

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

Baton Rouge, Louisiana

**FINANCIAL REPORT**

June 30, 2020

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

Baton Rouge, Louisiana

**TABLE OF CONTENTS**

June 30, 2020

	<b><u>Exhibit</u></b>	<b><u>Page</u></b>
<b>INDEPENDENT AUDITORS' REPORT</b>		1
<b>FINANCIAL STATEMENTS</b>		
Statement of Financial Position	A	3
Statement of Activities	B	4
Statement of Cash Flows	C	5
Statement of Functional Expenses	D	6
Notes to the Financial Statements	E	7
<b>SUPPLEMENTARY INFORMATION</b>	<b><u>Schedule</u></b>	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	1	12

## 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, 2020, 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, 2020, 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, 2019 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated December 17, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Daigrepont & Brian APAC". The signature is written in a cursive, flowing style.

Daigrepont & Brian, APAC  
Baton Rouge, Louisiana

February 12, 2021

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

Baton Rouge, Louisiana

**STATEMENT OF FINANCIAL POSITION**

June 30, 2020

(with comparative amounts for 2019)

**ASSETS**

	<u>2020</u>	<u>2019</u>
<b>CURRENT</b>		
Cash and cash equivalents	\$ 188,283	\$ 186,909
Restricted cash and cash equivalents	465,933	514,975
Unconditional promises to give, net	<u>-</u>	<u>1,000</u>
Total current assets	654,216	702,884
<b>FURNITURE AND EQUIPMENT, net</b>	<u>1,546</u>	<u>1,819</u>
Total assets	<u><u>\$ 655,762</u></u>	<u><u>\$ 704,703</u></u>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable	\$ 16,267	\$ 1,894
Agency funds payable	<u>45,298</u>	<u>51,038</u>
Total liabilities	<u>61,565</u>	<u>52,932</u>
<b>NET ASSETS</b>		
Without donor restrictions	187,668	202,958
With donor restrictions	<u>406,529</u>	<u>448,813</u>
Total net assets	<u>594,197</u>	<u>651,771</u>
Total liabilities and net assets	<u><u>\$ 655,762</u></u>	<u><u>\$ 704,703</u></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 ACTIVITIES**

For the year ended June 30, 2020  
(with summarized comparative totals for 2019)

	<b>Without donor</b>	<b>With donor</b>	<b>Totals</b>	
	<b>restrictions</b>	<b>restrictions</b>	<b>2020</b>	<b>2019</b>
<b>REVENUE AND SUPPORT</b>				
Contributions	\$ 20,972	\$ 5,110	\$ 26,082	\$ 148,083
Grants	-	70,714	70,714	128,500
In-kind	107,217	-	107,217	142,664
Investment income (loss)	26,165	-	26,165	35,724
Other	5,040	-	5,040	19,411
	<u>159,394</u>	<u>75,824</u>	<u>235,218</u>	<u>474,383</u>
Total revenue and support				
Net assets released from restrictions	<u>118,108</u>	<u>(118,108)</u>	<u>-</u>	<u>-</u>
Total revenue and support and net assets released from restrictions	<u>277,502</u>	<u>(42,284)</u>	<u>235,218</u>	<u>474,383</u>
<b>EXPENSES</b>				
Program services	206,316	-	206,316	358,880
Management and general	80,821	-	80,821	106,951
Fundraising	5,655	-	5,655	1,786
Total expenses	<u>292,792</u>	<u>-</u>	<u>292,792</u>	<u>467,617</u>
Change in net assets	(15,290)	(42,284)	(57,574)	6,765
<b>NET ASSETS</b>				
Beginning of year	<u>202,958</u>	<u>448,813</u>	<u>651,771</u>	<u>645,006</u>
End of year	<u>\$ 187,668</u>	<u>\$ 406,529</u>	<u>\$ 594,197</u>	<u>\$ 651,771</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 CASH FLOWS**

For the year ended June 30, 2020  
(with comparative amounts for 2019)

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (57,574)	\$ 6,765
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	273	272
Bad debt expense	1,000	-
Change in operating assets and liabilities:		
Decrease in unconditional promises to give	-	3,500
(Decrease) increase in agency funds payable	(5,740)	12,277
Increase (decrease) in accounts payable	<u>14,373</u>	<u>(933)</u>
Net change in cash	(47,668)	21,881
<b>CASH</b>		
Beginning of year	<u>701,884</u>	<u>680,003</u>
End of year	<u>\$ 654,216</u>	<u>\$ 701,884</u>
<b>RECONCILIATION OF CASH AND RESTRICTED CASH</b>		
Cash	\$ 188,283	\$ 186,909
Restricted cash	<u>465,933</u>	<u>514,975</u>
Total cash	<u>\$ 654,216</u>	<u>\$ 701,884</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, 2020  
(with summarized comparative totals for 2019)

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Totals</b>	
				<b>2020</b>	<b>2019</b>
<b>EXPENSES</b>					
School/teacher support	\$ 82,236	\$ -	\$ -	\$ 82,236	\$ 174,729
Personnel	87,802	4,621	-	92,423	127,660
Contract services	15,619	17,019	-	32,638	54,686
Professional services	-	26,065	-	26,065	40,205
Program supplies	14,444	-	-	14,444	20,160
Office expenses	-	17,283	982	18,265	18,192
Marketing and advertising	4,250	-	-	4,250	10,226
Technology and website	1,965	4,410	3,673	10,048	9,105
Meetings and events	-	2,960	-	2,960	5,144
Facilities and maintenance	-	1,409	-	1,409	1,409
Meals	-	485	-	485	494
Dues and subscriptions	-	481	-	481	415
Depreciation	-	273	-	273	272
Bad debt expense	-	-	1,000	1,000	-
Other	-	5,815	-	5,815	4,920
Total expenses	<u>\$ 206,316</u>	<u>\$ 80,821</u>	<u>\$ 5,655</u>	<u>\$ 292,792</u>	<u>\$ 467,617</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 financial statements for the year ended June 30, 2019, 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**

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB issued this ASU to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and determining whether a contribution is conditional. The Foundation adopted ASU 2018-08 effective July 1, 2019. The provisions of this standard resulted in no significant changes in the way the Foundation recognizes contributions.

### **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 \$465,933 is held by the Foundation for agency accounts for schools and programs within the System (\$45,298, See Note 4) and temporarily restricted net assets (\$406,529, 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 \$107,217 as in-kind contributions during 2020, 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 2016 through 2019.

**Subsequent events**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through January 14, 2020, which was the date the financial statements were available to be issued.

**NOTE 2 - RECEIVABLES**

As of June 30, 2020, the Foundation has no outstanding promises to give.

**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 \$2,014. The net book value of property and equipment at June 30, 2020, was \$1,546. Depreciation expense was \$273 for 2020.

**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 \$45,298 as of June 30, 2020. Activity during 2020 was as follows:

	<u>2019</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>2020</u>
Agency funds	\$ 51,038	\$ 3,646	\$ (9,386)	\$ 45,298

**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, 2020, net assets with donor restrictions consisted of the following:

	<u>2019</u>	<u>Contributions</u>	<u>Expenses</u>	<u>2020</u>
STEM Programs	\$ 220,131	\$ 33,943	\$ (54,909)	199,165
Flood relief & grants	156,285		(52,586)	103,699
Covid 19 relief	-	41,701	(3,980)	37,721
Bringing Baseball to BR	37,927		(6,453)	31,474
Dual Enrollment	34,011	-	-	34,011
Other	459	180	(180)	459
Total	<u>\$ 448,813</u>	<u>\$ 75,824</u>	<u>\$ (118,108)</u>	<u>\$ 406,529</u>

**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 2020 is made up of the following:

Unrealized gains	\$	7,722
Interest and dividends		14,284
Realized gains		<u>4,159</u>
Total investment income	\$	<u>26,165</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 2020, \$107,217 was recorded to reflect the personnel (\$92,423) and facility use and maintenance (\$14,794) 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 consist of cash and cash equivalents of \$188,283.

As referenced above, the Foundation also has restricted cash and cash equivalents of \$465,933 to satisfy agency funds payable and fund various programmatic expenses.

**NOTE 10 - SUBSEQUENT EVENTS**

The effects of the COVID-19 pandemic continue to have a negative impact on both the local and global economy. While the Foundation is not immune to the effects of the pandemic, the ultimate impact is not determinable at this time.

**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, 2020

Agency Head: Kathleen Sarsfield, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 68,779
Benefits - retirement & insurance	<u>23,644</u>
Total	<u>\$ 92,423</u>