

# **CHATHAM EDUCATION FOUNDATION**

## **FINANCIAL STATEMENTS**

**AUGUST 31, 2023**

**JULIE B SMITH, CPA**  
CERTIFIED PUBLIC ACCOUNTANT  
CHAPEL HILL, NORTH CAROLINA

TABLE OF CONTENTS

	PAGE
INDEPENDENT ACCOUNTANT'S REPORT .....	3
FINANCIAL STATEMENTS .....	4
Statements of Financial Position .....	5
Statements of Activities and Change in Net Assets .....	6
Statements of Functional Expenses .....	7
Statements of Cash Flows .....	8
Notes to Financial Statements .....	9

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of Chatham Education Foundation  
Pittsboro, NC

I have reviewed the accompanying financial statements of Chatham Education Foundation (a nonprofit organization), which comprise the statements of financial position as of August 31, 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

### **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 of America; 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.

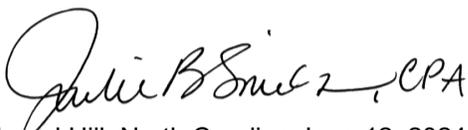
### **Accountant's Responsibility**

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of our procedures provide a reasonable basis for the conclusion.

I am required to be independent of Chatham Education Foundation and to meet other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### **Accountant's Conclusion**

Based on the review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Chapel Hill, North Carolina June 12, 2024

**FINANCIAL STATEMENTS**

**CHATHAM EDUCATION FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
August 31, 2023**

<b>ASSETS:</b>		<u><b>2023</b></u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$	243,498
Grant receivable, net		46,773
Contributions receivable, net		11,950
Investments - endowment		12,389
Property and equipment, net		878
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>315,488</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
<b>NET ASSETS</b>		
Without donor restrictions	\$	185,582
With donor restrictions		129,906
Total net assets		<u>315,488</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u>315,488</u></b>

**See accompanying notes**

**CHATHAM EDUCATION FOUNDATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For The Year Ended August 31, 2023**

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Contributions	\$ 117,827	\$ 21,290	\$ 139,117
Grants	60,330	50,000	110,330
United Way	940	400	1,340
Investment income, net	-	139	139
Unrealized loss on investments	-	1,116	1,116
Realized gain on investments	-	188	188
Released from restrictions	107,383	(107,383)	-
	286,480	(34,250)	252,230
<b>EXPENSES</b>			
Program services	220,192	-	220,192
General and administrative	44,627	-	44,627
Fundraising	11,508	-	11,508
	276,327	-	276,327
CHANGE IN NET ASSETS	10,153	(34,250)	(24,097)
NET ASSETS - BEGINNING OF YEAR	175,429	164,156	339,585
NET ASSETS - END OF YEAR	\$ 185,582	\$ 129,906	\$ 315,488

**See accompanying notes**

**CHATHAM EDUCATION FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended August 31, 2023**

2023

	<u>Program</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Wages	\$ 75,164	\$ 18,039	\$ 7,015	\$ 100,219
Payroll taxes	6,289	1,509	587	8,385
Payroll fees	1,002	334	-	1,336
Advertising	5,289	1,269	494	7,052
Bank charges	62	21	-	82
Insurance	2,535	845	-	3,380
Office supplies	750	180	70	1,000
Professional fees	-	9,375	-	9,375
Meals	481	160	-	641
Travel	506	169	-	675
Board and business expenses	21,584	7,195	-	28,779
Grant disbursements	69,616	-	-	69,616
Grant program expenses	35,497	3,944	-	39,441
Postage and printing	1,215	1,519	3,342	6,076
Depreciation	203	68	-	270
<b>TOTALS</b>	<b>\$ 220,192</b>	<b>\$ 44,627</b>	<b>\$ 11,508</b>	<b>\$ 276,327</b>

**See accompanying notes**

**CHATHAM EDUCATION FOUNDATION  
STATEMENT OF CASH FLOWS  
For the Year Ended August 31, 2023**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>2023</u>
Change in net assets	\$ (24,097)
Adjustments to reconcile change in net assets provided by operating activities:	
Depreciation	270
Effects of changes in operating assets and liabilities:	
Grants receivable	48,360
Contributions receivable	(700)
Net cash provided (used) by operating activities	<u>23,833</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Net cash provided (used) by investing activities	-
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Net cash provided (used) by financing activities	-
 <b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	 <b>\$ 23,833</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>\$ 232,054</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ <u>255,887</u></b>
 <b>SUPPLEMENTAL DISCLOSURE</b>	
Interest Paid	 <u>-</u>

**See accompanying notes**

**CHATHAM EDUCATION FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Chatham Education Foundation (CEF) is a not-for-profit organization that strengthens communities in Chatham County, NC by partnering with community residents, businesses, and foundations to improve educational opportunities for public school students dedicated to increasing the number of third graders who are reading proficiently. They are funded primarily through donations from residents, businesses, and private grants. They help fund various Chatham County School District programs such as AVID, Kindergarten Readiness Camp, Chatham Reads, and creative teaching grants.

**Basis of Presentation**

**Accrual Basis of Accounting** - The financial statements of CEF have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Under these provisions, CEF is required to report information regarding its financial position and operations according to two classes of net assets: without donor restrictions and with donor restrictions.

During 2020, the Organization adopted Accounting Standards Update ("ASU") 2018-08, Not- For-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, effective for fiscal years beginning after December 15, 2018.

**Without donor restrictions** - Net assets that are not subject to donor-imposed stipulations and that are available without limitation for support of CEFs operations.

**With donor restrictions** - These net assets represent contributions which must be spent for the purpose designated by the donors or fall within a time restriction. Also falling into this category are donor-imposed stipulations that the principal contribution be invested permanently, and the income be used either for a designated purpose or for general operations.

**Functional Allocation of Expenses**

The cost of providing the program services has been summarized on a functional basis. Accordingly, estimates have been made by management in allocating certain costs such as compensation, insurance, office expenses, etc., which have been distributed among the program and support services benefited.

**Support and Revenue**

**Grants and other contributions.** Grants and contributions of cash and other assets are reported as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), assets with donor restrictions are reclassified to without donor restrictions and reported in the Statement of Activities as "**net assets released from restrictions.**"

**CHATHAM EDUCATION FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions of non-cash assets or services.** Contributions of donated non-cash assets are recorded as support at their fair values in the period received. Contributions of donated services are recorded at their fair market values in the period received. Donated services are those that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Officer and directors have made significant contributions of their time to develop CEF's various programs and in administrative support. The value of this contributed time is not included in these statements since it is not susceptible to objective measurement or valuation.

**Contribution of property and equipment** Donations of property and equipment are recorded as support at their estimated fair value at the date of the donation. Such donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as with donor restrictions. If a donor does not stipulate how long a donated asset must be maintained, CEF reports expiration of donor restrictions when the donated asset is placed in service. CEF reclassifies with donor restricted assets to without donor restricted assets at that time.

**Concentrations of Credit Risk**

CEF maintains cash at a commercial bank located in Pittsboro, North Carolina. Balances on deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to specific limits. Balances in excess of FDIC limits are uninsured. At August 31, 2023 CEF did not have any cash balances in excess of FDIC limits.

**Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in conformity with United States 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 as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes**

CEF is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The State of North Carolina has granted a similar exemption. Therefore, no income taxes are reflected in these financial statements.

**Property and Equipment**

Property and equipment is carried at cost and adjusted for impairments of value. CEF capitalizes all expenditures in excess of \$500 for property and equipment at cost, and donated assets are recorded at fair market value at the date of the donation.

Expenditures for repairs and maintenance are charged to expense as incurred. The costs of major renewals and betterments are capitalized and depreciated over their estimated useful lives, ranging between 5 and 40 years. Upon disposition, the cost and related accumulated depreciation accounts are relieved and any related gain or loss is included in operations.

**CHATHAM EDUCATION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions receivable**

CEF has \$11,950 in contributions receivable that is due within one year. There is not a discount calculation required as amounts due are within one year. Contributions receivable at year ending August 31, 2022 was \$11,250.

**Grants Receivable**

CEF has \$50,000 in grant receivables due Aug 2024. Grant receivable value net of unamortized present value discount was \$46,773 on Aug 31, 2023.

**Statement of Cash Flows**

For the purposes of reporting cash flows, cash includes cash on hand, money market accounts, amounts on deposit with banks, and short-term investments with original maturities of 90 days or **less**.

**Investments**

CEF reports investments at fair value. Investments consist of funds held at Triangle Community Foundation.

**Advertising Costs**

CEF charges the costs of advertising to expense as incurred. Advertising expense for the years ended August 31, 2023 was \$7,052.

**NOTE 2 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at August 31, 2023:

	2023
Machinery & Equipment	\$ 4,889
Total	4,889
Less: Accumulated depreciation	(4,011)
Property and equipment, net	\$ 878

Depreciation expense was \$270 for the year ended August 31, 2023

**CHATHAM EDUCATION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2023**

**NOTE 3 – INVESTMENTS**

Investments are reported in the financial statements at their fair value as of August 31, 2023:

	Fair Value	Unfunded Commitments	Redemption Frequency
Triangle Community Foundation	\$12,389	None	As Needed

**NOTE 4 – ENDOWMENT**

The organization received \$10,000 from the Schectman Family in 2014 and established an endowment fund with Triangle Community Foundation. The intent of the endowment is to help support the long-term financial stability of the Jordan Matthews High School annual trip to the Holocaust Museum in Washington, DC.

Should the annual trip to the Holocaust Museum not happen in a particular year, CEF will consult with the Schectman Family about the use of the funds prior to disbursement. As long as the trip is in existence, CEF may disperse funds to Jordan Matthews without prior authorization from the Schectman Family. The policy is to use the earnings for the annual trip. The principal cannot be distributed unless released by the Schectman Family.

The changes in the endowment for the year ended August 31, 2023 were as follows:

	<u>2023</u>
Balance at beginning of the year	\$ 11,248
Contribution	-
Grant Approved	-
Interest and dividend income	138
Investment fees	(300)
Distribution	-
Realized gains	188
Unrealized gains	1,115
Balance at end of year	<u>\$ 12,389</u>

NOTE: Interest and dividend income and Unrealized gains are adjusted to reflect rounding.

**CHATHAM EDUCATION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2023**

**NOTE 4 – ENDOWMENT (CONTINUED)**

**Return Objectives and Risk Parameters**

CEF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that CEF must hold in perpetuity or for a donor-specified period(s), as well as any board-designated endowment funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that are assuming a moderate level of investment risk.

**NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS**

As stated in Note 1, donor restricted funds represent contributions which must be spent for the purpose designated by the donors or fall within a time restriction. The balance of funds with donor restrictions and the nature of the restriction as of August 31, 2023 were as follows:

	<b>2023</b>
Donor restricted - Schectman Family	\$ 10,000
Time restricted - year 3 of Oak Foundation	46,773
Grantor Restricted for program - Chatham County Schools	25,000
Grantor Restricted for program - Brown Family Foundation	25,000
Grantor Restricted for program - Dominion Energy	10,000
Grantor Restricted for program - Bold Foundation	5,000
Grantor Restricted for program - Central Electric	3,000
Grantor Restricted for program - Chatham Literacy	1,790
Grantor Restricted for program - Women of Fearington	1,500
Grantor Restricted for program - United Way	400
Earnings on endowment	1,443
Total net assets with donor restrictions	\$ 129,906

**CHATHAM EDUCATION FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2023**

**NOTE 6 – LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Foundation is substantially supported by grants and donations. From time to time, the Foundation may receive donations or grants that are restricted for a particular purpose.

Because a grantor’s or donor’s restriction requires resources to be used in a particular manner and/or in a future period, the Organization maintains sufficient resources to meet those responsibilities to its grantors and donors. Thus, a portion of financial assets may not be available for expenditure within one year.

The information below reflects the Organization’s financial assets, reduced by amounts that are not available for general use within one year:

	<b>2023</b>
Cash and cash equivalents	\$ 243,498
Contributions receivable	11,950
Total financial assets available within one year	\$ 255,448
 <b>Less:</b>	
Total amount not available for general expenditures within one year	
Due to donor restrictions	83,113
Financial assets available for general expenditure within one year	\$ 172,335

**NOTE 7 - SUBSEQUENT EVENTS**

In accordance with GAAP, management evaluated subsequent events through June 12, 2024 the date the financial statements were available to be issued. They discovered no subsequent events that should be disclosed.