

**THE EDUCATION ENDOWMENT FUND**

FINANCIAL STATEMENTS

APRIL 30, 2012

with

INDEPENDENT AUDITOR'S REPORT

BOARD OF DIRECTORS

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## CONTENTS

Independent auditor's report

Financial statements

Statement of financial position

Statement of activities and changes in net assets

Statement of cash flows

Notes to financial statements

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
The Education Endowment Fund  
Richmond, Virginia

We have audited the accompanying statement of financial position of The Education Endowment Fund (the Fund) as of April 30, 2012, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Education Endowment Fund as of April 30, 2012, and the changes in its net assets and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

*Hansen, Smith, Cone & Robertello, PC*

November 9, 2012

THE EDUCATION ENDOWMENT FUND  
STATEMENT OF FINANCIAL POSITION  
APRIL 30, 2012

ASSETS

Current assets:	
Cash and cash equivalents	<u>\$9,624</u>
Total current assets	<u>\$9,624</u>

LIABILITIES AND NET ASSETS

Unrestricted net assets	<u>9,624</u>
Total liabilities and net assets	<u>\$9,624</u>

See accompanying notes.

THE EDUCATION ENDOWMENT FUND  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED APRIL 30, 2012

Unrestricted net assets:	
Support and revenue:	
Contributions	\$7,955
Interest income	<u>8</u>
Total support and revenue	<u>7,963</u>
Expenses:	
Bank service charges	22
Fund-raising expenses	304
Licenses	25
Printing and reproduction	1,071
Professional fees	1,260
Postage and delivery	<u>35</u>
Total expenses	<u>2,717</u>
Change in unrestricted net assets	5,246
Unrestricted net assets, beginning of year	<u>4,378</u>
Unrestricted net assets, end of year	<u><u>\$9,624</u></u>

See accompanying notes.

THE EDUCATION ENDOWMENT FUND

STATEMENT OF CASH FLOWS

YEAR ENDED APRIL 30, 2012

Cash flows from operating activities:	
Changes in unrestricted net assets	\$5,246
Adjustments to reconcile change in unrestricted net assets to net cash and cash equivalents (used) by operating activities	<u>          -</u>
Net cash and cash equivalents used in operating activities	5,246
Cash flows from investing activities	-
Cash flows from financing activities	<u>          -</u>
Net increase in cash and cash equivalents	5,246
Cash and cash equivalents, beginning of year	<u>4,378</u>
Cash and cash equivalents, end of year	<u>\$9,624</u>

See accompanying notes.

THE EDUCATION ENDOWMENT FUND

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2012

1. Nature of activities and significant accounting policies

Nature of activities - The Education Endowment Fund (the Fund) is a nonprofit corporation organized under the laws of the Commonwealth of Virginia to perform the scholarship aid functions of The Woman's Club of Richmond, Virginia. The organization receives, maintains, and administers a fund for the purpose of making scholarship grants.

Date of Management's Review - Subsequent events were evaluated through November 9, 2012, which is the date the financial statements were available to be issued.

Basis of presentation - The financial statements of the Fund have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Cash equivalents - For purposes of the statement of cash flows, the Fund considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash.

Use of estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Income taxes

The Fund is exempt for federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code and would be taxed only to the extent it has taxable trade or business income unrelated to its exempt purpose. There was no unrelated business income for the current fiscal year.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Fund and recognize a tax liability (asset) if the Fund has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Fund, and has concluded that as of April 30, 2012, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statement. The Fund is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any periods in progress.



THE EDUCATION ENDOWMENT FUND  
NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2012

2. Income taxes (Continued)

Management believes it is no longer subject to income tax examinations for the years prior to the fiscal year ended April 30, 2009.

3. Contributions to The Community Foundation

The Fund makes irrevocable cash contributions to The Community Foundation (TCF) for a charitable endowment within TCF. The purpose of the endowment is to support post-secondary education scholarships to qualifying graduates of the metropolitan Richmond area high schools who exhibit financial need. The endowment is administered by TCF subject to its scholarship fund policies and practices. The directors of the Fund serve in an advisory capacity to the charitable endowment. There were no contributions to TCF during the fiscal year. At April 30, 2012, the value of the TCF fund was \$299,390. Scholarships totaling \$8,600 were paid to recipients during the fiscal year.