

**CLAY COUNTY EDUCATION FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**FISCAL YEARS ENDING JUNE 30, 2009 AND 2008**

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HARRINGTON  
& ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Clay County Education Foundation, Inc.  
Green Cove Springs, FL

We have audited the accompanying statements of financial position of Clay County Education Foundation, Inc., (a nonprofit organization) as of June 30, 2009 and 2008, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. 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 required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009 and 2008 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "J. Harrington, CPA".

Harrington & Associates, CPA  
Orange Park, FL  
September 17, 2009

**STATEMENT OF FINANCIAL POSITION**  
**CLAY COUNTY EDUCATION FOUNDATION, INC.**  
**JUNE 30, 2009 and 2008**

	<b>June 30, 2009</b>	<b>June 30, 2008</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 33,798	\$ 45,074
Pledges Receivable	-	1,000
Accounts Receivable	4,000	-
Investments - Restricted for Scholarships	5,224	5,172
Funds Held by Others	2,465	9,796
<b>TOTAL CURRENT ASSETS</b>	<b>45,487</b>	<b>61,042</b>
Property and Equipment	1,840	1,840
Less: Accumulated Depreciation	(1,840)	(1,840)
Property and Equipment, Net	-	-
<b>TOTAL ASSETS</b>	<b>\$ 45,487</b>	<b>\$ 61,042</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Scholarships Payable	\$ 2,465	\$ 9,796
<b>NET ASSETS</b>		
Unrestricted	37,798	45,676
Temporarily Restricted	5,224	5,570
<b>TOTAL NET ASSETS</b>	<b>43,022</b>	<b>51,246</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 45,487</b>	<b>\$ 61,042</b>

**STATEMENT OF ACTIVITIES**  
**CLAY COUNTY EDUCATION FOUNDATION, INC.**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<b>UNRESTRICTED</b>	<b>TEMPORARILY RESTRICTED</b>	<b>TOTAL</b>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Contributions and Support	\$ 42,934	-	\$ 42,934
Grants	31,241	-	31,241
Fundraising	26,206	-	26,206
Miscellaneous	322	-	322
Interest and Dividends	618	254	872
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>101,321</b>	<b>254</b>	<b>101,575</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>600</b>	<b>(600)</b>	<b>-</b>
Restrictions satisfied by offering scholarships	101,921	(346)	101,575
<b>TOTAL SUPPORT AND RECLASSIFICATIONS EXPENSES</b>	<b>101,921</b>	<b>(346)</b>	<b>101,575</b>
<b>Program Services</b>			
Education Grants and Funding	98,172	-	98,172
<b>Total Program Services</b>	<b>98,172</b>	<b>-</b>	<b>98,172</b>
<b>Supporting Services</b>			
General and Administrative	8,942	-	8,942
Fundraising	2,686	-	2,686
<b>Total Supporting Services</b>	<b>11,628</b>	<b>0</b>	<b>11,628</b>
<b>TOTAL EXPENSES</b>	<b>109,800</b>	<b>0</b>	<b>109,800</b>
<b>CHANGE (DECREASE) IN NET ASSETS</b>	<b>(7,879)</b>	<b>(346)</b>	<b>(8,225)</b>
<b>NET ASSETS - JULY 1, 2008</b>	<b>45,677</b>	<b>5,570</b>	<b>51,247</b>
<b>NET ASSETS - JUNE 30, 2009</b>	<b>\$ 37,798</b>	<b>\$ 5,224</b>	<b>\$ 43,022</b>

**STATEMENT OF ACTIVITIES**  
**CLAY COUNTY EDUCATION FOUNDATION, INC.**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<b>UNRESTRICTED</b>	<b>TEMPORARILY RESTRICTED</b>	<b>TOTAL</b>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Contributions and Support	\$ 44,794	\$ -	\$ 44,794
Grants	64,786	-	64,786
Fundraising	14,829	-	14,829
Miscellaneous	1,297	-	1,297
Interest and Dividends	393	258	651
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>126,099</b>	<b>258</b>	<b>126,357</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Restrictions satisfied by offering scholarships	2,193	(2,193)	-
<b>TOTAL SUPPORT AND RECLASSIFICATIONS EXPENSES</b>	<b>128,292</b>	<b>(1,935)</b>	<b>126,357</b>
<b>Program Services</b>			
Education Grants and Funding	116,622	-	116,622
<b>Total Program Services</b>	<b>116,622</b>	<b>-</b>	<b>116,622</b>
<b>Supporting Services</b>			
General and Administrative	9,783	-	9,783
Fundraising	1,153	-	1,153
<b>Total Supporting Services</b>	<b>10,936</b>	<b>0</b>	<b>10,936</b>
<b>TOTAL EXPENSES</b>	<b>127,558</b>	<b>0</b>	<b>127,558</b>
<b>CHANGE (DECREASE) IN NET ASSETS</b>	<b>733</b>	<b>(1,935)</b>	<b>(1,202)</b>
<b>NET ASSETS - JULY 1, 2007</b>	<b>44,943</b>	<b>7,505</b>	<b>52,448</b>
<b>NET ASSETS - JUNE 30, 2008</b>	<b>\$ 45,676</b>	<b>\$ 5,570</b>	<b>\$ 51,246</b>

**STATEMENT OF CASH FLOWS**  
**CLAY COUNTY EDUCATION FOUNDATION, INC.**  
**FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	June 30, 2009	June 30, 2008
<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ (8,225)	\$ (1,201)
Depreciation	-	-
Changes in Asset and Liability Accounts:		
Pledges Receivable (Increase) Decrease	1,000	(1,000)
Accounts Receivable (Increase) Decrease	(4,000)	-
Funds held by Others (Increase) Decrease	7,331	2,426
Accounts Payable Increase (Decrease)	(7,331)	(2,843)
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>(11,225)</u>	<u>(2,618)</u>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES:</b>		
Purchase of Investments	\$ (5,759)	(5,172)
Proceeds from Sale of Investments	<u>5,707</u>	<u>8,644</u>
<b>CASH FLOWS PROVIDED (USED) BY INVESTMENT ACTIVITIES</b>	<u>(52)</u>	<u>3,472</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(11,277)	854
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</b>	<u>45,075</u>	<u>44,221</u>
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>	<u><u>\$ 33,798</u></u>	<u><u>\$ 45,075</u></u>

**STATEMENT OF FUNCTIONAL EXPENSES  
CLAY COUNTY EDUCATIONAL FOUNDATION, INC.  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>EDUCATION GRANTS/FUNDING</b>	<b>GENERAL AND ADMINISTRATIVE</b>	<b>FUNDRAISING</b>	<b>TOTAL</b>
<b>OPERATING EXPENSES</b>				
Mini-Grants to School Teachers	\$ 32,455	-	-	\$ 32,455
Scholarships to Students	24,500	-	-	24,500
Black Stallion Literacy Project	17,192	-	-	17,192
Enrichment Programs	16,979	-	-	16,979
Teacher of the Year	2,000	-	-	2,000
Project Reach	4,576	-	-	4,576
Student Medical Assistance	470	-	-	470
Professional Fees	-	4,090	-	4,090
Miscellaneous Expense	-	2,446	-	2,446
Printing & Postage	-	47	-	47
Fundraising	-	-	2,686	2,686
Supplies	-	209	-	209
Dues	-	2,150	-	2,150
<b>TOTAL EXPENSES</b>	<b>\$ 98,172</b>	<b>\$ 8,942</b>	<b>\$ 2,686</b>	<b>\$ 109,800</b>



**STATEMENT OF FUNCTIONAL EXPENSES  
CLAY COUNTY EDUCATIONAL FOUNDATION, INC.  
FOR THE YEAR ENDED JUNE 30, 2008**

	<b>EDUCATION GRANTS/FUNDING</b>	<b>GENERAL AND ADMINISTRATIVE</b>	<b>FUNDRAISING</b>	<b>TOTAL</b>
<b>OPERATING EXPENSES</b>				
Mini-Grants to School Teachers	\$ 37,309	-	-	\$ 37,309
Scholarships to Students	20,207	-	-	20,207
Black Stallion Literacy Project	21,720	-	-	21,720
Enrichment Programs	31,120	-	-	31,120
Teacher of the Year	1,750	-	-	1,750
Project Reach	4,375	-	-	4,375
Student Medical Assistance	141	-	-	141
Professional Fees	-	4,000	-	4,000
Miscellaneous Expense	-	3,335	-	3,335
Fundraising	-	-	1,153	1,153
Supplies	-	1,386	-	1,386
Dues	-	1,062	-	1,062
<b>TOTAL EXPENSES</b>	<b>\$ 116,622</b>	<b>\$ 9,783</b>	<b>\$ 1,153</b>	<b>\$ 127,558</b>

**CLAY COUNTY EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 and 2008**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization

The purpose of Clay County Education Foundation, Inc., (the Foundation) is to recognize student achievement, reward teacher development and promote the Clay County Public School System.

The Foundation receives donations and conducts fund-raising activities in order to provide mini-grants to teachers. Teachers submit to the Foundation project ideas along with funding needs for the school year. The Foundation then approves projects based on their merits and funding limitations.

Method of Accounting

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Support & Revenue

Contributions are generally available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributions of donated non-cash assets are recorded at fair market value in the period received.

**CLAY COUNTY EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 and 2008**  
**(Continued)**

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.

Functional Expense Allocation

The cost of providing the various programs and other activities are summarized on a functional basis in the statement of functional expenses. The Foundation assigns most expenses directly to benefited function.

Income Taxes

The Company is exempt from federal and state income taxes under Section 501(a) of the Internal Revenue Service as an organization described in section 501(c)(3).

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Foundation considers cash on hand, deposits in banks, savings accounts, certificates of deposit and highly liquid investments with maturities of three months or less to be cash equivalents.

Concentration of Fund-Raising Activities

The Foundation receives funds from the sale of entertainment coupon books. Additionally, the Foundation hosted a fundraising event through O2BKids where sponsorships from local businesses were secured and monetary donations were made through the O2BKids event. The fundraising events accounted for 26% and 11% of total revenues for 2009 and 2008 fiscal years, respectively.

Property and Equipment

Property and equipment are stated at cost. Depreciation is recorded on the straight-line basis over the estimated useful lives of the assets.

**CLAY COUNTY EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 and 2008**  
**(Concluded)**

**NOTE 2 FUNDS HELD BY OTHERS**

The Foundation has money in separate Foundation accounts at St. Johns River Community College (SJRCC) and Florida Community College Jacksonville (FCCJ). Money has accumulated over the past several years in each account as a result of money being submitted and accumulating over time at each institution. The account balances for 2009 and 2008, respectively, for SJRCC was \$631 and \$5,043 and FCCJ was \$1,833 and \$4,753.

**NOTE 3 INVESTMENTS**

The Foundation invests excess cash in certificates of deposits. These are insured up to \$250,000 by the Federal Depository Insurance Corporation.

**NOTE 4 DONOR RESTRICTED NET ASSETS**

The Foundation received funds for college scholarships in previous years that are restricted as to certain majors as defined by the donor. The scholarship awards are made at the discretion of the Foundation's board and reflected as temporarily restricted funds in the financial statements.



**HARRINGTON  
& ASSOCIATES**  
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

To the Board of Directors of  
Clay County Education Foundation, Inc.  
Green Cove Springs, Florida

In planning and performing our audit of the financial statements of Clay County Education Foundation, Inc. as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered Clay County Education Foundation's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider to be significant deficiencies.

From our detailed testing we noted there is no reconciliation between the Scholarship recipients and the associated checks written in the general ledger. When we performed testing to agree the list of recipients from the award list to the checks written in quickbooks, we could not determine which check was associated with each student. The underlying risk associated with this deficiency is that a student may claim they never received their check

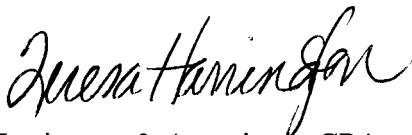
and there would be no way for the Foundation to prove the student did in fact receive their scholarship check. We suggest the Foundation create a spreadsheet for each scholarship recipient showing the school attended, the amount awarded along with the check number. Additionally, when the check has been cashed, the appropriate personnel should enter the date the check cleared the bank on the spreadsheet; this will ensure the Foundation has taken the appropriate steps in case any questions are asked by students or institutions regarding missing checks. This has been noted in prior years' internal control reports.

The Foundation needs to periodically check with SJRCC and FCCJ regarding the funds being held on their behalf over the course of the year. The current process in place is that the Foundation relies upon their annual audit to inform them of their balances at each of the respected institutions. While performing our confirmation with FCCJ, we determined that FCCJ has lost approximately \$1400 of the Foundation's scholarship money. When it was discovered the Foundation lost the money through investments, we determined the investment loss amounted to approximately 79%. Upon discussion with FCCJ, the money has been restored by FCCJ as it was not their responsibility to invest money being held on behalf of the Foundation. Therefore, in order to prevent further occurrences, the Foundation needs to consistently check their account balances at each institution as opposed to once a year, as a result of their annual audit.

We recommend on a monthly basis, the Executive Director and/or the President of the Foundation review and initial the monthly bank reconciliations before disbursement to the Board. Through inquiry, we noted that a detailed review of the bank reconciliation is not performed; board members are provided with reconciliations on a monthly basis, however, there is no review for accuracy. All the Foundation's activity is through the cash account; therefore, this will strengthen internal control by assuring someone has reviewed for accuracy.

There are too many general ledger income accounts that serve the same purpose and should be combined. For instance, from the O2BKids fundraiser, monies received were placed in 3 separate accounts when in fact they should have only been placed in one account.

This communication is intended solely for the information and use of the Board of Directors, management and others within the Foundation and is not intended and should not be used by anyone other than these specified parties.



Harrington & Associates, CPA  
September 17, 2009