

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

Baton Rouge, Louisiana

**FINANCIAL REPORT**

June 30, 2018

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

Baton Rouge, Louisiana

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June 30, 2018

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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, 2018, and the related statements of activities and cash flows 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, 2018, 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.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses on page 10 and the Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 11 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.

*Daigrepoint & Brian APAC*

Daigrepoint & Brian, APAC  
Baton Rouge, Louisiana

December 10, 2018

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

Baton Rouge, Louisiana

**STATEMENT OF FINANCIAL POSITION**

June 30, 2018

**ASSETS**

	<u>Amount</u>
<b>CURRENT</b>	
Cash	\$ 174,348
Restricted cash	505,655
Unconditional promises to give, net	<u>4,500</u>
Total current assets	684,503
<b>FURNITURE AND EQUIPMENT, net</b>	<u>2,091</u>
Total assets	<u><u>\$ 686,594</u></u>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>	
Accounts payable	\$ 2,827
Agency funds payable	<u>38,761</u>
Total liabilities	<u>41,588</u>
<b>NET ASSETS</b>	
Unrestricted	178,112
Temporarily restricted	<u>466,894</u>
Total net assets	<u>645,006</u>
Total liabilities and net assets	<u><u>\$ 686,594</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, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Contributions	\$ 62,805	\$ 81,192	\$ 143,997
Grants	-	268,250	268,250
In-kind	181,831	-	181,831
Interest and other	<u>18,349</u>	<u>1,779</u>	<u>20,128</u>
Total revenue and support	262,985	351,221	614,206
Net assets released from restrictions	<u>339,473</u>	<u>(339,473)</u>	<u>-</u>
Total revenue and support and net assets released from restrictions	<u>602,458</u>	<u>11,748</u>	<u>614,206</u>
<b>EXPENSES</b>			
Program services	488,682	-	488,682
Management and general	93,254	-	93,254
Fundraising	<u>28,237</u>	<u>-</u>	<u>28,237</u>
Total expenses	<u>610,173</u>	<u>-</u>	<u>610,173</u>
Change in net assets	(7,715)	11,748	4,033
<b>NET ASSETS</b>			
Beginning of year	<u>185,827</u>	<u>455,146</u>	<u>640,973</u>
End of year	<u>\$ 178,112</u>	<u>\$ 466,894</u>	<u>\$ 645,006</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, 2018

	<b>Amount</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 4,033
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	274
Change in operating assets and liabilities:	
Increase in unconditional promises to give	(4,500)
Increase in agency funds payable	2,867
Decrease in accounts payable	(960)
Net change in cash	1,714
<b>CASH</b>	
Beginning of year	678,289
End of year	\$ 680,003
<b>CASH</b>	
Cash	\$ 174,348
Restricted cash	505,655
Total cash	\$ 680,003

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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no permanently restricted net assets at June 30, 2018.

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

**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.

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 \$505,655 is held by the Foundation for agency accounts for schools and programs within the System (\$38,761, See Note 4) and temporarily restricted net assets (\$466,894, 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 unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restriction. Restricted contributions are increases in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restrictions.

**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 \$181,831 as in-kind contributions during 2018, related to administrative support and facility use. (See Note 7).

**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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent events**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through December 10, 2018, which was the date the financial statements were available to be issued.

**NOTE 2 - RECEIVABLES**

As of June 30, 2018, the Foundation has outstanding promises to give and grants receivable of \$12,000 and \$20,000, respectively, and all amounts are due within the next fiscal year. However, management believes collection is uncertain for all receivables recorded prior to 2018 and has recorded an allowance for \$27,500. The total amount expected to be collected is \$4,500.

**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 \$1,469. The net book value of property and equipment at June 30, 2018, was \$2,091. Depreciation expense was \$274 for 2018.

**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 \$38,761 as of June 30, 2018. Activity during 2018 was as follows:

	<u>2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>2018</u>
Agency funds	<u>\$ 35,894</u>	<u>\$ 3,978</u>	<u>\$ (1,111)</u>	<u>\$ 38,761</u>

(Continued)

**NOTE 5 - RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of amounts restricted for the support of various programs within System. As of June 30, 2018, temporarily restricted net assets consisted of the following:

	2017	Contributions	Expenses	2018
STEM Programs	\$ 217,849	\$ 159,892	\$ (139,904)	\$ 237,837
Flood relief & grants	198,428	187,029	(194,394)	191,063
Dual Enrollment	35,758	-	(170)	35,588
Other	3,111	4,300	(5,005)	2,406
Total	\$ 455,146	\$ 351,221	\$ (339,473)	\$ 466,894

**NOTE 6 - CONCENTRATIONS OF CREDIT RISK**

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

**NOTE 7 - 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 2018, \$181,831 was recorded to reflect the personnel (\$167,067) and facility use and maintenance (\$14,764) provided by the System.

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

Baton Rouge, Louisiana

**SCHEDULE OF FUNCTIONAL EXPENSES**

For the year ended June 30, 2018

<b>EXPENSES</b>	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Personnel	\$ 132,930	\$ 34,237	\$ -	\$ 167,167
School support	134,195	-	-	134,195
Contract services	73,295	-	-	73,295
Technology and website	58,726	5,038	3,978	67,742
Program supplies	65,741	-	-	65,741
Marketing and advertising	7,630	1,757	-	9,387
Meetings and events	154	-	22,142	22,296
Professional services	-	27,165	-	27,165
Office expenses	187	18,987	2,117	21,291
Meals	11,122	955	-	12,077
Conferences and travel	2,282	354	-	2,636
Facilities and maintenance	-	1,776	-	1,776
Dues and subscriptions	-	915	-	915
Depreciation	-	274	-	274
Other	2,420	1,796	-	4,216
<b>Total expenses</b>	<b>\$ 488,682</b>	<b>\$ 93,254</b>	<b>\$ 28,237</b>	<b>\$ 610,173</b>

**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, 2018

**Agency Head: Keila Stovall, Executive Director**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 84,674
Benefits - retirement & insurance	<u>25,096</u>
Total	<u>\$ 109,770</u>