

RURAL SCHOOLS COLLABORATIVE, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022



ELLIOTT, ROBINSON
& COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

TRUSTED BUSINESS ADVISORS



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Rural Schools Collaborative, Inc.

Opinion

We have audited the accompanying financial statements of Rural Schools Collaborative, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – cash basis as of June 30, 2022, and the related statements revenue and expenses and changes in net assets – cash basis, and functional expenses – cash basis 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 assets, liabilities, and net assets of Rural Schools Collaborative, Inc. as of June 30, 2022, and the changes in its revenue and expenses for the years then ended in accordance the cash basis of accounting.

Basis for Opinion

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

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for determining the cash basis is an acceptable basis for the presentation of the financial statements in the circumstances. Management is also responsible 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.

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, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 Rural Schools Collaborative, Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rural Schools Collaborative, Inc.'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.

Ellis H. Robinson & Company, LLP

Springfield, Missouri
February 23, 2023

RURAL SCHOOLS COLLABORATIVE, INC.
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS
JUNE 30, 2022

	<u>2022</u>
<u>ASSETS</u>	
Current Assets	
Cash and cash equivalents	\$ 304,500
Total Current Assets	<u>304,500</u>
Total Assets	<u><u>\$ 304,500</u></u>
<u>LIABILITIES AND NET ASSETS</u>	
Net Assets	
Without donor restrictions	<u>304,500</u>
Total Net Assets	<u>304,500</u>
Total Liabilities and Net Assets	<u><u>\$ 304,500</u></u>

See accompanying accountants' report and notes to financial statements.

RURAL SCHOOLS COLLABORATIVE, INC.
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
CASH BASIS
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Gains			
Contributions and grants	\$ 511,438	-	511,438
Realized gains (losses)		-	-
Unrealized gains (losses)		-	-
Investment income, net of fees	63	-	63
Total Revenues and Gains	<u>511,501</u>	<u>-</u>	<u>511,501</u>
Net Assets Released from Restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Expenses			
Program services	282,309	-	282,309
Management and general	140,444	-	140,444
Fundraising	-	-	-
Total Expenses	<u>422,753</u>	<u>-</u>	<u>422,753</u>
Increase in Total Net Assets	88,748	-	88,748
Total Net Assets at Beginning of Year	<u>215,752</u>	<u>-</u>	<u>215,752</u>
Total Net Assets at End of Year	<u><u>\$ 304,500</u></u>	<u><u>-</u></u>	<u><u>304,500</u></u>

See accompanying accountants' report and notes to financial statements.

RURAL SCHOOLS COLLABORATIVE, INC.
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2022

	Program Services			Total Program Services	Supporting Activities		Total
	Rural Teacher	Grants in Place	Place-Based Initiatives		Management and General	Fundraising	
Administration and legal	\$ -	-	-	-	8,148	-	8,148
Annual report	-	-	-	-	1,739	-	1,739
Board meeting	-	-	-	-	19,736	-	19,736
Digital communications	-	-	-	-	635	-	635
I am a Rural Teacher Project	63,882	-	-	63,882	-	-	63,882
GRAD partnerships	-	-	57,261	57,261	-	-	57,261
Grants in place	-	32,041	-	32,041	-	-	32,041
Insurance	-	-	-	-	3,496	-	3,496
National signature project	-	1,750	-	1,750	-	-	1,750
Ozarks teacher corps study	2,500	-	-	2,500	-	-	2,500
Personnel	112,375	12,500	-	124,875	104,355	-	229,230
Postal mailing	-	-	-	-	322	-	322
Professional development	-	-	-	-	684	-	684
Supplies	-	-	-	-	622	-	622
Travel	-	-	-	-	707	-	707
Total Expenses	\$ 178,757	46,291	57,261	282,309	140,444	-	422,753

See accompanying accountants' report and notes to financial statements.

RURAL SCHOOLS COLLABORATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Rural Schools Collaborative, Inc. (“the Organization”) is a national nonprofit corporation with a mission to build sustainable rural communities through a keen focus on place, teachers, and philanthropy. The Organization receives its funding primarily from contributions and grants.

Basis of Accounting

The Organization uses the cash basis method of accounting, which recognizes revenue when received and expenses when paid.

Financial Statement Presentation

The Organization presents its financial statements in accordance with the cash basis of accounting. Accordingly, the Organization reports information regarding its financial position and activities according to two classes of net assets: (1) without donor restriction; (2) with donor restriction.

Net assets without donor restrictions: Net assets without donor restriction include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Organization, as well as designations for use made by the governing board.

Net assets with donor restrictions: Net assets with donor restrictions include resources subject to stipulations by donors and grantors. Some donor restrictions may be temporary in nature; those restrictions would be met by actions of the Organization or by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. The Organization does not have any net assets with donor restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less at the date of their acquisition to be cash equivalents.

Contributions

Contributions received are recorded as increases in net assets with donor restriction or net assets without donor restriction depending on the existence or nature of any donor restrictions when the donation is received.

RURAL SCHOOLS COLLABORATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions – Continued

Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the same fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction.

If U.S. GAAP were used, the Organization’s revenue would be recognized as performance obligations were satisfied due to the continuous transfer of control to the customer rather than as it is received. Under U.S. GAAP expenses would be recorded as incurred rather than as they are paid.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities in accordance with FASB ASC 958-205, “Presentation of Financial Statements of Not-for-Profit Organizations”. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Allocations are examined by management annually and adjusted as necessary, with the overall methodology remaining consistent.

Compensation and related expenses are allocated based on an estimation of employees’ time spent on each function. All other expenses are directly allocated based on their purpose.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect: 1) the reported amounts of assets and liabilities; 2) disclosure of contingent assets and liabilities at the date of the financial statements; and, 3) revenues and expenses during the reporting period. Actual results could differ from these estimates.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to the Internal Revenue Service are the years ended June 30, 2020, 2021 and 2022 tax years. However, the Organization is not currently under audit nor has the Organization been contacted by any jurisdiction. Based on the evaluation of the Organization’s tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions have been recorded for the fiscal year ended June 30, 2022. Interest and penalties, if any, related to annual Form 990 or unrelated business income tax filings are reported within general and administrative expenses in the statement of activities.

Subsequent Events

Rural Schools Collaborative, Inc. has evaluated subsequent events through February 23, 2023, the date on which the financial statements were available to be issued.

RURAL SCHOOLS COLLABORATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 2: RESTRICTED CASH

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sums to the total of the same amounts in the statement of cash flows:

	<u>2022</u>
Cash and cash equivalents, without donor restriction	\$ 304,500
Donor-restricted cash	<u>-</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 304,500</u>

NOTE 3: LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2022</u>
Cash and cash equivalents, without donor restrictions	\$ 304,500
Total financial assets available to meet general expenditure over the next year	<u>\$ 304,500</u>

The general operating bank accounts are not subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

The Organization structures its financial assets to be available as general expenditures, liabilities, and other obligations become due. Excess cash may be invested in short-term investments, including certificates of deposit and money market accounts, to support future growth of the Organization.

NOTE 4: CONCENTRATIONS

The Organization receives a large portion of its' funding from three donors. The revenue from these donors comprise 63% of total revenue.