

THE EDUCATION ENDOWMENT FUND

FINANCIAL STATEMENTS
APRIL 30, 2017 AND 2016
with
INDEPENDENT AUDITOR'S REPORT

BOARD OF DIRECTORS

Adrienne S. Carney, President

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Education Endowment Fund

We have audited the accompanying financial statements of The Education Endowment Fund (a nonprofit organization), which comprise the statements of financial position as of April 30, 2017 and 2016 and the related statements of activities and cash flows for the years then ended, and the 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 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.

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 of America. Those standards require that we plan and perform the audit 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 judgement, 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

HANSEN, SMITH, CONE & ROBERTELLO, PC

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 The Education Endowment Fund as of April 30, 2017 and 2016, 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 of America.

Hansen, Smith, Cone & Robertello, PC

Richmond, Virginia
January 8, 2018

THE EDUCATION ENDOWMENT FUND
STATEMENTS OF FINANCIAL POSITION
APRIL 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and cash equivalents	\$4,251	\$5,780
Pledges receivable	<u> -</u>	<u> 50</u>
Total current assets	<u>\$4,251</u>	<u>\$5,830</u>

LIABILITIES AND NET ASSETS

Net assets:		
Unrestricted net assets	<u>\$4,251</u>	<u>\$5,830</u>
Total liabilities and net assets	<u>\$4,251</u>	<u>\$5,830</u>

See accompanying notes.

THE EDUCATION ENDOWMENT FUND

STATEMENTS OF ACTIVITIES

YEARS ENDED APRIL 30, 2017 AND 2016

	2017		2016		
	Unrestricted	Temporarily Restricted	Total	Temporarily Restricted	Total
Support and revenue:					
Contributions	\$ 3,591	\$ -	\$ 3,591	\$ -	\$ 3,738
Contributions from The Woman's Club	-	-	-	-	50
Interest income	4	-	4	-	3
Net assets released from restrictions	-	-	-	(500)	-
Total support and revenue	<u>3,595</u>	<u>-</u>	<u>3,595</u>	<u>(500)</u>	<u>3,791</u>
Expenses:					
Program services:					
Transfer to The Community Foundation	2,695	-	2,695	-	-
Management and general:					
Licenses and taxes	25	-	25	-	25
Professional fees	1,700	-	1,700	-	1,600
Fund raising:					
Printing and reproduction	754	-	754	-	1,070
Total expenses	<u>5,174</u>	<u>-</u>	<u>5,174</u>	<u>-</u>	<u>2,695</u>
Changes in net assets	(1,579)	-	(1,579)	(500)	1,096
Net assets, beginning of year	<u>5,830</u>	<u>-</u>	<u>5,830</u>	<u>500</u>	<u>4,734</u>
Net assets, end of year	<u>\$4,251</u>	<u>\$ -</u>	<u>\$4,251</u>	<u>\$ -</u>	<u>\$ 5,830</u>

See accompanying notes.

THE EDUCATION ENDOWMENT FUND

STATEMENTS OF CASH FLOWS

YEARS ENDED APRIL 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash flows provided by (used in) operating activities:		
Changes in net assets	\$(1,579)	\$ 1,096
Adjustments to reconcile change in unrestricted net assets to net cash and cash equivalents provided by (used in) operating activities		
Decrease (increase) in pledges receivable	50	(50)
Decrease in prepaid expenses	<u>-</u>	<u>25</u>
Net cash and cash equivalents provided by (used in) operating activities	(1,529)	1,071
Cash flows from investing activities	-	-
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(1,529)	1,071
Cash and cash equivalents, beginning of year	<u>5,780</u>	<u>4,709</u>
Cash and cash equivalents, end of year	<u>\$4,251</u>	<u>\$ 5,780</u>

See accompanying notes.

THE EDUCATION ENDOWMENT FUND

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2017 AND 2016

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. 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 January 8, 2018, which is the date the financial statements were available to be issued.

Basis of presentation - Under Financial Accounting Standards Board of Accounting Standards Codification 958 "Not-for-Profit Entities", the Fund is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions - Contributions are recognized when donors' commitments are received. Contributions are classified as unrestricted assets unless the donor has restricted the contribution to a specific purpose. Gifts whose restrictions are met in the same fiscal year as their receipt are reported as unrestricted assets.

Temporarily restricted net assets result from support/contributions whose use by the Fund is limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Fund pursuant to those stipulations. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. At April 30, 2017 and 2016, the Fund had no temporarily restricted net assets.

Permanently restricted net assets are from support/contributions whose use by the Fund is limited by donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Fund. At April 30, 2017 and 2016, the Fund had no permanently restricted net assets.

THE EDUCATION ENDOWMENT FUND

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2017 AND 2016

1. Nature of activities and significant accounting policies
(Continued)

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, 2017, 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.

Management believes it is no longer subject to income tax examinations for the years prior to the fiscal year ended April 30, 2014.

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

THE EDUCATION ENDOWMENT FUND
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017 AND 2016

3. Contributions to The Community Foundation (Continued)

fund policies and practices. The directors of the Fund serve in an advisory capacity to the charitable endowment. At April 30, 2017, the value of the TCF fund was \$362,856. Scholarships totaling \$10,000 and \$10,000 were paid to recipients during the fiscal years 2017 and 2016, respectively.

4. Related party transactions

The Woman's Club (the Club) contributed \$0 and \$50 to the Fund during the years ended April 30, 2017 and 2016, respectively. The President of the Club appoints one director of the Fund. All directors of the Fund are members of the Club.