

FOUNDATION FOR EAST BATON ROUGE SCHOOL SYSTEM, INC.

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2023**

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Foundation for East Baton Rouge School System, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023, 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.

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 Foundation for East Baton Rouge School System, Inc. 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 Foundation for East Baton Rouge School System, Inc.'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 Foundation for East Baton Rouge School System, Inc.'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 Foundation for East Baton Rouge School System, Inc.'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.

Report on Summarized Comparative Information

We have previously audited Foundation for East Baton Rouge School System, Inc.'s June 30, 2022 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated November 1, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary Schedule of Compensation, Benefits, and Other Payments to Agency Head 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
Baton Rouge, LA

December 1, 2023

Foundation for East Baton Rouge School System, Inc.
Statements of Financial Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash	\$ 105,439	\$ 32,409
Investments	523,135	516,457
Other current assets	288	250
Total current assets	<u>628,862</u>	<u>549,116</u>
Furniture and equipment, net	<u>-</u>	<u>894</u>
Total Assets	<u><u>\$ 628,862</u></u>	<u><u>\$ 550,010</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 3,775	\$ 8,724
Agency fund payable	43,383	37,927
Total current liabilities	<u>47,158</u>	<u>46,651</u>
Total Liabilities	47,158	46,651
Net Assets		
Without donor restriction	272,236	299,080
With donor restriction	309,468	204,279
Total net assets	<u>581,704</u>	<u>503,359</u>
Total Liabilities and Net Assets	<u><u>\$ 628,862</u></u>	<u><u>\$ 550,010</u></u>

Foundation for East Baton Rouge School System, Inc.
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2023 (with summarized comparative amounts for 2022)

	Without Donor Restrictions 2023	With Donor Restrictions 2023	Total 2023	Total 2022
REVENUES				
Contributions	\$ 19,984	\$ 187,880	\$ 207,864	\$ 348,993
In-kind contributions	118,777	-	118,777	135,481
Investment income	40,497	-	40,497	(80,686)
Other	10,090	-	10,090	7,062
Net assets released from restrictions	82,691	(82,691)	-	-
Total revenues	272,039	105,189	377,228	410,850
OPERATING EXPENSES				
Program expenses	222,742	-	222,742	432,764
Management and general	72,933	-	72,933	92,668
Fundraising expenses	3,208	-	3,208	6,049
Total expenses	298,883	-	298,883	531,481
Change in net assets	(26,844)	105,189	78,345	(120,631)
Net assets at beginning of year	299,080	204,279	503,359	623,990
Net assets at end of year	<u>\$ 272,236</u>	<u>\$ 309,468</u>	<u>\$ 581,704</u>	<u>\$ 503,359</u>

Foundation for East Baton Rouge School System, Inc.
Statements of Functional Expense
For the Year Ended June 30, 2023 (with summarized comparative amounts for 2022)

	<u>Program Expenses</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total 2022</u>
Accounting & auditing	\$ -	\$ 9,700	\$ -	\$ 9,700	\$ 9,200
Conferences & travel	-	3,346	-	3,346	3,682
Contract labor	14,795	14,795	-	29,590	58,862
Depreciation	-	894	-	894	379
Facilities & maintenance	-	1,490	-	1,490	11,823
Other	-	14,460	-	14,460	6,209
Personnel	109,038	5,739	-	114,777	114,777
Professional services	-	16,400	-	16,400	-
School support	97,386	-	-	97,386	293,529
Supplies	-	3,062	161	3,223	19,694
Technology & website	1,523	3,047	3,047	7,617	13,326
Total	<u>\$ 222,742</u>	<u>\$ 72,933</u>	<u>\$ 3,208</u>	<u>\$ 298,883</u>	<u>\$ 531,481</u>

Foundation for East Baton Rouge School System, Inc.
Statements of Cash Flows
June 30, 2022 and 2023

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 78,345	\$ (120,631)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	894	379
Unrealized (gains)/losses	(2,024)	105,412
(Increase)/Decrease		
Other assets	(38)	342
Increase/(Decrease)		
Accounts payable	(4,949)	7,837
Agency fund payable	5,456	(2,779)
Net cash provided by (used in) operating activities	<u>77,684</u>	<u>(9,440)</u>
Cash Flows from Investing Activities		
Decrease in investments	<u>(4,654)</u>	<u>(8,336)</u>
Net cash used in investment activities	<u>(4,654)</u>	<u>(8,336)</u>
Net change in cash	73,030	(17,776)
Cash at beginning of year	<u>32,409</u>	<u>50,185</u>
Cash at end of year	<u><u>\$ 105,439</u></u>	<u><u>\$ 32,409</u></u>

Foundation for East Baton Rouge School System, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2023

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, 2022, 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, 2023

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 2019 through 2022.

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.

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 \$3,560. The net book value of property and equipment at June 30, 2023, was \$0.

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, 2023 is as follows:

	Opening Balance	Receipts	Disbursements	Ending Balance
Agency Fund	<u>\$ 37,927</u>	<u>\$ 17,679</u>	<u>\$ (12,223)</u>	<u>\$ 43,383</u>

Foundation for East Baton Rouge School System, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2023

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, 2023, net assets with donor restrictions consisted of the following:

	Opening Balance	Receipts	Disbursements	Ending Balance
COVID-19 Connectivity	\$ 10,426	-	-	\$ 10,426
Development Initiatives	2,957	-	-	2,957
Dual Enrollment	34,011	-	-	34,011
EBR School Board	-	57,000	(12,672)	44,328
STEM Programs	2,248	10,450	(10,150)	2,548
Flood Relief & Grants	102,575	-	-	102,575
Other School Programs	30,509	119,967	(59,847)	90,629
Teacher Grants	21,553	463	(22)	21,994
	<u>\$ 204,279</u>	<u>\$ 187,880</u>	<u>\$ (82,691)</u>	<u>\$ 309,468</u>

Note 5 - Investments

Cost and fair value of investments at June 30, 2023 are as follows:

	Cost	Unrealized Gain/(Loss)	Fair Value
Mutual Funds	\$ 537,205	\$ (14,070)	\$ 523,135
	<u>\$ 537,205</u>	<u>\$ (14,070)</u>	<u>\$ 523,135</u>

Investment income for the year ended June 30, 2023 consists of the following:

Interest and Dividends	\$ 13,754
Realized Gains	24,719
Unrealized Gains	2,024
	<u>\$ 40,497</u>

Note 6 - Fair Value Measurements

Fair values of assets measured on a recurring basis at June 30, 2023 are as follows:

	Fair Value	Quoted Prices in Active Markets For Identical Assets (Level 1)
Mutual Funds	\$ 523,135	\$ 523,135
	<u>\$ 523,135</u>	<u>\$ 523,135</u>

Foundation for East Baton Rouge School System, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 6 - Fair Value Measurements (Continued)

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

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

Donors that represent 10% or more of contributions are as follow:

Donor 1	26%
Donor 2	10%

Note 8 - In-kind Contributions

The System provides personnel and other administrative services to the Foundation, which is recorded as in-kind support on the Statement of Activities. During the year, \$114,777 was recorded to reflect the personnel and other administrative services provided by the System. Other in-kind support in the amount of \$4,000 was recorded for consulting services.

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	\$ 105,439
Investments	523,135
Agency Fund Payable	(43,383)
	<u>\$ 585,191</u>

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, 2023

Agency Head:

Kathleen Sarsfield, Executive Director

No compensation paid from the Foundation's public funds.