WILLIAMS
& OLDS
Certified Public Accountants
A Professional Corporation

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

EDUCATIONAL RESULTS PARTNERSHIP

December 31, 2014 and 2013

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EDUCATIONAL RESULTS PARTNERSHIP

December 31, 2014

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
Educational Results Partnership

We have audited the accompanying financial statements of Educational Results Partnership (the Partnership) which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

WILLIAMS
OLDS
Certified Public Accountants

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Educational Results Partnership as of December 31, 2014 and 2013, 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.

Williams & Olds

Sacramento, California
April 30, 2015

EDUCATIONAL RESULTS PARTNERSHIP

STATEMENTS OF FINANCIAL POSITION

December 31, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 804,529	$ 286,410
Accounts receivable	961,695	924,418
Due from related party - Note C	111,913	140,510
Prepaid expenses	18,735	25,020
Property and equipment, less accumulated depreciation of $19,529 and $13,696	31,346	19,296
TOTAL ASSETS	$ 1,928,218	$ 1,395,654
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	$ 161,921	$ 81,097
Deferred rent	6,107	7,736
TOTAL LIABILITIES	168,028	88,833
NET ASSETS		
Unrestricted	1,559,190	954,531
Temporarily restricted - Note E	201,000	352,290
TOTAL NET ASSETS	1,760,190	1,306,821
TOTAL LIABILITIES AND NET ASSETS	$ 1,928,218	$ 1,395,654

See accompanying notes to the financial statements.

EDUCATIONAL RESULTS PARTNERSHIP

STATEMENT OF ACTIVITIES

For the Year ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE			
Contract and grant income	$ 2,922,223	$ 47,800	$ 2,970,023
Contributions	80,000	-	80,000
Miscellaneous	552	-	552
Net assets released from restrictions	199,090	(199,090)	-
TOTAL PUBLIC SUPPORT AND REVENUE	3,201,865	(151,290)	3,050,575
EXPENSES			
Programs	2,110,594	-	2,110,594
General and administrative	486,612	-	486,612
TOTAL EXPENSES	2,597,206	-	2,597,206
CHANGE IN NET ASSETS	604,659	(151,290)	453,369
NET ASSETS AT BEGINNING OF YEAR	954,531	352,290	1,306,821
NET ASSETS AT END OF YEAR	$ 1,559,190	$ 201,000	$ 1,760,190

See accompanying notes to the financial statements.

EDUCATIONAL RESULTS PARTNERSHIP

STATEMENT OF ACTIVITIES

For the Year ended December 31, 2013

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE			
Contract and grant income	$ 1,973,375	$ 352,290	$ 2,325,665
Contributions	60,025	-	60,025
Miscellaneous	887	-	887
Net assets released from restrictions	-	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	2,034,287	352,290	2,386,577
EXPENSES			
Programs	1,141,784	-	1,141,784
General and administrative	289,262	-	289,262
TOTAL EXPENSES	1,431,046	-	1,431,046
CHANGE IN NET ASSETS	603,241	352,290	955,531
NET ASSETS AT BEGINNING OF YEAR	351,290	-	351,290
NET ASSETS AT END OF YEAR	$ 954,531	$ 352,290	$ 1,306,821

See accompanying notes to the financial statements.

EDUCATIONAL RESULTS PARTNERSHIP

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2014 and 2013

	2014			2013		
	Programs	General and Administrative	Total	Programs	General and Administrative	Total
Salaries	$ 1,132,818	$ 157,585	$ 1,290,403	$ 506,039	$ 201,978	$ 708,017
Payroll taxes	77,086	6,268	83,354	36,973	10,800	47,773
Employee benefits	18,463	18,833	37,296	88,246	21,315	109,561
TOTAL SALARIES AND RELATED EXPENSES	1,228,367	182,686	1,411,053	631,258	234,093	865,351
Program expense	618,110	109,393	727,503	373,955	6,918	380,873
Travel and meetings	104,138	13,860	117,998	76,326	6,700	83,026
Website and internet	152,246	9,601	161,847	28,587	6,206	34,793
Occupancy	(2,057)	42,120	40,063	15,578	15,530	31,108
Office expense	1,904	38,110	40,014	6,323	9,112	15,435
Telephone	2,053	10,066	12,119	4,955	4,823	9,778
Professional services	-	74,213	74,213	2,322	4,609	6,931
Insurance	-	6,563	6,563	641	1,271	1,912
Depreciation	5,833	-	5,833	1,839	-	1,839
TOTAL EXPENSES	$ 2,110,594	$ 486,612	$ 2,597,206	$ 1,141,784	$ 289,262	$ 1,431,046

See accompanying notes to the financial statements.

EDUCATIONAL RESULTS PARTNERSHIP

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	$ 453,369	$ 955,531
Adjustments to reconcile increase in net assets to		
net cash provided by operating activities:		
Depreciation	5,833	1,839
Changes in:		
Accounts receivable	(37,277)	(637,244)
Prepaid expenses	6,285	(18,911)
Due to/from related party	28,597	(179,010)
Accounts payable and accrued expenses	80,824	13,456
Deferred rent	(1,629)	7,736
	82,633	(812,134)
NET CASH PROVIDED BY OPERATING ACTIVITIES	536,002	143,397
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for purchases of property and equipment	(17,883)	(17,392)
NET CASH USED IN INVESTING ACTIVITIES	(17,883)	(17,392)
NET INCREASE IN CASH AND CASH EQUIVALENTS	518,119	126,005
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	286,410	160,405
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 804,529	$ 286,410

SUPPLEMENTARY INFORMATION:

No cash was paid for interest or income taxes during the years ended December 31, 2014 and 2013.

See accompanying notes to the financial statements.

NOTE A - ORGANIZATION

Educational Results Partnership (the Partnership) was formed in 2001 pursuant to the California Nonprofit Corporation Law as a public benefit corporation. The Partnership's mission is to promote measurably improved student achievement is public schools, particularly in high-poverty, urban areas. This mission is accomplished through focused use of internet tools, which align curriculum and assessment, and provide real-time performance data to school teachers and parents. The Partnership is funded primarily through contracts and grants.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The presentation follows the provisions of the Financial Accounting Standards Board of Accounting Standards (FASB) Accounting Standards Codification (ASC) 958. Under FASB ASC 958, the Partnership is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. At December 31, 2014 and 2013, the Partnerships' net assets consisted of temporarily restricted and unrestricted net assets.

Contributions: The Partnership records contributions as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Fair Value Measurements: The Partnership adopted FASB ASC 820-10, Fair Value Measurements. ASC 820-10 introduces a framework for measuring fair value and expands required disclosure about fair value measurements of certain assets and liabilities. ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value, whereby level 1 uses quoted prices and active markets for identical assets or liabilities when determining fair market value; level 2 uses non active quoted prices for similar assets and liabilities that can be corroborated with market data; and level 3 uses unobservable information with little market data. The Partnership uses the active market approach (level 1) to measure value.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Partnership considers all cash and other highly liquid investments with maturities of three months or less to be cash equivalents.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts Receivable: The Partnership considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary. If amounts become uncollectible, they will be charged to operations when that determination is made.

Property and Equipment: Equipment is recorded at cost, net of accumulated depreciation. The Partnership's policy is to capitalize such items with a cost of $250 or more. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method.

Income Taxes: The Partnership is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code for revenue generated from its exempt purpose activities.

Uncertainty in Income taxes: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Partnership to report information regarding its exposure to various tax positions taken. The Partnership has determined whether any tax positions have met the recognition threshold and have measured the exposure to those tax positions. Management believes that the Partnership has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Partnership are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Functional Allocation of Expenses: Expenses that can be identified with a specific program or supporting service are charged directly to the related program or service. Expenses associated with more than one program or supporting service are allocated to functional categories using allocation methods appropriate to the nature of the expense.

Use of 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.

NOTE C – RELATED PARTY TRANSACTIONS

The Partnership had related party transactions with California Business for Education Excellence Foundation (the Foundation) a non-profit organization. During 2014 and 2013, the organizations shared employees, office space and other expenses in proportion to employee time spent on distinct work related to each organization. During 2014, the Partnership paid $239,512 of expenses on behalf of the Foundation to other vendors. At December 31, 2014, the Partnership's balance due from the Foundation was $111,913. During 2013, the Partnership paid $102,010 of expenses on behalf of the Foundation to other vendors. At December 31, 2013, the Partnership's balance due from the Foundation was $140,510.

NOTE D - RETIREMENT PLAN

The Partnership sponsors a retirement plan under Section 401(k) of the Internal Revenue Code. Employees who are 21 years of age and older are eligible to participate in the plan. The plan permits employer discretionary matching and profit sharing contributions to those participants who have completed 6 months of consecutive employment and 1,000 hours of service during the plan year. During 2014 and 2013, the Partnership made contributions of $500 and $16,979 to the plan, respectively.

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2014 and 2013:

Pritzker Foundation	$ 50,000	$ -
Walter S. Johnson Foundation	50,000	-
The California Education Policy Fund	101,000	352,290
	$ 201,000	$ 352,290

NOTE F - OPERATING LEASE

The Partnership leases its office premises and certain office equipment under the terms of non-cancellable operating leases. These leases expire on August 31, 2018. The original lease agreement provided for free rent totaling $8,550 for the first three months of the lease term. Rental expense under this non-cancellable operating lease is recognized on a straight-line basis over the life of the lease. The Partnership leased additional space in the same office during 2014 with a commencement date of May 15, 2014 and a expiration date of August 31, 2018. The monthly lease payment for the additional space is $1,500. Total lease expense for the years ended December 31, 2014 and 2013 amounted to $41,693 and $16,286, respectively. Deferred rent at December 31, 2014 and 2013 amounted to $6,107 and $7,736, respectively.

Future minimum lease payments for all leases at December 31, 2014 are as follows: 2015 - $52,200; 2016 - $52,200, 2017 - $52,200, and 2018 – 34,800.

NOTE G - SUBSEQUENT EVENTS

In preparing the financial statements, the Partnership has evaluated events and transactions for potential recognition or disclosure through April 30, 2015 the date that the financial statements were available to be issued.