

CLAY COUNTY EDUCATION FOUNDATION, INC.

FINANCIAL STATEMENTS

FISCAL YEARS ENDING JUNE 30, 2008 AND 2007

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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, 2008 and 2007, 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 my 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, 2008 and 2007 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.

Deresa Harrington, CPA

Harrington & Associates, CPA
December 4, 2008

**STATEMENT OF FINANCIAL POSITION
CLAY COUNTY EDUCATION FOUNDATION, INC.
JUNE 30, 2008 and 2007**

	June 30, 2008	June 30, 2007
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 45,075	\$ 44,221
Investments - Restricted for Scholarships	5,172	8,643
Pledges Receivable	1,000	-
Funds Held by Others	9,796	12,223
TOTAL CURRENT ASSETS	61,043	65,087
Property and Equipment	1,840	1,840
Less: Accumulated Depreciation	(1,840)	(1,840)
Property and Equipment, Net	-	-
TOTAL ASSETS	\$ 61,043	\$ 65,087
LIABILITIES AND NET ASSETS		
LIABILITIES		
Scholarships Payable	\$ 9,796	\$ 12,639
NET ASSETS		
Unrestricted	45,677	44,943
Temporarily Restricted	5,570	7,505
TOTAL NET ASSETS	51,247	52,448
TOTAL LIABILITIES AND NET ASSETS	\$ 61,043	\$ 65,087

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

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
PUBLIC SUPPORT AND REVENUE			
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
TOTAL PUBLIC SUPPORT AND REVENUE	126,099	258	126,357
NET ASSETS RELEASED FROM RESTRICTIONS			
Restrictions satisfied by offering scholarships	2,193	(2,193)	-
TOTAL SUPPORT AND RECLASSIFICATIONS EXPENSES	128,292	(1,935)	126,357
Program Services			
Education Grants and Funding	116,622	-	116,622
Total Program Services	116,622	-	116,622
Supporting Services			
General and Administrative	9,783	-	9,783
Fundraising	1,153	-	1,153
Total Supporting Services	10,936	0	10,936
TOTAL EXPENSES	127,558	0	127,558
CHANGE (DECREASE) IN NET ASSETS	734	(1,935)	(1,201)
NET ASSETS - JULY 1, 2007	44,943	7,505	52,448
NET ASSETS - JUNE 30, 2008	\$ 45,677	\$ 5,570	\$ 51,247

STATEMENT OF ACTIVITIES
CLAY COUNTY EDUCATION FOUNDATION, INC.
FOR THE YEAR ENDED JUNE 30, 2007

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
PUBLIC SUPPORT AND REVENUE			
Contributions and Support	\$ 23,744	\$ 250	\$ 23,994
Grants	46,690	-	46,690
Fundraising	17,314	-	17,314
Miscellaneous	6,501	-	6,501
Interest and Dividends	477	644	1,121
TOTAL PUBLIC SUPPORT AND REVENUE	94,725	894	95,619
NET ASSETS RELEASED FROM RESTRICTIONS	4,959	(4,959)	-
Restrictions satisfied by offering scholarships	99,684	(4,065)	95,619
TOTAL SUPPORT AND RECLASSIFICATIONS EXPENSES			
Program Services			
Education Grants and Funding	94,829	-	94,829
Total Program Services	94,829	-	94,829
Supporting Services			
General and Administrative	11,637	-	11,637
Fundraising	4,175	-	4,175
Total Supporting Services	15,812	0	15,812
TOTAL EXPENSES	110,640	0	110,640
CHANGE (DECREASE) IN NET ASSETS	(10,956)	(4,065)	(15,021)
NET ASSETS - JULY 1, 2006	55,898	11,570	67,468
NET ASSETS - JUNE 30, 2007	\$ 44,942	\$ 7,505	\$ 52,447

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS
CLAY COUNTY EDUCATION FOUNDATION, INC.
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	June 30, 2008	June 30, 2007
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Change in Net Assets	\$ (1,201)	\$ (15,021)
Depreciation	-	230
Changes in Asset and Liability Accounts:		
Prepaid Expense (Increase) Decrease	-	1,000
Accounts Receivable (Increase) Decrease	(1,000)	-
Funds held by Others (Increase) Decrease	2,426	8,309
Accounts Payable Increase (Decrease)	(2,843)	1,889
NET CASH USED BY OPERATING ACTIVITIES	<u>(2,618)</u>	<u>(3,593)</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES:		
Purchase of Investments	\$ (5,172)	(8,300)
Proceeds from Sale of Investments	8,644	20,774
CASH FLOWS PROVIDED (USED) BY INVESTMENT ACTIVITIES	<u>3,472</u>	<u>12,474</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	854	8,881
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	<u>44,221</u>	<u>35,340</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>\$ 45,075</u>	<u>\$ 44,221</u>

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

	<u>EDUCATION GRANTS/FUNDING</u>	<u>GENERAL AND ADMINISTRATIVE</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
OPERATING EXPENSES				
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	140	-	-	140
Professional Fees	-	4,000	-	4,000
Miscellaneous Expense	-	3,335	-	3,335
Fundraising	-	-	1,153	1,153
Supplies	-	1,386	-	1,386
Dues	-	1,061	-	1,061
	<u>\$ 116,622</u>	<u>\$ 9,783</u>	<u>\$ 1,153</u>	<u>\$ 127,558</u>
TOTAL EXPENSES				

**STATEMENT OF FUNCTIONAL EXPENSES
CLAY COUNTY EDUCATIONAL FOUNDATION, INC.
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>EDUCATION GRANTS/FUNDING</u>	<u>GENERAL AND ADMINISTRATIVE</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
OPERATING EXPENSES				
Mini-Grants to School Teachers	\$ 27,033	-	-	\$ 27,033
Scholarships to Students	22,250	-	-	22,250
Black Stallion Literacy Project	19,648	-	-	19,648
Enrichment Programs	21,003	-	-	21,003
Teacher of the Year	2,000	-	-	2,000
Project Graduation	950	-	-	950
Project Reach	825	-	-	825
Student Medical Assistance	1,120	-	-	1,120
Depreciation	-	230	-	230
Professional Fees	-	4,000	-	4,000
Banquet	-	-	-	-
Miscellaneous Expense	-	2,480	-	2,480
Fundraising	-	-	4,175	4,175
Supplies	-	1,479	-	1,479
Computer Equipment	-	1,286	-	1,286
Printing & Postage	-	1,292	-	1,292
Dues	-	870	-	870
TOTAL EXPENSES	<u>\$ 94,829</u>	<u>\$ 11,637</u>	<u>\$ 4,175</u>	<u>\$ 110,640</u>

See accompanying notes to financial statements.

CLAY COUNTY EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 and 2007

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, 2008 and 2007
(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. The fundraiser accounted for 11% and 13% of total revenues for 2008 and 2007 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, 2008 and 2007
(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 2007 and 2008, respectively, for SJRCC was \$4,023 and \$5,043 and FCCJ was \$8,200 and \$4,753.

NOTE 3 INVESTMENTS

The Foundation invests excess cash in certificates of deposits. These are insured up to \$100,000 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.

NOTE 5 CONTRIBUTED SERVICES (IN-KIND)

During the year-ended June 30, 2008, the Foundation recognized a \$5,000 In-Kind contribution from Everest University to be used exclusively for scholarships.



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, 2008, 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.

In previous audit recommendations, we have made management aware of strengthening internal control by having one person, independent of cash handling and access to fund accounts, record all incoming receipts in the Receipt of Funds Log. During testing, we noted total cash receipts recorded in the general ledger was approximately \$123k; while total receipts recorded in the Receipt of Funds

Log was approximately \$100k. Therefore, we can conclude that all revenue recorded via the bank statements is not consistently recorded in the Receipt of Funds Log, thus not leaving a full audit trail for observation by other members independent of financial transactions. Internal control can be further strengthened by using independent sources of deposits, such as having all transactions deposited via direct deposit. Additionally, for items which cannot be deposited directly, the person making the deposit needs to communicate directly with the bookkeeper and person responsible for keeping the Receipt of Funds Log after deposit has been made – regardless if the amount is minimal. These individuals need to reconcile the Receipt of Funds Log with the bank statement each month to ensure there are no discrepancies.

Per review of financial records, donor restricted and board restricted funds have been commingled. This results in improper usage of donor restricted funds. We suggest all donor restricted funds be identified separately from board restricted and each restricted fund have written documentation on proper usage. Management should also perform an analysis of all open accounts and decide whether those accounts with little or no activity should be consolidated with other accounts and/or reclassified into other accounts.

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
December 4, 2008