

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

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2021**

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INDEPENDENT AUDITORS REPORT

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

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, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

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 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.

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, 2021 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.

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, 2020 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated February 12, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Daigrepoint & Brian APAC".

Daigrepoint & Brian, APAC
Baton Rouge, LA

November 30, 2021

Foundation for East Baton Rouge School System, Inc.
Statements of Financial Position
June 30, 2021 (with comparative amounts for 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash	\$ 50,185	\$ 100,195
Investments	613,533	554,021
Other current assets	592	-
Total current assets	<u>664,310</u>	<u>654,216</u>
Furniture and equipment, net	<u>1,273</u>	<u>1,546</u>
Total Assets	<u><u>\$ 665,583</u></u>	<u><u>\$ 655,762</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 887	\$ 16,267
Agency fund payable	40,706	45,298
Total current liabilities	<u>41,593</u>	<u>61,565</u>
Total Liabilities	<u>41,593</u>	<u>61,565</u>
Net Assets		
Without donor restriction	415,641	187,668
With donor restriction	208,349	406,529
Total net assets	<u>623,990</u>	<u>594,197</u>
Total Liabilities and Net Assets	<u><u>665,583</u></u>	<u><u>655,762</u></u>

Foundation for East Baton Rouge School System, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2021 (with summarized comparative amounts for 2020)

	Without Donor Restrictions 2021	With Donor Restrictions 2021	Total 2021	Total 2020
REVENUES				
Contributions	\$ 21,637	\$ 90,840	\$ 112,477	\$ 96,796
In-kind	107,217	-	107,217	107,217
Investment income	112,681	-	112,681	26,165
Other	5,622	-	5,622	5,043
Net assets released from restrictions	289,020	(289,020)	-	-
Total revenues	536,177	(198,180)	337,997	235,221
OPERATING EXPENSES				
Program expenses	233,393	-	233,393	206,316
Management and general	69,657	-	69,657	80,824
Fundraising expenses	5,154	-	5,154	5,655
Total expenses	308,204	-	308,204	292,795
Change in net assets	227,973	(198,180)	29,793	(57,574)
Net assets at beginning of year	187,668	406,529	594,197	651,771
Net assets at end of year	<u>\$ 415,641</u>	<u>\$ 208,349</u>	<u>\$ 623,990</u>	<u>\$ 594,197</u>

Foundation for East Baton Rouge School System, Inc.
Statement of Functional Expense
For the Year Ended June 30, 2021 (with summarized comparative amounts for 2020)

	Program Expenses	Management & General	Fundraising	Total	Total 2020
Accounting & auditing	\$ -	\$ 11,550	\$ -	\$ 11,550	\$ 26,065
Conferences & travel	-	1,207	-	1,207	2,960
Contract labor	17,808	20,081	-	37,889	32,638
Depreciation	-	273	-	273	273
Facilities & maintenance	-	2,976	-	2,976	2,951
Other	-	6,599	-	6,599	11,546
Personnel	87,802	4,621	-	92,423	92,423
School support	125,668	-	-	125,668	82,236
Supplies	-	17,563	924	18,487	31,655
Technology & website	2,115	4,787	4,230	11,132	10,048
Total	<u>\$ 233,393</u>	<u>\$ 69,657</u>	<u>\$ 5,154</u>	<u>\$ 308,204</u>	<u>\$ 292,795</u>

Foundation for East Baton Rouge School System, Inc.
Statements of Cash Flows
June 30, 2021 (with comparative amounts for 2020)

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 29,793	\$ (57,574)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	273	273
Bad debt expense	-	1,000
Unrealized gains	(73,317)	(7,722)
Increase in other assets	(592)	-
(Decrease) increase in accounts payable	(15,380)	14,373
Decrease in agency fund payable	<u>(4,592)</u>	<u>(5,740)</u>
Net cash used in operating activities	(63,815)	(55,390)
Cash Flows from Investing Activities		
Increase in investments	<u>13,805</u>	<u>68,267</u>
Net cash provided by investment activities	<u>13,805</u>	<u>68,267</u>
Net change in cash	(50,010)	12,877
Cash at beginning of year	<u>100,195</u>	<u>87,318</u>
Cash at end of year	<u><u>\$ 50,185</u></u>	<u><u>\$ 100,195</u></u>

Foundation for East Baton Rouge School System, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2021

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, 2020, 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.

Unconditional Promises to Give 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.

Foundation for East Baton Rouge School System, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2021

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 2021, related to administrative support and facility use. (See Note 9).

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 2017 through 2020.

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

In May 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updates, (ASU) No. 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement. The ASU added new disclosure requirements related to Level 3 fair value measurements, eliminated disclosure requirements related to transfers between Level 1 and Level 2 fair value measurements, eliminated disclosure requirements for changes in unrealized gains and losses included in earnings for recurring Level 3 fair value measurements, and modified certain other disclosure requirements, among other requirements. The Foundation adopted the new standard effective July 1, 2020.

Note 2 - Receivables

As of June 30, 2021, the Foundation has no outstanding promises to give.

Foundation for East Baton Rouge School System, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2021

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 \$2,287. The net book value of property and equipment at June 30, 2021, was \$1,273.

Note 4 - 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, 2021 is as follows:

	Opening Balance	Receipts	Disbursements	Ending Balance
Agency Fund	\$ 45,298	\$ 107,892	\$ (112,484)	\$ 40,706

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, 2021, net assets with donor restrictions consisted of the following:

	Opening Balance	Receipts	Disbursements	Ending Balance
Bringing Baseball to BR	\$ 31,474	\$ -	\$ (31,474)	\$ -
COVID-19 Connectivity	37,342	-	(25,195)	12,147
Development Initiatives	-	35,000	-	35,000
Dual Enrollment	34,011	-	-	34,011
Flood Relief & Grants	103,989	-	(1,414)	102,575
Liberty High Renaming	-	55,840	(55,840)	-
STEM Programs	170,249	-	(167,186)	3,063
Teacher Grants	28,916	-	(7,363)	21,553
Other	548	-	(548)	-
	<u>\$ 406,529</u>	<u>\$ 90,840</u>	<u>\$ (289,020)</u>	<u>\$ 208,349</u>

Note 6 - Investments

Cost and fair value of investments at June 30, 2021 are as follows:

	Cost	Unrealized Gain/(Loss)	Fair Value
Equity Securities	\$ 230,813	\$ 68,090	\$ 298,903
Mutual Funds	293,221	21,409	314,630
	<u>\$ 524,034</u>	<u>\$ 89,499</u>	<u>\$ 613,533</u>

Investment income for the year ended June 30, 2021 consists of the following;

Interest and Dividends	\$ 13,485
Realized Gains	25,879
Unrealized Gains	73,317
	<u>\$ 112,681</u>

Foundation for East Baton Rouge School System, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2021

Note 7 - Fair Value Measurements

Fair values of assets measured on a recurring basis at June 30, 2021 are as follows:

	Fair Value	Quoted Prices in Active Markets For Identical Assets (Level 1)
Equity Securities	\$ 298,903	\$ 298,903
Mutual Funds	314,630	314,630
	<u>\$ 613,533</u>	<u>\$ 613,533</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 8 - 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 9 - 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 the year, \$107,217 was recorded to reflect the personnel (\$92,423) and facility use and maintenance (\$14,794) provided by the System.

Note 10 - 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	\$ 50,185
Investments	613,533
Agency Fund Payable	<u>(40,706)</u>
	<u>\$ 623,012</u>

Foundation for East Baton Rouge School System, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2021

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.

Note 11 - Risks and Uncertainties

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. The organization has experienced a substantial dip in revenue and has had to cancel and/or postpone many events. Given the daily evolution of the COVID-19 outbreak and the responses to curb its spread, The organization is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

Note 12 - Account Restatement

An error resulting in the misstatement of financial statement categories as presented below in the June 30, 2020 financial statements were identified during the current year. The error was related to the classification of investments as cash and restricted cash. This error did not have any effect on the Foundation's net assets.

	As Previously Stated	As Restated
Cash	\$ 188,283	\$ 100,195
Restricted Cash	465,933	-
Investments	-	554,021

Foundation for East Baton Rouge School System, Inc.
Schedule of Compensation, Benefits, and Other Payments to Agency Head
June 30, 2021

Agency Head:

Kathleen Sarsfield, Executive Director

Salary	\$ 68,779
Employee Benefits	<u>23,644</u>
	<u>\$ 92,423</u>