

# Richmond Public Schools Education Foundation, Inc.

Financial Statements

June 30, 2023 and 2022



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**RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.**

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

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, 2023 and 2022, 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 the Foundation as of June 30, 2023 and 2022, 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.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 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.

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 the Foundation'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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 the Foundation'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 the Foundation'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.



November 28, 2023  
Glen Allen, Virginia

**RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.**

Statements of Financial Position  
June 30, 2023 and 2022

	<u>Assets</u>	<u>2023</u>	<u>2022</u>
Current assets:			
Cash and cash equivalents		\$ 1,163,646	\$ 1,280,493
Grants receivable, current		<u>264,542</u>	<u>119,161</u>
Total current assets		1,428,188	1,399,654
Grants receivable, net, less current portion		<u>236,500</u>	<u>-</u>
Total assets		<u>\$ 1,664,688</u>	<u>\$ 1,399,654</u>
	<u>Liabilities and Net Assets</u>		
Current liabilities:			
Accounts payable		<u>\$ 21,795</u>	<u>\$ 14,112</u>
Net assets:			
Without donor restrictions		228,662	223,708
With donor restrictions		<u>1,414,231</u>	<u>1,161,834</u>
Total net assets		<u>1,642,893</u>	<u>1,385,542</u>
Total liabilities and net assets		<u>\$ 1,664,688</u>	<u>\$ 1,399,654</u>

See accompanying notes to financial statements.

**RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.**

Statements of Activities  
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Contributions	\$ 199,081	\$ 932,498	\$ 1,131,579
In-kind contributions	12,325	-	12,325
Total revenues and support	211,406	932,498	1,143,904
Net assets released from restrictions	680,101	(680,101)	-
Expenses:			
Program services	711,371	-	711,371
General and administrative	89,614	-	89,614
Fundraising	85,568	-	85,568
Total expenses	886,553	-	886,553
Change in net assets	4,954	252,397	257,351
Net assets, beginning of year	223,708	1,161,834	1,385,542
Net assets, end of year	\$ 228,662	\$ 1,414,231	\$ 1,642,893

See accompanying notes to financial statements.

**RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.**

Statements of Activities, Continued  
Year Ended June 30, 2022

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
Revenues and support:			
Contributions	\$ 144,958	\$ 1,024,305	\$ 1,169,263
Program revenue	-	235	235
In-kind contributions	<u>9,803</u>	<u>-</u>	<u>9,803</u>
Total revenues and support	<u>154,761</u>	<u>1,024,540</u>	<u>1,179,301</u>
Net assets released from restrictions	<u>262,216</u>	<u>(262,216)</u>	<u>-</u>
Expenses:			
Program services	260,372	-	260,372
General and administrative	101,491	-	101,491
Fundraising	<u>96,120</u>	<u>-</u>	<u>96,120</u>
Total expenses	<u>457,983</u>	<u>-</u>	<u>457,983</u>
Change in net assets	(41,006)	762,324	721,318
Net assets, beginning of year	<u>264,714</u>	<u>399,510</u>	<u>664,224</u>
Net assets, end of year	<u>\$ 223,708</u>	<u>\$ 1,161,834</u>	<u>\$ 1,385,542</u>

See accompanying notes to financial statements.

**RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.**

Statements of Functional Expenses  
Year Ended June 30, 2023

	Program Services			Supporting Services		
	Programs - general	Scholarships	Total	General and Administrative	Fundraising	Total
Educational programming, supplies, and equipment	\$ 530,867	\$ -	\$ 530,867	\$ -	\$ -	\$ 530,867
Employee benefits	416	1,247	1,663	3,325	3,325	8,313
Fees	31	94	125	56	290	471
Insurance	-	-	-	2,595	-	2,595
Meeting expense	1,426	32	1,458	924	449	2,831
Mileage	-	-	-	213	-	213
Occupancy	-	-	-	6,162	6,163	12,325
Office expense	-	-	-	1,674	230	1,904
Other	1,636	-	1,636	-	-	1,636
Professional development and training	14,002	793	14,795	4,754	1,115	20,664
Professional services	28,455	-	28,455	8,655	6,180	43,290
Salaries, benefits, and payroll taxes	21,833	8,794	30,627	61,256	61,255	153,138
Scholarships and awards	-	25,500	25,500	-	-	25,500
Special events	76,245	-	76,245	-	-	76,245
Technology	-	-	-	-	6,561	6,561
	<u>\$ 674,911</u>	<u>\$ 36,460</u>	<u>\$ 711,371</u>	<u>\$ 89,614</u>	<u>\$ 85,568</u>	<u>\$ 886,553</u>

See accompanying notes to financial statements.

**RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.**

Statements of Functional Expenses, Continued  
Year Ended June 30, 2022

	Program Services			Supporting Services		
	Programs - general	Scholarships	Total	General and Administrative	Fundraising	Total
Athletics	\$ 738	\$ -	\$ 738	\$ -	\$ -	\$ 738
Educational programming, supplies and equipment	221,175	-	221,294	-	-	221,294
Employee benefits	-	561	561	1,121	1,121	2,803
Fees	-	112	112	308	225	645
Insurance	-	-	-	2,595	-	2,595
Meeting expense	-	-	-	193	-	193
Occupancy	1,961	-	1,961	3,921	3,921	9,803
Office expense	-	-	-	1,570	-	1,570
Professional development and training	-	-	-	5,423	-	5,423
Professional services	-	-	-	37,563	40,000	77,563
Salaries, benefits, and payroll taxes	-	23,754	23,754	47,508	47,508	118,770
Scholarships and awards	-	11,952	11,952	-	-	11,952
Technology	-	-	-	1,289	3,345	4,634
	<u>\$ 223,874</u>	<u>\$ 36,379</u>	<u>\$ 260,372</u>	<u>\$ 101,491</u>	<u>\$ 96,120</u>	<u>\$ 457,983</u>

See accompanying notes to financial statements.

**RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.**

Statements of Cash Flows  
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 257,351	\$ 721,318
Changes in assets and liabilities:		
Grant receivable	(381,881)	(65,650)
Accounts payable	<u>7,683</u>	<u>11,763</u>
Net cash (used in) provided by operating activities	<u>(116,847)</u>	<u>667,431</u>
Net change in cash and cash equivalents	(116,847)	667,431
Cash and cash equivalents, beginning of year	<u>1,280,493</u>	<u>613,062</u>
Cash and cash equivalents, end of year	<u>\$ 1,163,646</u>	<u>\$ 1,280,493</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 grants scholarships for graduating seniors. 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. Additionally, the Foundation supports RPS through partnered programs that cover various needs of the RPS community.

**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.

**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 2023 or 2022.

## RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

### Notes to Financial Statements, Continued

#### 1. Summary of Significant Accounting Policies, Continued:

##### Classification of Net Assets, Continued:

**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 may be 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, 2023 and 2022.

**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, 2023, one donor accounted for 97% of grants receivable and one donor amounted to 65% of total revenues and support. For the year ended June 30, 2022, two donors accounted for 84% of grants receivable and two donors amounted to 31% 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.

## RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

### Notes to Financial Statements, Continued

#### 1. Summary of Significant Accounting Policies, Continued:

**Donated Services:** The Foundation received in-kind contributions of office space and telephone services during the years ended June 30, 2023 and 2022. Such contributions are recorded at the estimated fair market value of the services. In-kind contributions with a value of \$12,325 and \$9,803 were received in the years ended June 30, 2023 and 2022, respectively.

**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").

**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 November 28, 2023, 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.

**RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.**

Notes to Financial Statements, Continued

**2. Grants Receivable, Net:**

Grants receivable are summarized as follows as of June 30:

	2023	2022
Unconditional grants receivable expected to be collected in:		
Less than one year	\$ 264,542	\$ 119,161
One year to five years	250,000	-
	514,542	119,161
Less: discount of 5.40%	(13,500)	-
Total grants receivable	\$ 501,042	\$ 119,161

**3. Net Assets With Donor Restrictions:**

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

	2023	2022
Purpose:		
Fiscal Sponsorship	\$ 7,473	\$ 24,800
Partnered programs	1,070,815	798,075
RVA Future	102	102
Scholarships	283,186	294,613
Other programs	2,655	44,244
Time restricted	50,000	-
	\$ 1,414,231	\$ 1,161,834

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

	2023	2022
Purpose:		
Fiscal Sponsorship	\$ 18,950	\$ 51,651
Partnered programs	594,062	190,966
RVA Future	-	119
Scholarships	24,500	17,480
Other programs	42,589	2,000
	\$ 680,101	\$ 262,216

**RICHMOND PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.**

Notes to Financial Statements, Continued

**3. Net Assets With Donor Restrictions, Continued:**

During 2023 and 2022 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 2023 and 2022 were as follows:

	2023	2022
Purpose:		
Fiscal Sponsorship	\$ -	\$ 6,561
Partnered programs	8,868	-
Other programs	-	1,275
	\$ 8,868	\$ 7,836

**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:

	2023	2022
Cash	\$ 1,163,646	\$ 1,280,493
Grants receivable	264,542	119,161
	1,428,188	1,399,654
Net assets with donor restrictions	1,177,731	1,161,834
Financial assets available within one year for general expenditure	\$ 250,457	\$ 237,820

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.