

FOUNDATION FOR EAST BATON ROUGE SCHOOL SYSTEM, INC.

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2022**

Table of Contents

Independent Auditors' Report	1 - 3
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expense	6
Statements of Cash Flows	7
Notes to the Financial Statements	8 - 12
Supplementary Information	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	13

INDEPENDENT AUDITORS REPORT

To the Board of Directors
Foundation for East Baton Rouge School System, Inc.

Opinion

We have audited the accompanying financial statements of the Foundation for East Baton Rouge School System, Inc. (a nonprofit organization) (hereafter “the Foundation”), which comprise the statement of financial position as of June 30, 2022, 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 present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022, 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 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 within one year after the date that the financial statements are 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 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

We have previously audited the Foundation for East Baton Rouge School System, Inc.'s June 30, 2021 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated November 30, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Daigrepoint & Brian APAC

Daigrepoint & Brian, APAC
Baton Rouge, LA

November 1, 2022

Foundation for East Baton Rouge School System, Inc.
Statements of Financial Position
June 30, 2022 (with comparative amounts for 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash	\$ 32,409	\$ 50,185
Investments	516,457	613,533
Other current assets	250	592
Total current assets	<u>549,116</u>	<u>664,310</u>
Furniture and equipment, net	<u>894</u>	<u>1,273</u>
Total Assets	<u><u>\$ 550,010</u></u>	<u><u>\$ 665,583</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 8,724	\$ 887
Agency fund payable	<u>37,927</u>	<u>40,706</u>
Total current liabilities	<u>46,651</u>	<u>41,593</u>
Total Liabilities	46,651	41,593
Net Assets		
Without donor restriction	299,080	415,641
With donor restriction	<u>204,279</u>	<u>208,349</u>
Total net assets	<u>503,359</u>	<u>623,990</u>
Total Liabilities and Net Assets	<u><u>\$ 550,010</u></u>	<u><u>\$ 665,583</u></u>

Foundation for East Baton Rouge School System, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2022 (with summarized comparative amounts for 2021)

	Without Donor Restrictions 2022	With Donor Restrictions 2022	Total 2022	Total 2021
REVENUES				
Contributions	\$ 348,993	\$ -	\$ 348,993	\$ 112,477
In-kind contributions	135,481	-	135,481	107,217
Investment income	(80,686)	-	(80,686)	112,681
Other	7,062	-	7,062	5,622
Net assets released from restrictions	4,070	(4,070)	-	-
Total revenues	414,920	(4,070)	410,850	337,997
OPERATING EXPENSES				
Program expenses	432,764	-	432,764	233,393
Management and general	92,668	-	92,668	69,657
Fundraising expenses	6,049	-	6,049	5,154
Total expenses	531,481	-	531,481	308,204
Change in net assets	(116,561)	(4,070)	(120,631)	29,793
Net assets at beginning of year	415,641	208,349	623,990	594,197
Net assets at end of year	<u>\$ 299,080</u>	<u>\$ 204,279</u>	<u>\$ 503,359</u>	<u>\$ 623,990</u>

Foundation for East Baton Rouge School System, Inc.
Statement of Functional Expense
For the Year Ended June 30, 2022 (with summarized comparative amounts for 2021)

	<u>Program Expenses</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total 2021</u>
Accounting & auditing	\$ -	\$ 9,200	\$ -	\$ 9,200	\$ 11,550
Conferences & travel	-	3,682	-	3,682	1,207
Contract labor	27,665	31,197	-	58,862	37,889
Depreciation	-	379	-	379	273
Facilities & maintenance	-	11,823	-	11,823	2,976
Other	-	6,209	-	6,209	6,599
Personnel	109,038	5,739	-	114,777	92,423
School support	293,529	-	-	293,529	125,668
Supplies	-	18,709	985	19,694	18,487
Technology & website	2,532	5,730	5,064	13,326	11,132
Total	<u>\$ 432,764</u>	<u>\$ 92,668</u>	<u>\$ 6,049</u>	<u>\$ 531,481</u>	<u>\$ 308,204</u>

Foundation for East Baton Rouge School System, Inc.
Statements of Cash Flows
June 30, 2022 (with comparative amounts for 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ (120,631)	\$ 29,793
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	379	273
Unrealized (gains)/losses	105,412	(73,317)
Decrease (Increase) in other assets	342	(592)
(Decrease) Increase in accounts payable	7,837	(15,380)
Decrease in agency fund payable	<u>(2,736)</u>	<u>(4,592)</u>
Net cash used in operating activities	(9,397)	(63,815)
Cash Flows from Investing Activities		
(Decrease) Increase in investments	<u>(8,336)</u>	<u>13,805</u>
Net cash (used) provided by investment activities	<u>(8,336)</u>	<u>13,805</u>
Net change in cash	(17,733)	(50,010)
Cash at beginning of year	<u>50,185</u>	<u>100,195</u>
Cash at end of year	<u><u>\$ 32,452</u></u>	<u><u>\$ 50,185</u></u>

Foundation for East Baton Rouge School System, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 1 - Summary of Significant Accounting Policies

Nature of Activities

The Foundation for East Baton Rouge School System, Inc. (the Foundation) is a nonprofit corporation organized under Louisiana R.S. 12:201 and is dedicated to preparing students for successful post-secondary education, careers, and citizenship by supporting high-impact projects in the East Baton Rouge School System (the System) for which tax dollars are not available.

Basis of Presentation

The Foundation prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

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.

The statement of activities presents expenses of the Foundation's operations functionally by program services, management and general, and fundraising.

The financial statements include prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are primarily used when accounting for depreciation and the allowance for uncollectible grants and pledges receivable. Actual results could differ from those estimates.

Cash and Restricted Cash

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Revenue Recognition

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restriction. Restricted contributions are increases in net assets without donor restrictions if the restrictions are satisfied in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions.

The value of in-kind contributions to the Foundation are recognized at fair market value of the benefit received. The Foundation's policy is to utilize in-kind contributions to carry out its mission.

Foundation for East Baton Rouge School System, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

Furniture and Equipment

Furniture and equipment are recorded at cost. Donated assets are recorded at their fair market value at the date of their gift. The Foundation capitalizes furniture and equipment with a cost basis exceeding \$4,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Functional Expenses

The financial statements report certain expense categories that are attributable to more than one service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation and other occupancy costs, are allocated to management and general expenses. Program services and fundraising expenses are based on the direct costs associated with the applicable function.

Income Taxes

The Foundation has been recognized by the Internal Revenue Service as a not-for-profit organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation that follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly, has not recognized a liability for any unrecognized tax issues. The Foundation's open audit period are 2018 through 2021.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditors' report, which was the date the financial statements were available to be issued.

Recently Issued Accounting Standards - Need to add in-kind

On September 18, 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The purpose of ASU 2020-07 is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide a clear understanding of what type of nonfinancial assets were received and how they are used and recognized by the Foundation.

Note 2 - Furniture and Equipment

The Foundation has capitalized furniture and equipment having useful lives ranging from 10-15 years with a cost of \$3,560 and accumulated depreciation of \$2,666. The net book value of property and equipment at June 30, 2022, was \$894.

Foundation for East Baton Rouge School System, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 3 - Agency Funds Payable

The Foundation collects funds on behalf of various schools in the System for various needs and disburses these funds as requested by the school. These funds are held in cash and various investments with a local financial institution. Activity in the account for the year ended June 30, 2022 is as follows:

	Opening Balance	Receipts	Disbursements	Ending Balance
Agency Fund	\$ 40,706	\$ 1,394	\$ (4,173)	\$ 37,927

Note 4 - Net Assets with Donor Restrictions

Net assets with donor restrictions consist of amounts restricted for the support of various programs within the System. As of June 30, 2022, net assets with donor restrictions consisted of the following:

	Opening Balance	Receipts	Disbursements	Ending Balance
ADF Grants	\$ -	\$ 79,911	\$ (79,911)	\$ -
COVID-19 Connectivity	12,147	-	(1,721)	10,426
Development Initiatives	35,000	-	(32,043)	2,957
Dual Enrollment	34,011	-	-	34,011
Flood Relief & Grants	102,575	-	-	102,575
Other School Programs	-	118,998	(88,489)	30,509
STEM Programs	3,063	100,000	(100,815)	2,248
Teacher Grants	21,553	-	-	21,553
	<u>\$ 208,349</u>	<u>\$ 298,909</u>	<u>\$ (302,979)</u>	<u>\$ 204,279</u>

Note 5 - Investments

Cost and fair value of investments at June 30, 2022 are as follows:

	Cost	Unrealized Gain/(Loss)	Fair Value
Equity Securities	\$ 235,141	\$ (7,006)	\$ 228,135
Mutual Funds	297,313	(8,991)	288,322
	<u>\$ 532,454</u>	<u>\$ (15,997)</u>	<u>\$ 516,457</u>

Investment income for the year ended June 30, 2022 consists of the following:

Interest and Dividends	\$ 12,501
Realized Gains	12,225
Unrealized Gains	(105,412)
	<u>\$ (80,686)</u>

Foundation for East Baton Rouge School System, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 6 - Fair Value Measurements

Fair values of assets measured on a recurring basis at June 30, 2022 are as follows:

	Fair Value	Quoted Prices in Active Markets For Identical Assets (Level 1)
Equity Securities	\$ 228,135	\$ 228,135
Mutual Funds	288,322	288,322
	<u>\$ 516,457</u>	<u>\$ 516,457</u>

FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or 3 inputs were available to the Foundation.

Level 1 Fair Value Measurements - The fair value of the Foundation's investments in equity securities and mutual funds are based on quoted market prices for the same investment.

Note 7 - Concentrations of Credit Risk

The Foundation largely solicits funds from individuals, businesses, and foundations that reside or do business in East Baton Rouge Parish.

Note 8 - In-kind Contributions

The System provides personnel, facility and equipment use, and other administrative services to the Foundation, which is recorded as in-kind support on the Statement of Activities. During the year, \$135,481 was recorded to reflect the personnel (\$114,777) and facility and equipment use (\$20,704) provided by the System.

All In-kind contributions received during the year are considered without donor restrictions.

Note 9 - Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets within one year of the statement of financial position date:

Financial Assets at Year End	
Cash	\$ 32,409
Investments	516,457
Agency Fund Payable	<u>(37,927)</u>
	<u>\$ 510,939</u>

Foundation for East Baton Rouge School System, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 10 - Liquidity and Availability of Financial Assets (Continued)

The Foundation's working capital and cash flows have minor seasonal variations during the year attributable to the nature of program activity during the normal school year. Additionally, a large percentage of the Foundation's programmatic expenses relate to programs for which restricted assets are readily available at the time the expense is incurred.

Foundation for East Baton Rouge School System, Inc.
Schedule of Compensation, Benefits, and Other Payments to Agency Head
June 30, 2022

Agency Head:

Kathleen Sarsfield, Executive Director

Salary	\$ 85,000
Employee Benefits	<u>29,777</u>
	<u>\$ 114,777</u>