

Richmond Public Schools Education Foundation, Inc.

Financial Statements

June 30, 2021 and 2020



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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, 2021 and 2020, 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, 2021 and 2020, 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 long, sweeping horizontal stroke extending to the right.

December 14, 2021
Glen Allen, Virginia

RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

Statements of Financial Position
June 30, 2021 and 2020

	<u>Assets</u>	<u>2021</u>	<u>2020</u>
Current assets:			
Cash and cash equivalents		\$ 613,062	\$ 821,505
Grants receivable		<u>53,511</u>	<u>174,118</u>
Total assets		<u>\$ 666,573</u>	<u>\$ 995,623</u>
	<u>Liabilities and Net Assets</u>		
Current liabilities:			
Paycheck Protection Program loan, current portion		\$ -	\$ 41,121
Accounts payable		<u>2,349</u>	<u>57,501</u>
Total current liabilities		2,349	98,622
Long-term liabilities:			
Paycheck Protection Program loan, less current portion		<u>-</u>	<u>63,265</u>
Total liabilities		<u>2,349</u>	<u>161,887</u>
Net assets:			
Without donor restrictions		264,714	60,182
With donor restrictions		<u>399,510</u>	<u>773,554</u>
Total net assets		<u>664,224</u>	<u>833,736</u>
Total liabilities and net assets		<u>\$ 666,573</u>	<u>\$ 995,623</u>

See accompanying notes to financial statements.

RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

Statements of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Contributions	\$ 130,271	\$ 445,794	\$ 576,065
Program revenue	-	1,256	1,256
In-kind contributions	184,779	-	184,779
Forgiveness of Paycheck Protection Program loan	104,386	-	104,386
Total revenues and support	419,436	447,050	866,486
Net assets released from restrictions	821,094	(821,094)	-
Expenses:			
Program services	780,555	-	780,555
General and administrative	147,635	-	147,635
Fundraising	107,808	-	107,808
Total expenses	1,035,998	-	1,035,998
Change in net assets	204,532	(374,044)	(169,512)
Net assets, beginning of year	60,182	773,554	833,736
Net assets, end of year	\$ 264,714	\$ 399,510	\$ 664,224

See accompanying notes to financial statements.

RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

Statements of Activities, Continued
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.

Statements of Functional Expenses
Year Ended June 30, 2021

	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
College tours	\$ -	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ 2,500	\$ -	\$ -	\$ 2,500
Educational programming, supplies and equipment	30,991	177,321	-	176,800	-	131,417	516,529	-	-	516,529
Employee benefits	231	4,519	231	231	231	-	5,443	2,314	2,314	10,071
Fees	16	16	16	16	16	-	80	238	158	476
In-kind expense	462	8,691	462	462	462	165,000	175,539	4,620	4,620	184,779
Insurance	-	-	-	-	-	-	-	2,595	-	2,595
Mileage	-	16	-	-	-	-	16	-	-	16
Office expense	-	2,114	-	-	-	-	2,114	67	-	2,181
Professional development and training	60	60	60	60	60	-	300	2,075	2,075	4,450
Professional services	12	252	12	12	12	-	300	70,920	33,616	104,836
Salaries, benefits, and payroll taxes	6,010	28,594	6,010	6,010	6,010	-	52,634	60,100	60,100	172,834
Scholarships and awards	-	-	25,100	-	-	-	25,100	-	-	25,100
Technology	-	-	-	-	-	-	-	4,706	4,925	9,631
	<u>\$ 37,782</u>	<u>\$ 224,083</u>	<u>\$ 31,891</u>	<u>\$ 183,591</u>	<u>\$ 6,791</u>	<u>\$ 296,417</u>	<u>\$ 780,555</u>	<u>\$ 147,635</u>	<u>\$ 107,808</u>	<u>\$ 1,035,998</u>

See accompanying notes to financial statements.

RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

Statements of Functional Expenses, Continued
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
In-kind expense	2,672	101,671	2,672	-	-	111,595	218,610	4,007	4,007	226,624
Insurance	-	-	-	-	-	-	-	2,595	-	2,595
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.

Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ (169,512)	\$ (599,408)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Forgiveness of Paycheck Protection Program loan	(104,386)	-
Changes in assets and liabilities:		
Grant receivable	120,607	205,882
Accounts payable	<u>(55,152)</u>	<u>27,263</u>
Net cash used in operating activities	<u>(208,443)</u>	<u>(366,263)</u>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	<u>-</u>	<u>104,386</u>
Net change in cash and cash equivalents	(208,443)	(261,877)
Cash and cash equivalents, beginning of year	<u>821,505</u>	<u>1,083,382</u>
Cash and cash equivalents, end of year	<u>\$ 613,062</u>	<u>\$ 821,505</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 had 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 connected students with staff that assist with planning for after high school including exploring opportunities for college and careers. RVA Future Centers provided 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 decided during fiscal year 2021 to no longer operate programs of its own. During fiscal year 2021, the Foundation worked with RPS to transfer all of the RVA Future operations and staff to RPS, along with transferring remaining cash balances restricted to the program (see Note 2). 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 Richmond Public School District.

The Foundation also decided to terminate the TechConnect program in January 2021. As of June 30, 2021, the only program in operation by the Foundation was the Scholarship for Graduating Seniors program.

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.

RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

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.

Classification of Net Assets: The financial statements are presented in accordance with the Financial Accounting Standards Board (“FASB”) guidance, which establishes standards for financial statements issued by nonprofit organizations. It requires 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 2021 or 2020.

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. The Foundation has no net assets with perpetual donor restrictions.

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 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 Foundation determines an allowance based on prior years’ experience and management’s analysis of specific grants. There was no allowance for doubtful grants as of June 30, 2021 and 2020. All grants are expected to be collected within one year of the financial statement date.

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, 2021, three donors accounted for 87% of grants receivable and three donors amounted to 46% of total revenues and support. 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.

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.

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. 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 December 14, 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>2021</u>	<u>2020</u>
Fiscal Sponsorship	\$ 50,418	\$ 50,473
TechConnect	-	37,498
Partnered programs	248,307	205,618
RVA Future	642	228,174
Scholarships	58,555	76,138
Other programs	<u>41,588</u>	<u>175,653</u>
	<u>\$ 399,510</u>	<u>\$ 773,554</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>2021</u>	<u>2020</u>
Fiscal Sponsorship	\$ 80	\$ 30,168
TechConnect	38,534	67,244
Partnered programs	397,315	1,118,944
RVA Future	227,753	381,791
Scholarships	25,100	16,704
Other programs	132,312	75,000
	<u>\$ 821,094</u>	<u>\$ 1,689,851</u>

During 2021 the Foundation received donor permission to release the restriction on previously donated funds to allow the Foundation to better serve the Richmond Public Schools students. The following funds are included above within releases from net assets with donor restrictions during 2021:

<u>Purpose</u>	
Fiscal Sponsorship	\$ 80
TechConnect	7,544
Partnered programs	75,101
RVA Future	18,691
Other programs	52,498
	<u>\$ 153,914</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 \$184,779 for 2021 and \$226,624 for 2020 for the stated goods and services.

RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

Notes to Financial Statements, Continued

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>2021</u>	<u>2020</u>
Cash	\$ 613,062	\$ 821,505
Grants receivable	<u>53,511</u>	<u>174,118</u>
	666,573	995,623
Net assets with donor restrictions	<u>399,510</u>	<u>773,554</u>
Financial assets available within one year for general expenditure	<u>\$ 267,063</u>	<u>\$ 222,069</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.

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 accrued interest at 1.0%, but payments were not required to begin for 10 months after the funding of the PPP Loan. The Foundation was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The PPP Loan was uncollateralized and was fully guaranteed by the Federal government. The Foundation received forgiveness of the full loan amount in February 2021 and recognized the loan forgiveness as revenue during 2021 on the accompanying statements of activities.

RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

Notes to Financial Statements, Continued

6. New Accounting Guidance:

Disclosures of Gifts in Kind: In September 2020, the FASB issued new guidance related to contributions of non-financial assets received (ASU 2020-07) which amends previous guidance concerning presentation and disclosure of non-financial assets received. Specifically, the amendments require (1) presentation as a separate line item of contributed non-financial assets and (2) disclosure of information about each category of non-financial assets. The new standard will be effective for periods beginning after June 15, 2021 and will require entities to use a retrospective approach to the earliest period presented. The Foundation is currently evaluating the reporting and economic implications of the new standard.