for inflation, and on expected annual distributions.

Activity in the Foundation's long-term endowment investments are summarized as follows at June 30:

	With Donor Restrictions	
	2024	2023
Endowment net assets, beginning of year	\$ 295,128	\$ 27,015
Contributions	53,747	260,013
Investment return, net	36,376	8,100
Endowment fund net assets, end of year	<u>\$ 385,251</u>	<u>\$ 295,128</u>