

Richmond Public Schools Education Foundation, Inc.

Financial Statements

June 30, 2020 and 2019



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RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Trustees
Richmond Public Schools Education Foundation, Inc.
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Richmond Public Schools Education Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits 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 Richmond Public Schools Education Foundation, Inc. as of June 30, 2020 and 2019, 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.

A handwritten signature in black ink, appearing to read "Keita", with a stylized flourish at the end.

January 26, 2021
Glen Allen, Virginia

RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

Statements of Financial Position
June 30, 2020 and 2019

	<u>Assets</u>	
	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 821,505	\$ 1,083,382
Grants receivable	<u>174,118</u>	<u>380,000</u>
Total assets	<u>\$ 995,623</u>	<u>\$ 1,463,382</u>
	<u>Liabilities and Net Assets</u>	
Current liabilities:		
Paycheck Protection Program loan, current portion	\$ 41,121	-
Accounts payable	<u>57,501</u>	<u>30,238</u>
Total current liabilities	98,622	30,238
Long-term liabilities:		
Paycheck Protection Program loan, less current portion	<u>63,265</u>	<u>-</u>
Total liabilities	<u>161,887</u>	<u>30,238</u>
Net assets:		
Without donor restrictions	60,182	40,514
With donor restrictions	<u>773,554</u>	<u>1,392,630</u>
Total net assets	<u>833,736</u>	<u>1,433,144</u>
Total liabilities and net assets	<u>\$ 995,623</u>	<u>\$ 1,463,382</u>

See accompanying notes to financial statements.

RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Contributions	\$ 202,276	\$ 1,023,326	\$ 1,225,602
Program revenue	-	47,449	47,449
In-kind contributions	226,624	-	226,624
Total revenues and support	428,900	1,070,775	1,499,675
Net assets released from restrictions	1,689,851	(1,689,851)	-
Expenses:			
Program services	1,928,305	-	1,928,305
General and administrative	102,881	-	102,881
Fundraising	67,897	-	67,897
Total expenses	2,099,083	-	2,099,083
Change in net assets	19,668	(619,076)	(599,408)
Net assets, beginning of year	40,514	1,392,630	1,433,144
Net assets, end of year	\$ 60,182	\$ 773,554	\$ 833,736

See accompanying notes to financial statements.

RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

Statement of Activities
Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and support:			
Contributions	\$ 137,766	\$ 464,258	\$ 602,024
Program revenue	-	683,755	683,755
In-kind contributions	<u>191,462</u>	<u>-</u>	<u>191,462</u>
 Total revenues and support	 <u>329,228</u>	 <u>1,148,013</u>	 <u>1,477,241</u>
 Net assets released from restrictions	 <u>950,748</u>	 <u>(950,748)</u>	 <u>-</u>
Expenses:			
Program services	1,032,721	-	1,032,721
General and administrative	235,038	-	235,038
Fundraising	<u>40,396</u>	<u>-</u>	<u>40,396</u>
 Total expenses	 <u>1,308,155</u>	 <u>-</u>	 <u>1,308,155</u>
 Change in net assets	 (28,179)	 197,265	 169,086
 Net assets, beginning of year	 <u>68,693</u>	 <u>1,195,365</u>	 <u>1,264,058</u>
 Net assets, end of year	 <u>\$ 40,514</u>	 <u>\$ 1,392,630</u>	 <u>\$ 1,433,144</u>

See accompanying notes to financial statements.

RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services						Supporting Services			
	Tech-Connect	RVA Future Centers	Scholarships for Graduating Seniors	COVID-19	Programs-Other	Direct School Support	Total	General and Administrative	Fundraising	Total
Athletics	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,010	\$ 2,010	\$ -	\$ -	\$ 2,010
College tours	-	11,799	-	-	-	-	11,799	-	-	11,799
Educational programming, supplies and equipment	67,244	-	-	736,132	75,000	320,596	1,198,972	-	-	1,198,972
Employee benefits	-	24,660	-	-	5,891	-	30,551	2,946	2,946	36,443
Fees	-	-	-	-	234	-	234	1,319	117	1,670
Fund management transfer	-	19,308	-	-	-	-	19,308	-	-	19,308
Insurance	-	-	-	-	-	-	-	2,595	-	2,595
In-kind expense	2,672	101,671	2,672	-	-	111,595	218,610	4,007	4,007	226,624
Meetings	-	1,000	-	-	-	-	1,000	221	-	1,221
Mileage	-	721	-	-	-	-	721	30	-	751
Office expense	-	11,783	-	-	-	-	11,783	1,194	-	12,977
Professional development and training	-	1,424	-	-	-	-	1,424	-	-	1,424
Professional services	-	560	-	-	13,854	-	14,414	45,695	6,927	67,036
Salaries, benefits, and payroll taxes	9,167	314,556	9,167	9,167	39,934	9,167	391,158	42,884	42,884	476,926
Scholarships and awards	-	1,066	16,704	-	-	-	17,770	-	-	17,770
School beautification projects	-	-	-	-	-	2,005	2,005	-	-	2,005
Special events	-	-	-	-	-	-	-	579	7,518	8,097
Technology	-	4,253	-	-	-	2,293	6,546	1,411	3,498	11,455
	<u>\$ 79,083</u>	<u>\$ 492,801</u>	<u>\$ 28,543</u>	<u>\$ 745,299</u>	<u>\$ 134,913</u>	<u>\$ 447,666</u>	<u>\$ 1,928,305</u>	<u>\$ 102,881</u>	<u>\$ 67,897</u>	<u>\$ 2,099,083</u>

See accompanying notes to financial statements.

RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services				Supporting Services			
	Tech- Connect	RVA Future Centers	Scholarships for Graduating Seniors	Direct School Support	Total	General and Administrative	Fundraising	Total
Athletics	\$ -	\$ -	\$ -	\$ 3,135	\$ 3,135	\$ -	\$ -	\$ 3,135
College tours	-	22,815	-	-	22,815	-	-	22,815
School beautification projects	-	-	-	6,114	6,114	-	-	6,114
Educational programming, supplies and equipment	75,564	13,050	-	363,477	452,091	-	-	452,091
Fees	-	-	-	-	-	1,356	-	1,356
Fund management transfer	-	500	-	-	500	-	-	500
Insurance	-	-	-	-	-	2,595	-	2,595
In-kind expense	-	170,933	-	-	170,933	20,529	-	191,462
Meetings	-	1,168	-	-	1,168	1,352	-	2,520
Office expense	-	16,003	-	-	16,003	924	-	16,927
Other	-	466	-	-	466	58	16	540
Professional development and training	-	7,618	-	2,850	10,468	7,463	-	17,931
Professional services	-	400	-	-	400	53,074	-	53,474
Salaries, benefits, and payroll taxes	-	331,977	-	-	331,977	146,738	36,684	515,399
Scholarships and awards	-	1,761	14,602	-	16,363	-	-	16,363
Technology	-	288	-	-	288	949	3,696	4,933
	<u>\$ 75,564</u>	<u>\$ 566,979</u>	<u>\$ 14,602</u>	<u>\$ 375,576</u>	<u>\$ 1,032,721</u>	<u>\$ 235,038</u>	<u>\$ 40,396</u>	<u>\$ 1,308,155</u>

See accompanying notes to financial statements.

RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (599,408)	\$ 169,086
Adjustments to reconcile change in net assets to net cash from operating activities:		
Grant receivable	205,882	(60,000)
Accounts payable	<u>27,263</u>	<u>21,112</u>
Net cash (used in) provided by operating activities	<u>(366,263)</u>	<u>130,198</u>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	<u>104,386</u>	<u>-</u>
Net change in cash and cash equivalents	(261,877)	130,198
Cash and cash equivalents, beginning of year	<u>1,083,382</u>	<u>953,184</u>
Cash and cash equivalents, end of year	<u>\$ 821,505</u>	<u>\$ 1,083,382</u>

See accompanying notes to financial statements.

RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Description of Organization: Richmond Public Schools Education Foundation, Inc. (the "Foundation") was established in 2001 as a 501(c)(3) tax exempt organization that partners with Richmond Public Schools and the School Board to solicit public and private funding for the purpose of enhancing the educational experience for all Richmond Public Schools ("RPS") students. Effective August 12, 2010, the Foundation became a 509(a)(1) public charity. The funds are used to support specific programs to include academic enrichment, professional development for teachers, student scholarships, and college and career achievement for high school students. The Foundation is focused on ensuring that all students have the opportunity for success in school and life.

In addition to granting funds to Richmond Public Schools, the Foundation has three major programs; TechConnect, RVA Future Centers, and Scholarships for Graduating Seniors. TechConnect hosts three ten-week after school sessions working with students in several areas of technology to prepare students to engage in a digital society. Each participant who completes the program receives a free laptop for home use. RVA Future Centers connect students with staff that assist with planning for after high school including exploring opportunities for college and careers. RVA Future Centers provide assistance for students in completing complex forms related to scholarships, financial aid, applications, resumes and more. Future Center staff also coordinate visits from college recruiters to the high schools, take students to visit college campuses, and create pipelines for students to directly enter the workforce after high school. Scholarships for Graduating Seniors partners with corporations and individuals to establish scholarships that are awarded to graduating seniors and offers students the opportunity to apply for multiple scholarships through one application.

As part of its ongoing strategic effort to ensure that the Foundation's activities are best aligned with the RPS Strategic Plan, the Foundation made a decision to no longer operate programs of its own. During the 2019-2020 fiscal year, the Foundation worked with RPS to transfer all of the RVA Future operations and staff to RPS, along with remaining cash balances restricted to the program. This process was officially completed on August 21st, 2020 with all five of the RVA Future staff becoming RPS employees to continue the program as part of the District.

The TechConnect program has also been in the process of winding down. Unlike RVA Future, this program will spend down its cash balances and no longer operate. It is expected that this will complete at the end of January 2021.

During March 2020, a novel strain of coronavirus (COVID-19) outbreak was declared a pandemic by the World Health Organization. The situation is evolving with various cities and countries around the world responding in different ways to address the outbreak. There are direct and indirect economic effects developing for various industries and individual companies throughout the world.

RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Description of Organization, Continued: In response to the COVID-19 outbreak, RPS chose to close all schools on March 15th and transition to a virtual learning environment. The school system will continue in virtual learning until at least the end of the 2020-2021 school year. Virtual learning was an especially significant challenge for the students and families of RPS, many of whom did not have computers or internet access at home needed for students to engage in online classes. In addition, the social services support provided by RPS were impacted and student's access to resources such as food were reduced. The Foundation responded to these needs by fundraising over \$775,000 for the purchase of Chromebooks and internet hotspots. In addition, the Foundation raised \$25,000 to provide food to students and families most impacted by the shutdown of in-person learning.

Management will continue to monitor the impact COVID-19 has on the students of Richmond Public Schools and on the Foundation's operations and reflect the effects as appropriate in the Foundation's accounting and financial reporting.

Basis of Accounting: The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Adoption of New Accounting Principles: In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-08: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made ("Topic 958"), which is intended to provide specific criteria to determine whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. The ASU provides a framework for determining whether a contribution is conditional or unconditional. Prior to the ASU, FASB's new revenue recognition standard eliminated exchange guidance and added additional disclosure requirements that are not relevant to these types of transactions. Specific to contributions or grants received by the Foundation, the amendments in this ASU are effective for fiscal years beginning after December 15, 2018 with early adoption permitted. The Foundation adopted this guidance for the year ended June 30, 2020 with retrospective presentation in the financial statements. The adoption of Topic 958 did not have a material impact on the Foundation's financial statements as there were no adjustments recorded to previously recorded amounts.

Use of Estimates: The presentation 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Classification of Net Assets: The financial statements are presented in accordance with the FASB guidance, which establishes standards for financial statements issued by nonprofit organizations. It required that net assets and related revenue and expenses be classified in two classes of net assets – net assets without donor restrictions and net assets with donor restrictions based upon the existence or absence of donor-imposed restrictions. A definition and description of each net asset class follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions include the revenues and expenses of the primary operations of the Foundation. If the Board specifies a purpose where none has been stated by the original donor, such assets are classified as Board-designated within net assets without donor restriction. There were no Board-designated assets for 2020 or 2019.

Net Assets With Donor Restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. Some net assets with donor restrictions include donor-imposed stipulations for specific operating purposes. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, whereby the donor stipulates that they may be maintained permanently by the Foundation to use all or part of the income earned on any related investments for general or specific purposes, in accordance with the conditions of each specific donation.

Cash and Cash Equivalents: The Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Grants Receivable: Unconditional promises to give are recognized as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of future cash flows. Amortization of the discount is included in contribution revenue. The allowance is based on prior years' experience and management's analysis of specific grants. There was no allowance for doubtful grants as of June 30, 2020 and 2019. The grants receivable balance for the City of Richmond was is collected in full during July 2021 and remaining grants receivable balances are expected to be collected during the next fiscal year.

RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Concentration of Credit Risk: Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and grants receivable. The Foundation maintains its cash balances in financial institutions with balances that periodically exceed the federally insured limits. For the year ended June 30, 2020, one donor accounted for 92% of grants receivable and three donors amounted to 66% of total revenues and support. For the year ended June 30, 2019, one donor accounted for 84% of grants receivable and two donors amounted to 59% of total revenues and support. The concentrations in grants receivable and total revenue relate to the City of Richmond grant for years ended June 30, 2020 and 2019.

Support and Revenue Recognition: The Foundation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Expenditures are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions.

Paycheck Protection Program Loan: The Foundation's policy is to account for the Paycheck Protection Program ("PPP loan") (see Note 5) as debt. The Foundation will continue to record the loan as debt until either (1) the loan is partially or entirely forgiven and the debtor has been legally released, at which point the amount forgiven would be recorded into income or (2) the Foundation pays off the loan.

Functional Allocation of Expenses: The costs of providing various program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Foundation are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated amongst various functional areas. Costs related to personnel are allocated amongst functions based upon the percent of time each employee spends performing each function as defined by their position. Occupancy costs have been allocated based on the percent of time each employee spends performing each function as defined by their position. All other non-grant costs have been allocated among program, general administration, and fundraising on the basis of the activity benefited based on management's estimates.

Income Taxes: The Foundation is a public charity organization exempt from federal income taxes under Section 501(c)(3) and 509(a)(1) of the Internal Revenue Code ("IRC").

RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Income Tax Uncertainties: The Foundation follows the FASB guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Foundation's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. Management evaluated the Foundation's tax position and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Foundation is not currently under audit by any tax jurisdiction.

Subsequent Events: Management has evaluated subsequent events through January 26, 2021, the date the financial statements were available to be issued, and has determined there are no subsequent events to be reported in the accompanying financial statements.

2. Net Assets With Donor Restrictions:

Net assets with donor restrictions were available for the following purposes at June 30:

<u>Purpose</u>	<u>2020</u>	<u>2019</u>
Fiscal Sponsorship	\$ 50,473	\$ 70,604
TechConnect	37,498	89,407
Partnered programs	205,618	310,136
RVA Future	228,174	584,637
Scholarships	76,138	87,308
Other programs	<u>175,653</u>	<u>250,538</u>
	<u>\$ 773,554</u>	<u>\$ 1,392,630</u>

RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

Notes to Financial Statements, Continued

2. Net Assets With Donor Restrictions, Continued:

Net assets with donor restrictions were released to expenses to satisfy the following restricted purposes:

<u>Purpose</u>	<u>2020</u>	<u>2019</u>
Fiscal Sponsorship	\$ 30,168	\$ 28,522
TechConnect	67,244	75,564
Partnered programs	1,118,944	425,442
RVA Future	381,791	405,420
Scholarships	16,704	15,800
Other programs	<u>75,000</u>	<u>-</u>
	<u>\$ 1,689,851</u>	<u>\$ 950,748</u>

3. Gifts In-Kind:

The Foundation receives in-kind goods and services from Richmond Public Schools and various organizations/corporations. Goods and services include office space, telephone service, mail service, books, furniture, supplies, information technology, and outreach through communications. Management has determined that the Foundation would have paid \$226,624 for 2020 and \$191,462 for 2019 for the stated goods and services.

4. Liquidity and Availability on Financial Assets:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date are comprised of the following:

	<u>2020</u>	<u>2019</u>
Cash	\$ 821,505	\$ 1,083,382
Grants receivable	<u>174,118</u>	<u>380,000</u>
	995,623	1,463,382
Net assets with donor restrictions	<u>773,554</u>	<u>1,392,630</u>
Financial assets available within one year for general expenditure	<u>\$ 222,069</u>	<u>\$ 70,752</u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

Notes to Financial Statements, Continued

5. Paycheck Protection Program Loan:

In response to the economic instability caused by COVID-19, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was passed by Congress and signed into law by the President on March 27, 2020. The Paycheck Protection Program was a component of the CARES Act and provided for a loan ("PPP Loan") to provide a direct incentive for employers to keep their employees on the payroll. A PPP Loan is eligible for full or partial forgiveness if the funds are used for qualifying costs including payroll, rent, mortgage interest, or utilities, as further defined in the CARES Act.

The Foundation applied for and was approved for a PPP Loan in the amount of \$104,386. The loan was funded on May 6, 2020. The loan accrues interest at 1.0%, but payments are not required to begin for 10 months after the funding of the PPP Loan. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The PPP Loan is uncollateralized and is fully guaranteed by the Federal government. The Foundation will apply for forgiveness of the full loan in fiscal year 2021 and should any portion of that amount not be forgiven, the Foundation will immediately repay the remaining balance of the loan. The Foundation does not intend to carry any part of the loan as long-term debt. Based on its facts and circumstances, the Foundation has elected to present the PPP Loan as a loan payable in the accompanying 2020 statements of financial position.

6. New Accounting Guidance:

Revenue Recognition: During 2014, the FASB issued a new standard for revenue recognition, ASU 2014-09, which has been incorporated into FASB guidance as ASC 606. The standard defines a process for evaluating revenue recognition including 1) identify the contract, 2) identify separate performance obligations, 3) determine the transaction price, 4) allocate the transaction price to the performance obligations, and 5) recognize revenue when (or as) the Organization satisfies a performance obligation. One of the key concepts in the standard is that revenue should be recognized when a customer has control over a good or service. The standard also requires an entity to enhance revenue recognition disclosures in the accounting policy note including both quantitative and qualitative information, significant judgments involved in the process, and the amount and timing of remaining performance obligations. The standard is effective for organizations with annual reporting periods beginning after December 15, 2018. Due to the COVID-19 pandemic, the FASB further issued ASU 2020-05 which defers the effective date of ASC 606 to reporting periods beginning after December 15, 2019 for certain entities that had not yet issued their financial statements as of June 3, 2020. The Foundation has elected to defer adoption of ASC 606 in accordance with ASU 2020-05 and is currently evaluating the reporting and economic implications of the new standard.

RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

Notes to Financial Statements, Continued

6. New Accounting Guidance, Continued:

Disclosures of Gifts in Kind: In September 2020, the FASB issued ASU 2020-07: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which aims to increase transparency of contributed nonfinancial assets, commonly known as gifts in kind, through enhancements to presentation and disclosures and is effective for years beginning after June 15, 2021, with early adoption permitted. With the new ASU, organizations receiving contributions of nonfinancial assets are now required to present such contributions as a separate line item on the statement of activities. Previously these were allowed to be included in the contributions line item. This ASU also adds additional disclosure requirements for these gifts. The previous disclosure requirements were less detailed and primarily related only to contributed services. The new, more detailed requirements are for contributions of all nonfinancial assets, including both goods and services. Under the new guidance, organizations must disclose in their financial statements:

- a.) A disaggregation of the total amount of contributed nonfinancial assets recognized within the statement of activities by category
- b.) For each such category disaggregated by Part (a):
 1. Qualitative information about whether the contributed nonfinancial assets were either “monetized” (sold or held for sale) or “utilized” (used) during the reporting period. If utilized, the organization is required to disclose a description of the programs or activities in which the contributed assets were used.
 2. The organization’s policy (if any) about monetizing rather than utilizing contributed nonfinancial assets.
 3. A description of any donor-imposed restrictions associated with the contributed nonfinancial assets.
 4. A description of the valuation techniques and inputs used to arrive at a fair value measurement, in accordance with Topic 820, Fair Value Measurement.
 5. The principal market used to arrive at a fair value measurement if it is a market in which the recipient organization is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial asset.

The Foundation is currently evaluating the implications of this new standard.