

Clay County Education Foundation, Inc.

Independent Auditors' Report and Financial Statements

**For the Year Ended
June 30, 2019**

**With Summarized Financial Information for the Year Ended
June 30, 2018**

BODINE  PERRY

Chartered Public Accountants & Business Advisors

Plan. Execute. Win.

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Independent Auditors' Report

Board of Directors and Management
Clay County Education Foundation, Inc.
Green Cove Springs, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Clay County Education Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Clay County Education Foundation, Inc. as of June 30, 2019, 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 Clay County Education Foundation, Inc.'s June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 1, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2020, on our consideration of Clay County Education Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Clay County Education Foundation, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clay County Education Foundation, Inc.'s internal control over financial reporting and compliance.



Orange Park, Florida
February 21, 2020

Clay County Education Foundation, Inc.

Statement of Financial Position June 30, 2019

With Summarized Financial Information for June 30, 2018

	<u>June 30, 2019</u>	<u>For Comparative Purposes Only June 30, 2018</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 41,195	\$ 49,322
Funds held by others	<u>1,563</u>	<u>1,563</u>
Total Assets	<u>\$ 42,758</u>	<u>\$ 50,885</u>
Liabilities and Net Assets		
Current Liabilities		
Scholarships payable	\$ 1,563	\$ 1,563
Net Assets		
Without donor restrictions	<u>41,195</u>	<u>49,322</u>
Total Liabilities and Net Assets	<u>\$ 42,758</u>	<u>\$ 50,885</u>

See independent auditors' report and notes to the financial statements

Clay County Education Foundation, Inc.

Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2019

With Summarized Financial Information for the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	June 30, 2019 Total	For Comparative Purposes Only June 30, 2018
Support and Revenue				
Support				
Contributions and support	\$ 41,976	\$ -	\$ 41,976	\$ 19,603
Grants	79,544	-	79,544	127,221
Fundraising	2,400	-	2,400	-
Total Support	123,920	-	123,920	146,824
Revenues				
Interest income	121	-	121	95
Net assets released from restrictions	-	-	-	-
Total Support and Revenue	124,041	-	124,041	146,919
Expenses				
Grants and programs	121,896	-	121,896	120,670
Management and general	8,927	-	8,927	10,418
Fundraising	1,345	-	1,345	-
Total Expenses	132,168	-	132,168	131,088
Change in Net Assets	(8,127)	-	(8,127)	15,831
Net Assets, Beginning of the Year	49,322	-	49,322	33,491
Net Assets, End of the Year	\$ 41,195	\$ -	\$ 41,195	\$ 49,322

See independent auditors' report and notes to the financial statements

Clay County Education Foundation, Inc.

Statement of Functional Expenses For the Year Ended June 30, 2019

With Summarized Financial Information for the Year Ended June 30, 2018

	June 30, 2019			Total June 30, 2019	For Comparative Purposes Only June 30, 2018
	Grants and Programs	Management and General	Fundraising		
Grants to teachers and schools	\$ 107,628	\$ -	\$ -	\$ 107,628	\$ 99,618
Teacher of the year/Employee of the year	11,324	-	-	11,324	8,727
Project reach	2,944	-	-	2,944	4,307
Conference fees	-	760	-	760	-
Professional fees	-	4,800	-	4,800	4,200
Miscellaneous expenses	-	1,483	1,345	2,828	8
Organizational dues and fees	-	1,884	-	1,884	4,205
Printing and postage	-	-	-	-	12
Supplies	-	-	-	-	8,635
Meals and entertainment	-	-	-	-	1,376
Total Expenses	\$ 121,896	\$ 8,927	\$ 1,345	\$ 132,168	\$ 131,088

See independent auditors' report and notes to the financial statements

Clay County Education Foundation, Inc.

Statement of Cash Flows For the Year Ended June 30, 2019

With Summarized Financial Information for the Year Ended June 30, 2018

	<u>June 30, 2019</u>	<u>For Comparative Purposes Only June 30, 2018</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (8,127)	\$ 15,831
Cash Provided by (Used for) Operating Activities	<u>(8,127)</u>	<u>15,831</u>
Net Increase (Decrease) in Cash	(8,127)	15,831
Beginning Cash Balance	<u>49,322</u>	<u>33,491</u>
Ending Cash Balance	<u><u>\$ 41,195</u></u>	<u><u>\$ 49,322</u></u>

See independent auditors' report and notes to the financial statements

Clay County Education Foundation, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2019
With Summarized Financial Information for the Year Ended June 30, 2018

Note A - Organization

Clay County Education Foundation, Inc. (the Foundation) is a nonprofit corporation organized under the laws of the State of Florida in 1987. The purpose of the Foundation is to recognize student achievement, reward teacher development, and support the Clay County, Florida public school system. The Foundation applies for State and private grants, solicits donations from business and individuals, and conducts fundraising activities. The Foundation is governed by the Board of Directors. Day to day operations are entrusted to the executive director. The Foundation is a member of the Consortium of Florida Education Foundations. The Foundation has several programs designed to achieve its stated purpose:

- The Foundation provides small grants to teachers in order to support various educational projects. Teachers submit project ideas along with funding needs for the school year. The Foundation Board then approves the request based upon merits and funding limitations.
- The Foundation annually recognizes a Teacher of the Year and a School Related Employee of the Year.
- The Foundation provides funding for the Micro farm project at 2 elementary and 1 junior high school.
- The Foundation supports the STEM program. STEM is an acronym for the fields of science, technology, engineering and math. STEM related programs have become a priority because too few college students are pursuing degrees in these fields.

Note B - Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The financial statements of Clay County Education Foundation, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of Clay County Education Foundation, Inc.'s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions may be temporary in nature; those restrictions will be met by actions of the Foundation 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.

Clay County Education Foundation, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2019
With Summarized Financial Information for the Year Ended June 30, 2018

Note B - Summary of Significant Accounting Policies - continued

Comparative Financial Statements

The financial statements include certain prior year summarized and comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2018, from which the summarized financial information was derived.

Cash and Cash Equivalents

The Foundation considers all short-term securities with a maturity date of 3 months or less to be cash equivalents for cash flow purposes.

Pledges Receivable and Related Allowance for Uncollectible Pledges

Unconditional promises to give are recognized as revenues or gains in the period received. Pledges receivable are stated at unpaid balances, less an allowance for doubtful collections, and further reduced to reflect the loss of purchasing power connected with the extended time until collection. The Foundation provides for losses on pledges using the allowance method. The allowance is based on experience and other circumstances. It is the Foundation's policy to charge off uncollectible pledges receivable when management determines the receivable is no longer valid. Currently, the Foundation has no pledges receivable. Consequently, no allowance for doubtful collections exists, and none is anticipated in the immediate future.

Property and Equipment and Related Depreciation

The Foundation had no property or equipment as of June 30, 2019 or June 30, 2018. Any future acquisitions of property and equipment will be recorded at cost. Donated property and equipment would be recorded at fair market value.

The Foundation follows the practice of capitalizing all expenditures for property and equipment in excess of \$ 500. Depreciation is computed on the straight-line method over the estimated economic useful lives of five to ten years.

Impaired Assets

The Foundation had no property and equipment as of June 30, 2019 or June 30, 2018. Any future acquisitions of property and equipment would be annually reviewed for any impairment of those assets. Any such impairment would result in a permanent reduction in the recorded value of the asset.

Clay County Education Foundation, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2019
With Summarized Financial Information for the Year Ended June 30, 2018

Note B - Summary of Significant Accounting Policies - continued

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Foundation to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Revenue Recognition

The Foundation reports gifts and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purposed restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions reported in the statements of activities as net assets released from restriction.

Gifts of land, buildings, and equipment are reported 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 are to be used and gifts of cash and 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 donated or acquired long lived assets as net assets without donor restrictions when placed in service.

Contributed Services

Many individuals volunteer their time and perform a variety of tasks that assist the Foundation with its operations. Management estimates the fair value of volunteer hours to be minimal. The volunteer hours have not been recorded in the statement of activities as they do not meet the criteria for inclusion under current accounting guidance.

Income Taxes

The Foundation has elected to be treated under the provisions of the Internal Revenue Code as an 501(c)(3) corporation, whereby the Foundation is exempt from Federal taxation. The Foundation has elected to be treated under the provisions of the Florida Revenue and Taxation Code sections 17.22 (a). As such, the Foundation normally does not have an income tax liability. However, under Internal Revenue Code 501(a), exempt organizations that derive income from unrelated business source are subject to tax on their net unrelated business taxable income. For the year ended June 30, 2019, the Foundation expects to have no taxable income from unrelated business income. Consequently, the Foundation has not made an accrual for any unrelated business income tax provision. The Foundation also had no liability for taxes from unrelated business taxable income for the year ended June 30, 2018.

Changes to Financial Statement Presentation

The Foundation may change the presentation of selected assets, liabilities, revenues or expenses to facilitate comparability between years. This change is simply for ease of comparison and does not result in any adjustment to financial position, activities or changes in net assets or cash flows.

Clay County Education Foundation, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2019
With Summarized Financial Information for the Year Ended June 30, 2018

Note B - Summary of Significant Accounting Policies - continued

Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: compensation and benefits, which are allocated on the basis of estimates of time and effort; depreciation and occupancy, which are allocated based upon an identified property or percent of shared space, depending on the circumstance. Other cost such as insurance, utilities, communications, etc. are likewise allocated based on the circumstance.

Note C - Funds Held by Others

The Foundation has money that is held on its behalf by St. Johns River State College. The balance has accumulated over the past several years as a result of money being submitted to the institution. The account balance is as follows as of June 30:

	<u>2019</u>	<u>2018</u>
Funds held by others	<u>\$ 1,563</u>	<u>\$ 1,563</u>

These funds are held by St. Johns River State College to facilitate the granting of scholarships by the Foundation to eligible students of St. Johns River State College and are presented on the statement of financial position as a current asset along with the related current liability of scholarships payable.

Note D - Net Assets with donor restrictions

Net assets with donor restrictions represent accumulated contributions held for donor specified purposes. No contributions were held for donor specific purposes for the periods ended June 30, 2019 or June 30, 2018.

Note E - Concentrations and Credit Risks

Credit Risk

Financial instruments, which potentially subject the Foundation to concentration of credit risk, consist of cash and receivables. The Foundation maintains cash accounts with an institution insured by the National Credit Union Administration (NCUA). This NCUA insurance is limited to \$250,000 per depositor. The Foundation's policy is that its insured accounts should never exceed the insurance level. Such excesses are considered a contingent risk under generally accepted accounting principles. There were no balances exceeding the NCUA insured level in any insured account at either June 30, 2019 or June 30, 2018.

Major Donors

The three largest donors represented 44%, 14% and 12% for a total of 70% of total revenue for the year ended June 30, 2019. The two largest donors are grants from other non-profit organizations and the third is a donation from a local business. For the year ended June 30, 2018, the two largest donors represented 43% and 15% of total donations. Both of these donations are grants from other non-profit organizations.

Clay County Education Foundation, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2019
With Summarized Financial Information for the Year Ended June 30, 2018

Note F - Subsequent Events

In preparing these financial statements, the Foundation evaluated events and transactions for potential recognition or disclosure through February 21, 2020, the date the financial statements were available to be issued.

Note G - Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets for the years ended June 30, 2019 and June 30, 2018 reduced by amounts not available for general use within one year of the respective year ends.

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Cash and Cash Equivalents	\$ 41,195	\$ 49,322
Funds held by others	1,563	1,563
Total financial assets at year end	<u>42,758</u>	<u>50,885</u>
Less those unavailable for general expenditures due to availability		
Scholarships payable	<u>(1,563)</u>	<u>(1,563)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 41,195</u>	<u>\$ 49,322</u>

Note H - New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Clay County Education Foundation, Inc. has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to the summarized comparative financial information presented.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Management and Board of Directors
Clay County Education Foundation, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Clay County Education Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 21, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clay County Education Foundation, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clay County Education Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Clay County Education Foundation, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control that we consider to be material weaknesses:

1. A reconciliation of the operations cash account has not been performed for some time. We strongly recommend the board initiate steps to ensure that the cash accounts are reconciled to the credit union statements on a monthly basis and in a timely manner. We highly recommend that the treasurer use the QuickBooks bank reconciliation feature to facilitate this control. We must also point out that this is a repeated finding as the same condition existed last year.

2. We note that there continued to be missing deposit details and missing invoice or other appropriate documentation to substantiate receipts and expenditures. We continue to suggest that Management require receipts from anyone requesting reimbursements and that Management make it a policy to have approved invoices or other documents on file before issuing payments. Again, this is a repeated finding as the same condition also existed last year. Likewise, we continue to recommend that sufficient documentation be retained with each deposit to demonstrate the sources of income.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clay County Education Foundation, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Clay County Education Foundation, Inc.'s Response to Findings

Clay County Education Foundation, Inc.'s response to the findings identified in our audit is described in the Clay County Education Foundation, Inc.'s Response to Findings section. Clay County Education Foundation, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Orange Park, Florida
February 21, 2020

CLAY COUNTY EDUCATION FOUNDATION, INC'S RESPONSE TO FINDINGS



CLAY EDUCATION
FOUNDATION

BOARD OF DIRECTORS

Lisa Ashworth
Stephanie Cristodero
Jessica Ehlinger
Mike Glickman
Terry Hicks
Chanda Nicole Holsey
Matthew Hutchins
Victoria Knowles
Hugh Osteen
Nigel Perryman
Jason Poole
Nicole Quezada
Kathleen Schofield
Gi Teevan
Angel Worley

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Green Cove Springs, Florida

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Response to 2019 Audit Findings

o **Bodine Perry,**

We agree with all of the auditor's comments and as of July 1, 2019 with the introduction of our newly paid Executive Director, newly elected Treasurer, and several new financial policies, we have issued responses to both findings below with stated and appropriate resolves.

Find 1 Response: We agree with the auditor's comments, and as of July 1, 2019 the following actions have been taken to improve the situation. The Treasurer's roles and responsibilities descriptions includes specifically the task of reconciliation and this has been performed on a monthly basis since implementation.

Finding 2 Response: We agree with the auditor's comments, and as of July 1, 2019 we have a reimbursement policy in place that requires invoices or other documentation on file before issuing payment. We also require sufficient documentation for each deposit to demonstrate sources of income.

If you should have any further questions or need for comment, please let us know.

Respectfully,

Makayla Buchanan
Executive Director