

LOS ANGELES UNIFIED SCHOOL DISTRICT EDUCATION FOUNDATION

FINANCIAL STATEMENTS

June 30, 2025

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Los Angeles Unified School District Education Foundation

Opinion

We have audited the accompanying financial statements of Los Angeles Unified School District Education Foundation (the Foundation), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2025, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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 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 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.



Long Beach, California
February 4, 2026

LOS ANGELES UNIFIED SCHOOL DISTRICT EDUCATION FOUNDATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025

ASSETS

ASSETS

Cash and cash equivalents	\$ 9,548,493
Restricted cash	97,738
Contributions receivable	1,752,875
Prepaid expenses and other assets	<u>1,785</u>

TOTAL ASSETS \$ 11,400,891

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 192,125
Assets held for others	97,638
Deferred revenue	5,139
Accrued expenses	<u>2,212</u>
Total liabilities	<u>297,114</u>

NET ASSETS

Without donor restrictions	1,561,706
With donor restrictions	<u>9,542,071</u>
Total net assets	<u>11,103,777</u>

TOTAL LIABILITIES AND NET ASSETS \$ 11,400,891

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

LOS ANGELES UNIFIED SCHOOL DISTRICT EDUCATION FOUNDATION

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions	\$ 573,768	\$ 12,521,934	\$ 13,095,702
Administrative fees	97,738	-	97,738
In-kind contributions	-	1,071,566	1,071,566
Net assets released from donor restrictions	<u>5,246,527</u>	<u>(5,246,527)</u>	<u>-</u>
Total revenue and support	<u>5,918,033</u>	<u>8,346,973</u>	<u>14,265,006</u>
EXPENSES			
Program services	5,177,067	-	5,177,067
Management and general	168,146	-	168,146
Fundraising	<u>106,845</u>	<u>-</u>	<u>106,845</u>
Total expenses	<u>5,452,058</u>	<u>-</u>	<u>5,452,058</u>
CHANGE IN NET ASSETS	465,975	8,346,973	8,812,948
NET ASSETS, BEGINNING OF YEAR	<u>1,095,731</u>	<u>1,195,098</u>	<u>2,290,829</u>
NET ASSETS, END OF YEAR	<u>\$ 1,561,706</u>	<u>\$ 9,542,071</u>	<u>\$ 11,103,777</u>

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

LOS ANGELES UNIFIED SCHOOL DISTRICT EDUCATION FOUNDATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025**

	Program Services	Management and General	Fundraising	Total Expenses
PERSONNEL EXPENSES				
Salaries and wages	\$ 4,175	\$ 8,350	\$ 8,350	\$ 20,875
Employee benefits	7	32	26	65
Payroll taxes	225	952	786	1,963
Total personnel expenses	4,407	9,334	9,162	22,903
OPERATING EXPENSES				
Donated supplies	1,071,566	-	-	1,071,566
Insurance	199	841	694	1,734
Office	130,647	25,071	4,777	160,495
Outside services	572,434	60,000	91,438	723,872
Professional fees	-	71,963	-	71,963
Program grants	3,277,650	-	-	3,277,650
Travel	69,164	937	774	70,875
Scholarship	51,000	-	-	51,000
Total operating expenses	5,172,660	158,812	97,683	5,429,155
TOTAL FUNCTIONAL EXPENSES	\$ 5,177,067	\$ 168,146	\$ 106,845	\$ 5,452,058

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

LOS ANGELES UNIFIED SCHOOL DISTRICT EDUCATION FOUNDATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 8,812,948
Adjustments to reconcile change in net assets to net cash from operating activities:	
Change in operating assets and liabilities:	
Contributions receivable	(1,561,923)
Prepaid expenses and other assets	(1,785)
Accounts payable	112,068
Assets held for others	97,638
Deferred revenue	5,139
Accrued expenses	<u>2,212</u>
Net Cash Provided By Operating Activities	<u>7,466,297</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	7,466,297
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF YEAR	<u>2,179,934</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR	<u>\$ 9,646,231</u>

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

LOS ANGELES UNIFIED SCHOOL DISTRICT EDUCATION FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1 – Summary of Significant Accounting Policies

Description of Foundation

Los Angeles Unified School District Education Foundation (the Foundation) is a nonprofit corporation established in 2002 under the laws of the state of California. The purpose of the Foundation is to further the educational goals of Los Angeles Unified School District (LAUSD) through grants, programs, and scholarships.

Basis of Accounting

The Foundation's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates and Assumptions

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

Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets, revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions.

With Donor Restrictions – Net assets subject to donor-imposed restrictions that may be temporary in nature that will be met by actions of the Foundation or the passage of time. As the restrictions are satisfied, net assets with donor restrictions are reclassified to assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Other donor stipulations may be perpetual in nature, where the donor stipulates that the corpus be maintained intact in perpetuity. At June 30, 2025, the Foundation had no net assets with perpetual donor restrictions.

LOS ANGELES UNIFIED SCHOOL DISTRICT EDUCATION FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents and Concentration of Credit Risk

For purposes of the statement of cash flows, the Foundation considers cash on hand and all highly liquid investments with maturities of three months or less when purchased to be cash and cash equivalents. The Foundation places its cash and cash equivalents in accounts with high-credit quality financial institutions. At times, such accounts may be in excess of federally insured limits. The Foundation has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk.

The Foundation derived approximately 28% of total revenue from two donors for the year ended June 30, 2025. The Foundation had a contributions receivable balance with these donors representing 84% of total contributions receivable at June 30, 2025.

Restricted Cash and Assets Held for Others

The Foundation has entered into various agreements in which it has agreed to perform all financial administrative duties for funds held for others. At June 30, 2025, a cash balance of \$97,738 has been identified as restricted to satisfy the Foundation's future funding requirements. These funds are all due to a related nonprofit organization. (See Note 4.) The Foundation is not granted variance power for the funds received, and they must be distributed to the recipients in accordance with the terms of the contract. An offsetting liability is recognized for the amount of cash that is required to be paid out as part of the restricted cash, which is included in Assets held for others on the statement of financial position.

Contributions Receivable

Contributions receivable consist primarily of amounts due from donors on unconditional promises to give recognized at estimated net realizable value. All contributions receivable are expected to be collected in the next twelve months. The Foundation records an allowance for uncollectible receivables based on management's evaluation of the collectability of individual receivables. Management believes that the remaining outstanding receivables as of June 30, 2025 are collectible in full and, accordingly, no allowance for uncollectible receivables has been provided.

LOS ANGELES UNIFIED SCHOOL DISTRICT EDUCATION FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Contributions, including unconditional promises to give, are recognized when the promise to give is received. All contributions are available without donor restrictions unless specifically restricted by the donor. Donor-restricted contributions whose restrictions are met in the same period are reported as net assets without donor restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend are substantially met. Noncash donations are recorded as contributions at their estimated fair values on the date received.

Revenue from financial administrative duties for funds held for others is recognized as funds are disbursed and is reflected on the statement of activities as administrative fees. Deferred revenue includes cash collected in advance for financial administrative duties for funds held for others.

Functional Allocation of Expenses

The costs of providing the Foundation's programs and other activities are reported on a functional basis in the statements of activities and functional expenses. Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses that apply to more than one functional category have been allocated using estimates made by management based on time and effort.

Income Taxes

The Foundation has received tax-exempt status from the Internal Revenue Service and California Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, respectively.

The Foundation recognizes the financial statement benefit of tax positions, such as its filing status as tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Foundation is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal purposes is three years and for California purposes is four years.

LOS ANGELES UNIFIED SCHOOL DISTRICT EDUCATION FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Subsequent Events

The Foundation's management has evaluated subsequent events from the date of the statement of financial position through February 4, 2026, the date the financial statements were available to be issued for the year ended June 30, 2025 and determined no additional items needed to be disclosed.

NOTE 2 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30, 2025:

Cash and cash equivalents	\$ 9,548,493
Contributions receivable	<u>1,752,875</u>
	11,301,368
Less amounts not available to be used for operations within one year due to:	
Donor restrictions	<u>(9,542,071)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,759,297</u>

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

LOS ANGELES UNIFIED SCHOOL DISTRICT EDUCATION FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 – Net Assets With Donor Restrictions

The following is a summary of the Foundation’s net assets with donor restrictions:

	<u>June 30, 2024</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2025</u>
Last Repair Shop	\$ 229,826	\$ 3,051,814	\$ 186,351	\$ 3,095,289
Pathways to College	-	22,443	1,012	21,431
Sponsor a Family	8,390	151,368	159,758	-
District Grants	70,150	129,160	35,049	164,261
We Are One	67,600	-	5,024	62,576
Priority School	-	927,900	18,536	909,364
Beyond the Bell	654,747	109,451	62,700	701,498
Sponsorships	153,585	84,752	205,656	32,681
Fire Relief	-	9,019,349	4,476,167	4,543,182
Other	10,800	97,263	96,274	11,789
	<u>\$ 1,195,098</u>	<u>\$ 13,593,500</u>	<u>\$ 5,246,527</u>	<u>\$ 9,542,071</u>
Total	<u>\$ 1,195,098</u>	<u>\$ 13,593,500</u>	<u>\$ 5,246,527</u>	<u>\$ 9,542,071</u>

NOTE 4 – Related-Party Transactions

For the year ended June 30, 2025, the Foundation has awarded donations totaling \$38,861 to a related party. The Foundation also acts as a fiduciary for funds due to this related party. For the year ended June 30, 2025, the Foundation had \$97,738 of cash that is required to be paid out to the related party.

LOS ANGELES UNIFIED SCHOOL DISTRICT EDUCATION FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 5 – In-kind Contributions

During the year ended June 30, 2025, in-kind contributions recognized within the statement of activities included:

Bedding and towels	\$	950,000
Gift cards		<u>121,566</u>
Total	\$	<u>1,071,566</u>

Contributed in-kind assets received by the Foundation are recorded as in-kind contribution revenue with a corresponding increase to expenses. Any materials donated to the Foundation are recognized and recorded at estimated fair value as of the contribution date. Donated goods and gift cards are valued using wholesale values that would be received for selling similar items. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

All donated goods received during the year were restricted for fire relief efforts and fully utilized according to their purpose. These are included within the additions and releases to net assets with donor restrictions. (See Note 3).