

FUND FOR EDUCATION ABROAD
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023

FUND FOR EDUCATION ABROAD
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
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Brooks, Harrison Company, L.L.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Board of Trustees
Fund for Education Abroad

Opinion

We have audited the accompanying financial statements of Fund for Education Abroad (the Organization) (a not-for-profit corporation), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fund for Education Abroad as of December 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Brexit, Hummer Company

Bethesda, Maryland
August 16, 2024

FUND FOR EDUCATION ABROAD
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS

CURRENT ASSETS

| | |
|---|------------|
| Cash and cash equivalents | \$ 400,570 |
| Grants and contributions receivable | 217,500 |
| Access Partner receivable, net of allowance | 53,250 |
| Prepays and other current assets | 9,022 |
| Investments | 1,088,256 |
| Total current assets | 1,768,598 |

PROPERTY AND EQUIPMENT

| | |
|-------------------------------|---------|
| Equipment | 9,833 |
| Less accumulated depreciation | (9,242) |
| Total property and equipment | 591 |

TOTAL ASSETS

\$ 1,769,189

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | |
|---------------------------|-----------|
| Accounts payable | \$ 84,359 |
| Accrued vacation | 12,528 |
| Accrued expenses | 1,900 |
| Deferred income | 26,243 |
| Total current liabilities | 125,030 |

NET ASSETS

| | |
|---------------------------------------|-----------|
| Net assets with donor restrictions | 1,178,882 |
| Net assets without donor restrictions | 465,277 |
| Total net assets | 1,644,159 |

TOTAL LIABILITIES AND NET ASSETS

\$ 1,769,189

These financial statements should be read only in connection
with the accompanying notes to financial statements

FUND FOR EDUCATION ABROAD

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|--------------|
| REVENUE AND SUPPORT | | | |
| Grants and contributions | \$ 404,396 | \$ 123,042 | \$ 527,438 |
| Fundraising events | 45,453 | - | 45,453 |
| Access Partner revenue | 92,897 | 281,895 | 374,792 |
| Dividends | 37,367 | - | 37,367 |
| Other income | 5,857 | - | 5,857 |
| Net assets released from restrictions | 787,052 | (787,052) | - |
| Total support and revenue | 1,373,022 | (382,115) | 990,907 |
| EXPENSES | | | |
| Program services | 804,057 | - | 804,057 |
| Supporting services: | | | |
| Management and general | 210,622 | - | 210,622 |
| Fundraising | 128,819 | - | 128,819 |
| Total supporting services | 339,441 | - | 339,441 |
| Total expenses | 1,143,498 | - | 1,143,498 |
| OPERATING CHANGE IN NET ASSETS | 229,524 | (382,115) | (152,591) |
| OTHER CHANGES IN NET ASSETS | | | |
| Realized and unrealized investment gains | 28,361 | 71,780 | 100,141 |
| CHANGE IN NET ASSETS | 257,885 | (310,335) | (52,450) |
| NET ASSETS, BEGINNING OF YEAR | 207,392 | 1,489,217 | 1,696,609 |
| NET ASSETS, END OF YEAR | \$ 465,277 | \$ 1,178,882 | \$ 1,644,159 |

These financial statements should be read only in connection
with the accompanying notes to financial statements

FUND FOR EDUCATION ABROAD

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

| | <u>Programs</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total Expenses</u> |
|------------------------------------|-------------------|-----------------------------------|--------------------|---------------------------|
| EXPENSES | | | | |
| Scholarships | \$ 652,630 | \$ - | \$ - | \$ 652,630 |
| Personnel | 114,394 | 86,223 | 53,695 | 254,312 |
| Professional Fees | 3,258 | 9,049 | 440 | 12,747 |
| Occupancy | 5,417 | 4,641 | 3,140 | 13,198 |
| Supplies | 4,620 | 95 | 226 | 4,941 |
| Postage & Shipping | 535 | 24 | 118 | 677 |
| Printing & Production | 569 | - | 602 | 1,171 |
| Subscriptions | 1,872 | 3,370 | 3,916 | 9,158 |
| Equipment, Software, Website | 16,500 | 2,836 | - | 19,336 |
| Travel & Meals | 2,295 | 2,838 | 11,824 | 16,957 |
| Conferences, Conventions, Meetings | 640 | 804 | 49,989 | 51,433 |
| Accounting and audit fees | 963 | 64,329 | 1,480 | 66,772 |
| Bank and Credit Card Fees | 364 | 1,992 | 3,271 | 5,627 |
| Insurance | - | 953 | - | 953 |
| Investment fees | - | 10,781 | - | 10,781 |
| Depreciation | - | 2,855 | - | 2,855 |
| Gifts | - | 332 | 118 | 450 |
| Bad Debt | - | 19,500 | - | 19,500 |
| Total expenses | <u>\$ 804,057</u> | <u>\$ 210,622</u> | <u>\$ 128,819</u> | <u>\$ 1,143,498</u> |

These financial statements should be read only in connection
with the accompanying notes to financial statements

FUND FOR EDUCATION ABROAD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|---------------|
| Change in net assets | \$ (52,450) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 2,855 |
| Investments | (16,226) |
| Effects of changes in operating assets and liabilities: | |
| Accounts and contributions receivable | 123,973 |
| Prepaid expenses and other assets | (3,704) |
| Accounts payable and accrued expenses | (53,136) |
| Deferred income | 26,243 |
| Net cash provided by operating activities | <u>27,555</u> |

CASH FLOWS FROM FINANCING ACTIVITIES

| | |
|---------------------------------|----------------|
| Principal payments on term loan | <u>(8,448)</u> |
|---------------------------------|----------------|

NET CHANGE IN CASH AND CASH EQUIVALENTS

19,107

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

381,463

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 400,570

SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash transactions:

| | |
|------------------------------------|--------------------------|
| Donated services received and used | <u><u>\$ 290,789</u></u> |
|------------------------------------|--------------------------|

These financial statements should be read only in connection
with the accompanying notes to financial statements

FUND FOR EDUCATION ABROAD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Fund for Education Abroad is a 501(c)(3) organization that provides scholarships and ongoing support to students with financial need who are underrepresented among the U.S. study abroad population. The Organization makes life-changing, international experiences accessible to all by supporting students of color, community college, and first-generation college students before, during, and after they participate in education abroad programs.

Fund for Education Abroad was incorporated under the Nonprofit Corporation Act of the District of Columbia on July 24, 2008.

Basis of accounting: Fund for Education Abroad prepares its financial statements on the accrual basis of accounting. Accordingly, revenue is recognized when earned, and expenses are recognized when the underlying obligations are incurred.

Use of estimates: Preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from estimates.

Cash and cash equivalents: For financial statement purposes, Fund for Education Abroad considers all cash and highly liquid investments with initial maturities of three months or less to be cash equivalents. The Organization maintains its cash in bank deposit accounts which, at times, may exceed Federal Deposit Insurance Corporation (FDIC) insurance limits. Management believes the risk of incurring material losses related to this risk is remote. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk from cash and cash equivalents.

Liquidity and availability of funds: Financial assets available for use through December 31, 2024 include cash and cash equivalents, accounts and contributions receivable, and investments, totaling \$555,441 that are available for general operations. Management structures its financial assets to be available as its expenditures, liabilities, and other obligations become due.

Fixed assets: Property, equipment, and leasehold improvements greater than \$2,500 are recorded at cost and depreciated using the straight-line method over three to five years for furniture and equipment.

Net assets: For financial statement purposes, net assets consist of the following classes:

Net assets without donor restrictions: Net assets without donor restrictions include contributed assets which have not been restricted by donors. These net assets are available for the operation of Fund for Education Abroad and include both internally designated and undesignated resources.

FUND FOR EDUCATION ABROAD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Net assets with donor restrictions: Donor restricted net assets include net assets whose use by Fund for Education Abroad has been restricted by donors for a specified purpose or time.

Grants, contracts, and contributions: Grants and contributions received are recorded as support when an unconditional promise to give has been made.

Grants and contributions are recorded as unrestricted or donor restricted support depending upon the existence and/or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in donor restricted net assets. When a restriction expires, donor restricted net assets are reclassified to net assets without restrictions.

Functional allocation of expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income taxes: Fund for Education Abroad is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as other than a private foundation within the meaning of Section (509)(a)(2) of the Internal Revenue Code. The Organization believes that its income tax filing positions and deductions will be sustained upon examination and, accordingly, has not recorded any reserves or related accruals for interest and penalties, at December 31, 2023, for uncertain income tax positions. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. Currently, the tax years ending 2020 through 2023 are open and subject to examinations by the Internal Revenue Service.

Subsequent events: Subsequent events have been evaluated through August 16, 2024, the date which the financial statements were available to be issued.

NOTE B – GRANTS AND CONTRIBUTIONS RECEIVABLE

Accounts receivable are recorded when related program service revenues are earned. Contributions and grants receivable are recorded when unconditional commitments to make grants or contributions are received. Contributions receivable include cash payments of \$144,671 and donated services of \$76,750 due in 2024.

An allowance for uncollectible accounts and pledges receivable is made based on management's judgment, considering prior collection history, the type of contribution, and other relevant factors. Based on management's evaluation of the collectability of accounts receivable, as of December 31, 2023, an allowance of \$8,000 for potentially uncollectible amounts was recorded.

FUND FOR EDUCATION ABROAD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE C - INVESTMENTS

Investments consist of the following at December 31, 2023:

| | |
|--------------|---------------------|
| Money Market | \$ 45,820 |
| Equities | 773,166 |
| Fixed Income | <u>269,270</u> |
| Total | <u>\$ 1,088,256</u> |

All investments have readily determinable fair market values.

NOTE D - LOANS

On June 16, 2020, the Organization received an Economic Injury Disaster Loan payment from the U.S Small Business Administration, totaling \$150,000. The loan charged annual interest of 2.75% with monthly payments of \$641 due over thirty years beginning two years from the note date. The loan balance was paid in 2023. The loan was collateralized by all personal property of the Organization.

NOTE E - DONATED GOODS AND SERVICES

The Organization receives various types of non-cash (in-kind) support. Contributed in-kind services are recognized in accordance with generally accepted accounting principles if those services a) create or enhance long-lived assets, or b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ended December 31, 2023, the total value of donated services received was \$290,789. The amounts received are included as expenses in the accompanying financial statements. These services are recorded as support in the period the donations were pledged. Consequently, amounts pledged in previous periods are not included in support in the accompanying financial statements.

NOTE F - RELATED PARTY TRANSACTIONS

The Organization shares common officers, trustees, and employees with a travel service company. The company provides financial support and contributed services to the Organization, and processes payroll and benefits for the Organization. The accompanying statement of financial position includes pledges receivable of \$108,667 from the company.

FUND FOR EDUCATION ABROAD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE G - DONOR RESTRICTED ASSETS

Donor restricted net assets consist of the following at December 31, 2023:

| | | |
|----------------------------|----|---------|
| Permanently Restricted | | |
| Scholarship fund endowment | \$ | 614,195 |
| Temporarily Restricted | | |
| Scholarship programs | \$ | 564,687 |

The Organization classifies net assets as with donor restrictions, or without donor restrictions, depending on the existence or absence of donor-imposed time or purpose restrictions.

The donor-restricted endowment funds are scholarship funds intended to provide for travel scholarships in perpetuity. The funds are comprised of: (a) the original value of donor-restricted endowment gifts, (b) accumulations to the funds in accordance with the Board of Directors policy for maintaining the value of the fund principal, and (c) accumulations to the funds subject to spending as authorized by the Board of Directors. Donor-restricted endowment fund assets are classified as permanently restricted assets, until authorized by the Board of Directors for spending.

The Organization manages permanently restricted endowment fund assets and spending in order to maintain the long-term spending power of the endowment assets. Increases in endowment assets necessary to maintain the spending power of the assets is determined annually based on the Consumer Price Index issued by the U.S. Bureau of Labor Statistics. Donor restricted investment income in excess of amounts required to preserve the fund are available to spend for restricted purposes. In years where endowment investment income is insufficient to maintain the value of the endowment, endowment assets may decrease below the amount needed to maintain the spending power of the endowment. As of the year ended December 31, 2023, the cumulative deficiencies in endowment income required to restore the original spending power of the endowment was \$94,030.

In accordance with the standards of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment income:

- 1) The duration and preservation of the fund,
- 2) The purposes of the organization and the donor-restricted endowment fund,
- 3) General endowment conditions,
- 4) The possible effect of inflation and deflation,
- 5) The expected total return from income and the appreciation (depreciation) of investment,
- 6) The investment policies and other resources of the Organization.

FUND FOR EDUCATION ABROAD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

The Organization's Board of Directors has adopted a "Total Return" approach to determine the annual amount available for appropriation from the endowed funds. The Organization limits the annual appropriation of the endowment balance to approximately 3% of the average endowment balance, in order to preserve the long-term spending power of the endowment funds. This amount is reviewed and adjusted annually based on expected economic conditions and investment performance.

The types of investments that have been approved for endowment investing include cash, money market funds, special and exchange traded equity mutual funds, high fixed income securities, and alternative investments.

The Organization's investment objectives for the endowment funds are a balance towards a growth investment objective with a long-term time horizon, and governed by the prudent investor rule. The total return concept is used to most effectively balance current demands and future needs. A moderate risk level is used for endowments. The target allocations for the endowment asset categories are: 3% to 8% for cash and money market funds, 20% to 50% for fixed income funds, 30% to 70% for equity funds, and 5% to 20% for alternative investments.