

**FOUNDATION FOR EAST BATON ROUGE
SCHOOL SYSTEM, INC.**

Baton Rouge, Louisiana

FINANCIAL REPORT

June 30, 2019

**FOUNDATION FOR EAST BATON ROUGE
SCHOOL SYSTEM, INC.**

Baton Rouge, Louisiana

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June 30, 2019

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Foundation for East Baton Rouge School System, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year 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.

Auditors' Responsibility

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foundation for East Baton Rouge School System, Inc. as of June 30, 2019, and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 12 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, 2018 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated December 10, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Daigrepont & Brian, APAC
Baton Rouge, Louisiana

December 17, 2019

**FOUNDATION FOR EAST BATON ROUGE
SCHOOL SYSTEM, INC.**

Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION

June 30, 2019
(with comparative amounts for 2018)

ASSETS

	2019	2018
CURRENT		
Cash and cash equivalents	\$ 202,033	\$ 174,348
Restricted cash and cash equivalents	514,975	505,655
Unconditional promises to give, net	1,000	4,500
Total current assets	718,008	684,503
FURNITURE AND EQUIPMENT, net	1,819	2,091
Total assets	\$ 719,827	\$ 686,594

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 1,894	\$ 2,827
Agency funds payable	51,038	38,761
Total liabilities	52,932	41,588
NET ASSETS		
Without donor restrictions	202,958	178,112
With donor restrictions	463,937	466,894
Total net assets	666,895	645,006
Total liabilities and net assets	\$ 719,827	\$ 686,594

The accompanying notes to financial statements
are an integral part of this statement.

**FOUNDATION FOR EAST BATON ROUGE
SCHOOL SYSTEM, INC.**

Baton Rouge, Louisiana

**STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS**

For the year ended June 30, 2019
(with summarized comparative totals for 2018)

	Without donor	With donor	Totals	
	restrictions	restrictions	2019	2018
REVENUE AND SUPPORT				
Contributions	\$ 16,330	\$ 131,753	\$ 148,083	\$ 143,997
Grants	-	128,500	128,500	268,250
In-kind	142,664	-	142,664	181,831
Investment income (loss)	54,488	(18,764)	35,724	20,128
Other	19,411	-	19,411	-
Total revenue and support	232,893	241,489	474,383	614,206
Net assets released from restrictions	244,446	(244,446)	-	-
Total revenue and support and net assets released from restrictions	477,339	(2,957)	474,383	614,206
EXPENSES				
Program services	343,756	-	343,756	488,682
Management and general	106,951	-	106,951	93,254
Fundraising	1,786	-	1,786	28,237
Total expenses	452,493	-	452,493	610,173
Change in net assets	24,846	(2,957)	21,890	4,033
NET ASSETS				
Beginning of year	178,112	466,894	645,006	640,973
End of year	\$ 202,958	\$ 463,937	\$ 666,896	\$ 645,006

The accompanying notes to financial statements
are an integral part of this statement.

**FOUNDATION FOR EAST BATON ROUGE
SCHOOL SYSTEM, INC.**

Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS

For the year ended June 30, 2019
(with comparative amounts for 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 21,890	\$ 4,033
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	272	274
Change in operating assets and liabilities:		
Decrease (increase) in unconditional promises to give	3,500	(4,500)
Increase in agency funds payable	12,277	2,867
Decrease in accounts payable	<u>(934)</u>	<u>(960)</u>
Net change in cash	37,005	1,714
CASH		
Beginning of year	<u>680,003</u>	<u>678,289</u>
End of year	<u>\$ 717,008</u>	<u>\$ 680,003</u>
RECONCILIATION OF CASH AND RESTRICTED CASH		
Cash	\$ 202,033	\$ 174,348
Restricted cash	<u>514,975</u>	<u>505,655</u>
Total cash	<u>\$ 717,008</u>	<u>\$ 680,003</u>

The accompanying notes to financial statements
are an integral part of this statement.

**FOUNDATION FOR EAST BATON ROUGE
SCHOOL SYSTEM, INC.**

Baton Rouge, Louisiana

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2019
(with summarized comparative totals for 2018)

	Program Services	Management and General	Fundraising	Totals	
				2019	2018
EXPENSES					
School/teacher support	\$ 159,605	\$ -	\$ -	\$ 159,605	\$ 134,195
Personnel	95,494	32,166	-	127,660	167,167
Contract services	50,686	4,000	-	54,686	73,295
Professional services	-	40,205	-	40,205	27,165
Program supplies	20,160	-	-	20,160	65,741
Office expenses	1,232	16,960	-	18,192	21,291
Marketing and advertising	7,176	3,050	-	10,226	9,387
Technology and website	2,677	4,642	1,786	9,105	67,742
Meetings and events	5,144	-	-	5,144	22,296
Facilities and maintenance	-	1,409	-	1,409	1,776
Meals	237	257	-	494	12,077
Dues and subscriptions	-	415	-	415	915
Depreciation	-	272	-	272	274
Conferences and travel	-	-	-	-	2,636
Other	1,345	3,575	-	4,920	4,216
Total expenses	<u>\$ 343,756</u>	<u>\$ 106,951</u>	<u>\$ 1,786</u>	<u>\$ 452,493</u>	<u>\$ 610,173</u>

The accompanying notes to financial statements are
an integral part of this statement.

**FOUNDATION FOR EAST BATON ROUGE
SCHOOL SYSTEM, INC.**

Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

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's financial statements for the year ended June 30, 2018, 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New accounting pronouncement

During the year ended June 30, 2019, the Foundation adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14-Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14). This Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. Additionally, the Foundation is now required to present a Statement of Functional Expenses as part of its basic financial statements which has been included as Exhibit D. Other requirements include the netting of investment fees with investment earnings in the Statement of Activities and the requirement to present information regarding the Foundation's liquidity (see Note 9).

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. Restricted cash of \$514,975 is held by the Foundation for agency accounts for schools and programs within the System (\$51,038, See Note 4) and temporarily restricted net assets (\$463,937, See Note 5).

Unconditional promises to give and revenue recognition

Contributions are recognized when the donor makes a pledge to contribute to the Foundation that is, in substance, unconditional.

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.

(Continued)

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.

In-kind support

Donated services and use of facilities are recorded at estimated fair value on the date of donation. The Foundation received \$142,664 as in-kind contributions during 2019, related to administrative support and facility use. (See Note 8).

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.

Fair value of financial instruments

Unless otherwise indicated, the carrying value of assets and liabilities approximate fair value due to the short-term maturity of these instruments.

Income taxes

The Foundation has been recognized by the Internal Revenue Service as a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation 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 2015 through 2018.

Subsequent events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through December 17, 2019, which was the date the financial statements were available to be issued.

NOTE 2 - RECEIVABLES

As of June 30, 2019, the Foundation has outstanding promises to give of \$1,000 and all amounts are due within the next fiscal year.

NOTE 3 - 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 \$1,741. The net book value of property and equipment at June 30, 2019, was \$1,819. Depreciation expense was \$272 for 2019.

NOTE 4 - AGENCY FUNDS PAYABLE

The Foundation collects and disburses funds on behalf of various schools in the System. Cash balances related to the agency funds are included in the Foundation's restricted cash balance in the statement of net position and totaled \$51,038 as of June 30, 2019. Activity during 2019 was as follows:

	2018	Receipts	Disbursements	2019
Agency funds	\$ 38,761	\$ 52,399	\$ (40,122)	\$ 51,038

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of amounts restricted for the support of various programs within System. As of June 30, 2019, net assets with donor restrictions consisted of the following:

	2018	Contributions	Expenses / Investment loss	2019
STEM Programs	\$ 237,837	\$ 110,253	\$ (127,959)	220,131
Flood relief & grants	191,063	100,000	(119,654)	171,409
Bringing Baseball to BR	-	50,000	(12,073)	37,927
Dual Enrollment	35,588	-	(1,577)	34,011
Other	2,406	-	(1,947)	459
Total	\$ 466,894	\$ 260,253	\$ (263,210)	\$ 463,937

NOTE 6 - INVESTMENT INCOME

The Foundation maintains various accounts with a local financial institution that receive monthly earnings allocations based on investment performance. All amounts are liquid and have an original maturity of 3 months or less and are therefore classified as cash equivalents in the Statement of Financial Position.

NOTE 6 - INVESTMENT INCOME (CONTINUED)

The investment income for 2019 is made up of the following:

Unrealized gains	\$ 19,648
Interest and dividends	15,605
Realized gains	<u>471</u>
Total investment income	<u>\$ 35,724</u>

NOTE 7 - CONCENTRATIONS OF CREDIT RISK

The Foundation largely solicits funds from individuals and corporations that reside in East Baton Rouge Parish, Louisiana.

NOTE 8 - RELATED PARTY

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 2019, \$142,664 was recorded to reflect the personnel (\$127,660) and facility use and maintenance (\$15,004) provided by the System.

NOTE 9 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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.

The Foundation's financial assets available within one year of the balance sheet date for general expenses are as follows:

Cash and cash equivalents	\$ 202,033
Unconditional promises to give, net	<u>1,000</u>
Total	<u>\$ 203,033</u>

As referenced above, the Foundation also has restricted cash and cash equivalents of \$514,975 to satisfy agency funds payable and fund various programmatic expenses.

**FOUNDATION FOR EAST BATON ROUGE
SCHOOL SYSTEM, INC.**

Baton Rouge, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD**

For the fiscal year ended June 30, 2019

Agency Head: Keila Stovall, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 54,236
Benefits - retirement & insurance	<u>16,127</u>
Total	<u>\$ 70,363</u>