



Asheville, North Carolina

Report of Independent Auditor
and Financial Statements

Year Ended June 30, 2018
*(with comparative totals for year
ended June 30, 2017)*



ASHEVILLE CITY SCHOOLS FOUNDATION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Asheville City Schools Foundation, Inc.

We have audited the accompanying financial statements of Asheville City Schools Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit 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 judgment, 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 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 Asheville City Schools Foundation, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Asheville City Schools Foundation, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 19, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Leah B. Noel, CPA

Leah B. Noel, CPA, PC

Asheville, North Carolina
September 28, 2018

ASHEVILLE CITY SCHOOLS FOUNDATION, INC.

Statement of Financial Position

June 30, 2018

(With summarized comparative totals as of June 30, 2017)

	2018	2017
Assets		
Current assets		
Cash and cash equivalents	\$ 575,682	\$ 526,235
Other receivables	52,779	5,637
Total current assets	628,461	531,872
Long-term assets		
Cash restricted for long-term purposes	1,517,387	1,391,971
Property and equipment, net	-	-
Total long-term assets	1,517,387	1,391,971
Total assets	\$ 2,145,848	\$ 1,923,843
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 10,491	\$ 10,189
Accrued payroll and related expenses	537	5,722
CAYLA contributions payable	54,000	54,000
Scholarships payable	133,568	123,700
Total current liabilities	198,596	193,611
Net assets		
Unrestricted	429,865	338,261
Temporarily restricted	1,331,418	1,206,002
Permanently restricted	185,969	185,969
Total net assets	1,947,252	1,730,232
Total liabilities and net assets	\$ 2,145,848	\$ 1,923,843

The accompanying notes are an integral part of these financial statements.

ASHEVILLE CITY SCHOOLS FOUNDATION, INC.

Statement of Activities

For the Year Ended June 30, 2018

(With summarized comparative totals as of June 30, 2017)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Total	2017 Total
Public support and revenue					
Contributions	\$ 317,456	\$ 275,498	\$ -	\$ 592,954	\$ 564,243
Foundation and nonprofit grants	-	298,832	-	298,832	232,772
Program service revenue	500	53,621	-	54,121	91,608
VISTA-Organization contributions	-	30,276	-	30,276	17,272
Special events	30,218	-	-	30,218	38,728
In-Kind contributions	24,287	-	-	24,287	25,740
CFWNC income	4,590	63,232	-	67,822	106,135
Other income	263	-	-	263	632
Net assets released from restrictions	596,043	(596,043)	-	-	-
Total revenue and support	973,357	125,416	-	1,098,773	1,077,130
Expenses					
Program services	785,629	-	-	785,629	712,715
Management and general	58,290	-	-	58,290	57,629
Fundraising	37,834	-	-	37,834	42,973
Total expenses	881,753	-	-	881,753	813,317
Increase in net assets	91,604	125,416	-	217,020	263,813
Net assets, beginning of year	338,261	1,206,002	185,969	1,730,232	1,466,419
Net assets, end of year	\$ 429,865	\$ 1,331,418	\$ 185,969	\$ 1,947,252	\$ 1,730,232

The accompanying notes are an integral part of these financial statements.

ASHEVILLE CITY SCHOOLS FOUNDATION, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2018

(With summarized comparative totals as of June 30, 2017)

	Program Services	Supporting Services			Total 2018	Total 2017
		Management & General	Fundraising	Total Supporting Services		
Student Scholarships	\$ 192,152	\$ -	\$ -	\$ -	\$ 192,152	\$ 192,139
Student CAYLA Scholarships	69,500	-	-	-	69,500	54,000
Teacher Project Grants	114,163	-	-	-	114,163	71,397
Teacher Scholarships/Support	2,860	-	-	-	2,860	1,660
In Real Life Program	179,197	-	-	-	179,197	152,248
VISTA/VTOP Program	39,440	-	-	-	39,440	58,220
TAPAS/Windgate	16,601	-	-	-	16,601	8,791
Foundation Fellows	16,164	-	-	-	16,164	26,429
Advocacy	19,563	-	-	-	19,563	19,692
Other Program Activities	59,000	-	-	-	59,000	51,880
Subtotal	708,640	-	-	-	708,640	636,456
Salaries	\$ 53,973	\$ 20,257	\$ 20,257	\$ 40,515	\$ 94,487	\$ 92,805
Payroll taxes and related benefits	4,960	1,862	1,862	3,723	8,683	9,815
Contract Services	-	4,080	-	4,080	4,080	2,768
Fundraising Events	-	-	11,924	11,924	11,924	11,710
Fundraising Campaigns	-	-	3,691	3,691	3,691	9,186
Insurance Expense	-	5,987	-	5,987	5,987	6,412
Meetings	1,259	420	-	420	1,678	1,404
Miscellaneous	3,676	3,675	-	3,675	7,351	4,869
Occupancy expenses	-	-	-	-	-	810
Office supplies and materials	1,851	462	-	462	2,313	2,940
Postage and shipping	470	101	101	202	672	504
Professional Fees	-	6,506	-	6,506	6,506	7,740
Strategic Planning	-	-	-	-	-	158
In-Kind Support Utilized						
Bookkeeping/Accounting	-	12,240	-	12,240	12,240	12,240
Rent/Equipment Utilized	10,800	2,700	-	2,700	13,500	13,500
Depreciation	-	-	-	-	-	-
Subtotal	76,989	58,290	37,834	96,124	173,112	176,861
Total expenses	\$ 785,629	\$ 58,290	\$ 37,834	\$ 96,124	\$ 881,752	\$ 813,317

The accompanying notes are an integral part of these financial statements.

ASHEVILLE CITY SCHOOLS FOUNDATION, INC.

Statement of Cash Flows

For the Year Ended June 30, 2018

(With summarized comparative totals as of June 30, 2017)

	2018	2017
Cash flows from operating activities		
Increase in net assets	\$ 217,020	\$ 263,813
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) Decrease in operating assets:		
Prepaid expenses	-	474
Other receivables	(47,142)	(4,702)
Increase (Decrease) in operating liabilities:		
Accounts payable	302	4,594
Accrued payroll and related expenses	(5,185)	3,557
CAYLA contributions payable	-	5,304
Scholarships payable	9,868	(7,704)
Net cash provided by operating activities	174,863	265,336
Cash flows from investing activities		
Net change in cash restricted for long-term purposes	(125,416)	(213,863)
Net cash used by investing activities	(125,416)	(213,863)
Net increase in cash and cash equivalents	49,447	51,473
Cash and cash equivalents at beginning of year	526,235	474,762
Cash and cash equivalents at end of year	\$ 575,682	\$ 526,235

The accompanying notes are an integral part of these financial statements.

ASHEVILLE CITY SCHOOLS FOUNDATION, INC.

Notes to Financial Statements

June 30, 2018

(with summarized comparative totals as of June 30, 2017)

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

The mission of the Asheville City Schools Foundation (ACSF) is to implement bold strategies, fund big ideas, and engage the community to increase excellence with equity. The Foundation's programs include the following activities:

-) Scholarships are awarded to graduating seniors at Asheville High School and SILSA from scholarship funds administered by the Foundation.
-) Section 529 College savings plan are established for youth enrolled in the City of Asheville Youth Leadership Academy.
-) In Real Life (IRL) is an after school program that serves middle school youth through academic support, art enrichments, recreation and sports, and community service opportunities. In six years of operation, IRL has served more than 1,200 youth and more than 200 young teens are served each year. Although there is a suggested fee, nearly half of the students have financial need and scholarships are provided for all students who request them.
-) Emergency Assistance is dispersed through counselors and social workers to families in need to enable students to stay in school.
-) Grants are awarded to teachers for innovative programs implemented in the classroom to enhance learning.
-) Scholarships are awarded to teachers to support additional teacher training and development.
-) More than 1,000 volunteers are coordinated through the Volunteer Training Program. Volunteer tutors are recruited and trained to work in the schools with students identified by teachers and parents as needing supplemental academic support.

Basis of Accounting

The accounting records are maintained on the accrual basis of accounting in which revenues are recognized when earned and expenses are recognized when incurred.

To ensure observance of limitations and restrictions placed on the use of available resources, the accounts of ACSF are maintained in accordance with the principles of fund accounting. Under such principles, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives.

ACSF also prepares financial statements in accordance with Financial Accounting Standards Board standards for not-for-profit organizations (ASC 958-205 and subsections). Under these standards, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets:

-) *Unrestricted net assets* – Net assets resulting from public support and revenue not subject to donor-imposed restrictions.

ASHEVILLE CITY SCHOOLS FOUNDATION, INC.

Notes to Financial Statements

June 30, 2018

(with summarized comparative totals as of June 30, 2017)

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

- J *Temporarily restricted net assets* – Net assets resulting from public support and revenue whose use by the Foundation is limited by donor-imposed restrictions.
- J *Permanently restricted net assets* – Net assets resulting from public support and revenue whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

Tax Exempt Status

The Organization is incorporated as a nonprofit corporation under the laws of the State of North Carolina and has qualified for exemption from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under section 170(b)(1)(A) and has been classified as a publicly supported organization under section 509(a)(3).

Use of Estimates

The preparation of financial statements in conformity with 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.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. As restrictions expire, net assets are reclassified to unrestricted net assets and are reported on the statement of activities as “Net assets released from restrictions.”

Cash and Cash Equivalents

For purposes of reporting on the statement of cash flows, Asheville City Schools Foundation considers all unrestricted highly-liquid investments purchased with an initial maturity of three months or less to be cash equivalents. In accordance with U.S. GAAP, cash restricted to long-term purposes is not considered to be a cash equivalent.

Property and Equipment

Purchases of property and equipment are recorded at acquisition cost. The Foundation capitalizes expenditures of \$750 or more. Improvements and betterments are capitalized, while repairs and maintenance expenditures are expensed in the statement of activities. Depreciation is recorded using the straight-line method over the expected useful life (ranging from 5 to 7 years) of each asset.

ASHEVILLE CITY SCHOOLS FOUNDATION, INC.

Notes to Financial Statements

June 30, 2018

(with summarized comparative totals as of June 30, 2017)

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Endowments

A donor's stipulation that requires a gift be invested in perpetuity creates a permanently restricted endowment fund. The endowment principal consists of the fair value of the gift when received. Interest, dividends and investment appreciation on endowment accounts are used to fund a corresponding temporarily restricted scholarship account in the donor's name.

Consistent with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), enacted in North Carolina in 2009, the organization's policy continues to require the preservation of the original value of gifts donated to the permanent endowment. Consistent with current U.S. GAAP, the permanently restricted net assets of an endowment are not reduced by losses on the investments of the fund, and accumulated investment income is temporarily restricted until appropriated for use. Investment income and gains on endowment funds are allocated to the corresponding temporarily restricted scholarship fund. Those amounts are appropriated for expenditure by the Foundation when scholarships are awarded. The Foundation considers the following factors in making a determination to appropriate of accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Donated Materials and Services

Donated land, buildings, equipment, investments, and other noncash donations are recorded as contributions at their fair market value at their date of donation. The Foundation reports the donations as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The Foundation's donated materials are in the form of contributed office space including use of equipment and are recognized in income and expenses at estimated fair market value.

Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying consolidated financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Foundation's program services and its fundraising campaigns, the value of which is not recorded in the accompanying consolidated financial statements.

ASHEVILLE CITY SCHOOLS FOUNDATION, INC.

Notes to Financial Statements

June 30, 2018

(with summarized comparative totals as of June 30, 2017)

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Functional Expenses

The Foundation allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their nature and expenditure classification. Other expenses that are common to several functions are allocated by statistical means.

Recent Accounting Pronouncements and Income Taxes/Uncertain Tax Positions

New accounting standards are now issued by the Financial Accounting Standards Board (FASB) through accounting Standards Updates (ASU's) to the FASB Accounting Standards Codification (ASC). The FASB does not consider the updates authoritative on a standalone basis; they become authoritative when incorporated into the ASC.

In June 2009, The Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 168, *FASB Accounting Standards Codification (ASC)* and the *Hierarchy of Generally Accepted Accounting Principles: A Replacement of FASB Statement No. 162*. On July 1, 2009, The *Hierarchy of Generally Accepted Accounting Principles* was rendered irrelevant, and the FASB ASC became the source of authoritative U.S. generally accepted accounting principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. On the effective date of the statement, the ASC will supersede all then-existing non-SEC accounting and reporting standards, effective for financial statements issued for interim and annual periods ending after September 15, 2009.

The Foundation adopted the provisions of FASB ASC 740-10-25, *Accounting for Uncertainty in Income Taxes* on January 1, 2009. Under this standard, the Foundation 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 of this standard 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. No interest or penalties were accrued as of January 1, 2009, as a result of the adoption of this standard. For the year ended June 30, 2016, there were no interest or penalties recorded or included in its financial statements. The organization's Forms 990 for 2013-14, 2014-15 and 2015-16 are subject to examination by the IRS, generally for three years after being filed.

In accordance with FASB ASC 958-205, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* and subsections, the Foundation has determined it is subject to the Uniform Prudent Management of Institutional Funds Act of 2006, which requires the Foundation to classify a portion of a donor-restricted endowment fund of perpetual duration as permanently restricted net assets, unless stated otherwise in the gift instrument by the donor. These gift instruments are donor-restricted assets until appropriated for expenditure by the Foundation. ASC 958-205 is retroactively applied to all years presented in the accompanying financial statements.

ASHEVILLE CITY SCHOOLS FOUNDATION, INC.

Notes to Financial Statements

June 30, 2018

(with summarized comparative totals as of June 30, 2017)

Note 2 – Cash and Cash Equivalents

Cash and cash equivalents were as follows:

<u>As of June 30</u>	<u>2018</u>	<u>2017</u>
TD Bank	\$ 40,209	\$ 319,858
TD Bank Money Market	802,749	499,834
Community Foundation of WNC	1,250,111	1,098,514
Cash restricted for long-term purposes	<u>(1,517,387)</u>	<u>(1,391,971)</u>
	<u>\$ 575,682</u>	<u>\$ 526,235</u>

The Organization occasionally maintains deposits in excess of federally insured limits. The Federal Deposit Insurance Corporation insures accounts at each institution up to \$250,000. At June 30, 2018 and 2017, the Foundation had \$1,593,069 and \$1,418,206 of uninsured funds at two financial institutions. The Foundation does not believe that there is any significant risk associated with the concentrations of credit.

Note 3 – Scholarships Payable

The Foundation typically awards student scholarships in June of each year, with the payments made in July. The scholarships payable balance was \$187,568 and \$177,700 as of June 30, 2018 and June 30, 2017, respectively including CAYLA scholarships payable (see Note 7 for CAYLA Scholarships description).

Note 4 – Fundraising Events

Fundraising Events for the year ended June 30, 2018 are summarized as follows:

<u>Fundraising events</u>	<u>Proceeds</u>	<u>Expenses</u>	<u>Net</u>
Nikole Hannah-Jones	\$ 19,704	\$ 10,246	\$ 9,458
Whole Foods 5% Day	5,804	-	5,804
Other miscellaneous events	<u>4,710</u>	<u>1,678</u>	<u>3,032</u>
Totals	<u>\$ 30,218</u>	<u>\$ 11,924</u>	<u>\$ 18,294</u>

Fundraising event expenses are presented on the Schedule of Functional Expenses.

ASHEVILLE CITY SCHOOLS FOUNDATION, INC.

Notes to Financial Statements

June 30, 2018

(with summarized comparative totals as of June 30, 2017)

Note 5 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for ongoing scholarship funds, as well as for grant funded programs and projects for which the funds are generally expended over one or two year periods. The June 30, 2018 and 2017 balances were as follows:

	<u>2018</u>	<u>2017</u>
<u>Scholarship and Continuing Funds:</u>		
ACS Memorial Scholarship Fund	\$ 52,291	\$ 47,353
Annual Scholarship Accounts	33,149	53,685
Arnold-Hunter-Rudolph Fund	57,189	52,317
Bostain ROTC Scholarship Fund	62,823	62,879
Carlisle Scholarship Fund	38,628	35,319
Class of '49 Scholarship Fund	30,842	30,771
Class of '51 Scholarship Fund	24,405	26,978
Class of '76 Scholarship Fund	5,055	4,837
Dependent Scholarship Fund	343	-
John B. Lewis Scholarship Fund	21,916	21,641
Lee H. Edwards Class of '48 Scholarship	24,063	24,198
Other Funds	1,584	102
Paddison Scholarship Fund	208,264	188,322
Parsec Financial Math Fund	12,994	14,747
Peterson-Stanley Scholarship Fund	33,153	32,576
Scholarship of Applied Awesomeness	434,282	340,894
Seth Olson Scholarship Fund	6,833	7,953
<u>Spendable Portion of Endowments:</u>		
Wykle Scholarship Fund	6,338	10,196
Total Scholarship and Continuing Funds	<u>1,054,152</u>	<u>954,768</u>
 <u>Grant and Project Funds:</u>		
Advocacy Program	\$ 17,372	\$ 42,973
In Real Life Program	147,159	148,334
Mindfulness AMS	18,466	-
Racial Equity Project	23,517	12,688
TAPAs/Windgate	-	2,213
VISTA/VTOP	70,752	44,040
Other Grant Funds	-	986
Total Grant and Project Funds	<u>277,266</u>	<u>251,234</u>
Total Temporarily Restricted Net Assets	<u>\$ 1,331,418</u>	<u>\$ 1,206,002</u>

ASHEVILLE CITY SCHOOLS FOUNDATION, INC.

Notes to Financial Statements

June 30, 2018

(with summarized comparative totals as of June 30, 2017)

Note 6 – Endowment Funds

The Foundation has two permanently restricted endowment funds. The assets are included in Cash Held by Asheville City Schools. Investment income is transferred monthly to a corresponding temporarily restricted scholarship fund. Activity during the year was as follows:

	<u>Drake Scholarship Fund</u>	
	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>
Fund balance, June 30, 2017	\$ 174,794	\$ -
Audit year activity:		
Investment income	-	10,799
Scholarships paid	-	(12,000)
Administrative fees	-	(1,117)
From unrestricted	-	2,318
Fund balance, June 30, 2017	<u>\$ 174,794</u>	<u>\$ -</u>

	<u>Wykle Scholarship Fund</u>	
	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>
Fund balance, June 30, 2017	\$ 11,175	\$ 10,196
Audit year activity:		
Contributions received	-	24,665
Investment income	-	1,385
Scholarships paid	-	(2,000)
Administrative fees	-	(299)
To unrestricted	-	(27,609)
Fund balance, June 30, 2018	<u>\$ 11,175</u>	<u>\$ 6,338</u>

Note 7 – CAYLA Scholarships

The Foundation works with Asheville City Schools (ASC) in administering Section 529 College savings plans that are established for youth enrolled in the City of Asheville Youth Leadership Academy (CAYLA). During the year ended June 30, 2018, the Foundation received \$39,964 from various donors, it accrued \$54,000 in payables to student accounts at the College Foundation for North Carolina, and \$21,949 remained in temporarily restricted net assets at year-end.

Note 8 – In-Kind Contributions

The Foundation receives the use of office space and equipment from Asheville City Schools at no cost. It also receives bookkeeping services from an individual on a volunteer basis. In-kind contributions are summarized as follows:

ASHEVILLE CITY SCHOOLS FOUNDATION, INC.

Notes to Financial Statements

June 30, 2018

(with summarized comparative totals as of June 30, 2017)

Note 8 – In-Kind Contributions (continued)

<u>For the year ended June 30</u>	<u>2018</u>	<u>2017</u>
Use of facilities	\$ 13,500	\$ 13,500
Bookkeeping services	<u>10,787</u>	<u>12,240</u>
Total in-kind contributions	<u>\$ 24,287</u>	<u>\$ 25,740</u>

Note 9 – Evaluation of Subsequent Events

The Foundation has evaluated subsequent events through September 28, 2018, the date which financial statements were available to be issued. No significant events were noted.

Note 10 – Comparative Data

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived. In addition, certain reclassifications have been made to the prior year information to facilitate comparison to the current year.



September 28, 2018

Leah B. Noel, CPA, PC
14 S Pack Square, Suite 503
Asheville, North Carolina

This representation letter is provided in connection with your audit of the financial statements of Asheville City Schools Foundation, Inc., which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 28, 2018, the following representations made to you during your audit.

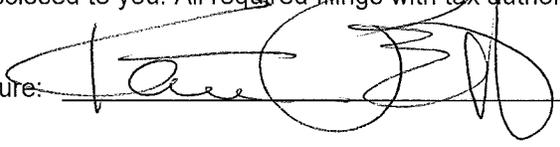
Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 15, 2018, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8) The effects of uncorrected misstatements, if any, are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter, if any.

- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 11) Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

- 12) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 13) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 15) We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 17) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 18) We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.
- 19) We have disclosed to you the identity of the Organization's related parties and all the related-party relationships and transactions of which we are aware.
- 20) The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 22) Asheville City Schools Foundation, Inc. is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

Signature: 

Title: EXECUTIVE DIRECTOR