



SHARPE
PATELCPA

CHATHAM EDUCATION FOUNDATION

FINANCIAL STATEMENTS

For the Year Ended August 31, 2024

CHATHAM EDUCATION FOUNDATION
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Chatham Education Foundation
Pittsboro, North Carolina

We have reviewed the accompanying financial statements of Chatham Education Foundation (a non-profit corporation), which comprise the statement of financial position as of August 31, 2024, and the related statements of activities, 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 company 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, we 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

Our 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 us to perform procedures to obtain limited assurance as a basis for reporting whether we are 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. We believe that the results of our procedures provide a reasonable basis for our conclusion.

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

Accountant's Conclusion

Based on our review, we are 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.

Sharpe Patel PLLC

March 4, 2025
Raleigh, North Carolina

CHATHAM EDUCATION FOUNDATION
Statement of Financial Position
August 31, 2024

ASSETS

Current assets:	
Cash and cash equivalents	\$ 244,114
Grants Receivable	100,000
Triangle Community Fund	13,832
Total current assets	<u>357,946</u>
Property and equipment:	
Plant, property and equipment	4,889
Less accumulated depreciation	<u>(4,889)</u>
Total non-current assets	<u>-</u>
Total assets	<u><u>\$ 357,946</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and payroll liabilities	<u>\$ 924</u>
Total current liabilities	<u>924</u>
Net assets:	
Without donor restrictions	237,022
With donor restrictions	<u>120,000</u>
Total net assets	<u>357,022</u>
Total liabilities and net assets	<u><u>\$ 357,946</u></u>

See independent accountants' review report and notes to financial statements.

CHATHAM EDUCATION FOUNDATION
Statement of Activities
For the Year Ended August 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:			
Direct public grants	\$ 186,687	\$ 110,000	\$ 296,687
Direct public support	77,882	-	77,882
Fundraising event income	11,643	-	11,643
Other income	8,960	-	8,960
Total support and revenue	<u>285,172</u>	<u>110,000</u>	<u>395,172</u>
Net assets released from restrictions	<u>119,906</u>	<u>(119,906)</u>	<u>-</u>
Total support and revenue after releases from restrictions	<u>405,078</u>	<u>(9,906)</u>	<u>395,172</u>
Expenses and losses:			
Program services	226,814	-	226,814
Management and general	102,203	-	102,203
Fundraising expenses	8,404	-	8,404
Total expenses	<u>337,421</u>	<u>-</u>	<u>337,421</u>
Change in net assets	67,657	(9,906)	57,751
Net assets - beginning of year	<u>169,365</u>	<u>129,906</u>	<u>299,271</u>
Net assets - end of year	<u>\$ 237,022</u>	<u>\$ 120,000</u>	<u>\$ 357,022</u>

See independent accountants' review report and notes to financial statements.

CHATHAM EDUCATION FOUNDATION
Statement of Functional Expenses
For the Year Ended August 31, 2024

	Program Services	Management and General	Fundraising Expenses	Total Expenses
Salary and benefits	\$ 25,576	\$ 52,040	\$ -	\$ 77,616
Awards & grants	145,790	-	-	145,790
Business expenses	50	14,746	1,260	16,056
Contract services	3,000	10,513	-	13,513
Grant program	43,768	80	-	43,848
Office/General admin	67	4,501	-	4,568
Operations	192	2,553	7,144	9,889
Payroll expenses	8,320	16,892	-	25,212
Travel	51	-	-	51
Depreciation Expense	-	878	-	878
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 226,814</u>	<u>\$ 102,203</u>	<u>\$ 8,404</u>	<u>\$ 337,421</u>

See independent accountants' review report and notes to financial statements.

CHATHAM EDUCATION FOUNDATION
Statement of Cash Flows
For the Year Ended August 31, 2024

Cash flows from operating activities:	
Change in net assets	\$ 57,751
Adjustments to reconcile net income to net cash provided (used) by operating activities	
Depreciation	878
Unrealized gain/loss	(111)
Changes in operating assets and liabilities:	
Accounts receivable	(57,494)
Payables	924
Net cash provided by (used) operating activities	1,948
Cash flows from investing activities:	
Purchases of investments	(1,332)
Net cash used by investing activities	(1,332)
Net increase (decrease) in cash and cash equivalents	616
Cash and cash equivalents, beginning of year	243,498
Cash and cash equivalents, end of year	\$ 244,114

See independent accountants' review report and notes to financial statements.

CHATHAM EDUCATION FOUNDATION
Notes to the Financial Statements
August 31, 2024

NOTE 1 - NATURE OF OPERATIONS

Chatham Education Foundation (the Foundation) is a nonprofit organization that strengthens communities in Chatham County, North Carolina by partnering with community residents, businesses, and foundations to improve educational opportunities for public school students. They are funded primarily through donations from residents, businesses, and private grants. They help fund various Chatham County School District programs such as AVID, Chatham Reads, and creative teaching grants.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles.

Financial Statement Presentation

The Foundation adopted Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) – Presentation of Financial Statements of Not-for-Profit Entities. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all cash in bank in interest bearing and cash investment accounts with original maturities of three months or less to be cash equivalents.

Grants Receivable

Grants that are considered the equivalent of contributions are recorded as revenues at their fair values when they become unconditional. Grants that are expenditure reimbursement based are considered unconditional when the expenditures are incurred. Grants with restrictions are recorded as net assets with donor restrictions until the restrictions are met or if the grantor has specified that the gift principal remains intact. When grant-imposed restrictions have been met, amounts previously reported as with donor restrictions are reported in the statements of activities as net assets released from donor restrictions.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investment in debt securities at their fair market values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

CHATHAM EDUCATION FOUNDATION
Notes to the Financial Statements
August 31, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates and Assumptions

The preparation of the Foundation's financial statements in conformity with accounting principles generally accepted in the United States of America 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 statement of financial position and the reported amounts of revenues and expenses included in the statement of activities. Actual results could differ from those estimates.

Property and Equipment

It is the Foundation's policy to capitalize property and equipment with an original cost or donated value of \$500 or more and an estimated useful life of more than one year. Purchased property and equipment are recorded at cost.

Depreciation is computed over the straight-line method over the estimated useful lives of the assets. Expenditures for repairs and maintenance are charged to expense as incurred. The cost of major renewals and betterments are capitalized and depreciated over their useful lives. Upon disposition of property and equipment, the related asset and accumulated depreciation accounts are removed, and any gain or loss is reflected in the statement of activities for the period.

Net Assets

The Foundation reports information regarding its financial position and activities according to two classes of net assets. The net assets as of August 31, 2024 consists of the following:

Net assets without donor restrictions – net assets without donor restrictions include resources, which are available for the support of the Foundation's operating activities.

Net assets with restrictions – Net assets that are contributions subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the actions of the Foundation and /or the passage of time.

Functional Expenses

The cost of providing the various programs and the administration of the Foundation has been summarized on a function basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited based on management's estimates.

Support and Revenues

Support and revenues that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire or are satisfied in the fiscal year in which the support and revenues are received. All other donor restricted support and revenues are reported as increases in net assets with restrictions, depending on the nature of the restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net asset without restrictions and are reported in the statement of activities.

General Expenditures

The Foundation considers the costs related to its normal activities to be general expenditures unless such costs are limited by the donors for specified, restricted purposes. Accordingly, the related resources for the latter have been excluded in the quantitative information detailing the financial assets available to meet general expenditures within one year.

CHATHAM EDUCATION FOUNDATION
Notes to the Financial Statements
August 31, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Foundation is exempt from income taxes as a not-for-profit organization under Internal Revenue Service (“IRS”) code section 501(c)(3). During the year ended August 31, 2023, the Foundation reported no unrelated business taxable income which is defined by the IRS as gross income derived from any unrelated trade or business that is not substantially related to the organization’s tax-exempt purpose. Accordingly, no provision for income taxes has been recorded.

The Foundation follows guidance provided by FASB ASC 740-10-25 *Accounting for Uncertainty in Income Taxes*. Under this provision, an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not the position will be sustained. The implementation had no impact on the Foundation’s financial statements. The Foundation does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax years in progress. The Foundation believes it is no longer subject to income tax examinations for the years prior to 2021. At August 31, 2024, the Foundation had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Foundation places its cash and cash equivalents on deposit with financial institutions in the United States. The Foundation’s accounts at various financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 and may at times exceed the federally insured limits. As of August 31, 2024, The Foundation was within its insured limits.

NOTE 4 – LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial sheet date, comprise the following:

Cash and equivalents - unrestricted	\$ 124,114
Accounts receivable	100,000
Less: Payables	<u>(924)</u>
Total amount for general expenditures	<u>\$ 223,190</u>

NOTE 5 – INVESTMENTS

The Foundation holds an investment in a non-endowed equity-oriented investment portfolio with the Triangle Community Foundation. There is no limitation on distributions and the Foundation has the opportunity to change their investment option once a year. The majority of distributions from the fund consist of administrative fees.

CHATHAM EDUCATION FOUNDATION
Notes to the Financial Statements
August 31, 2024

NOTE 6 – 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, 2024 were as follows:

Balance - beginning of year	\$	12,389
Interest and dividend income		1,779
Investment fees		(225)
Realized gains (losses)		18
Unrealized gains (losses)		(129)
Balance - end of year	<u>\$</u>	<u>13,832</u>

NOTE 7 – RESTRICTIONS ON NET ASSETS

Net assets with restrictions are those stipulated by donors for specific operating purposes, those not currently available for use until commitments regarding their use have been fulfilled or passage of time, and are composed of the following as of August 31, 2024:

Subject to expenditures for a specific purposes or time

Oak Foundation Choose Chatham grant	\$	50,000
Oak Foundation Core & Project Support grant		50,000
Schectman Foundation grant		10,000
Feather Foundation grant		<u>10,000</u>
Total net assets with donor restrictions	<u>\$</u>	<u>120,000</u>

NOTE 8 – RELATED PARTY TRANSACTIONS

It is not unusual for members of the Board of Directors to make contributions to the Foundation. For the year-ended August 31, 2024, there were no related party transactions that required disclosure.

NOTE 9 - SUBSEQUENT EVENTS

In accordance with U.S. GAAP, the Foundation has evaluated all events subsequent to the statement of financial positions date of August 31, 2024 through March 4, 2025 which is the date these financial statements were available to be issued, and has determined that there is no subsequent event needed of disclosure.