

**BAKER COUNTY EDUCATION  
FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**BAKER COUNTY EDUCATION FOUNDATION, INC.**  
**TABLE OF CONTENTS**  
**JUNE 30, 2018**

	<u>Page(s)</u>
<b>Independent Auditors' Report</b>	1 – 2
<b>Financial Statements</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6 – 8

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Baker County Education Foundation, Inc.:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Baker County Education Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities 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.

### *Auditors' 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. 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 the Foundation as of June 30, 2018, 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.

James Moore & Co., P.L.

Gainesville, Florida  
January 10, 2019

**BAKER COUNTY EDUCATION FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2018**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$ 48,336
Certificates of deposit	33,451

**Total Assets**

\$ 81,787

**LIABILITIES AND NET ASSETS**

**Liabilities**

\$ -

**Net assets**

Unrestricted	65,595
Temporarily restricted	16,192
Total net assets	<u>81,787</u>

**Total Liabilities and Net Assets**

\$ 81,787

The accompanying notes to financial statements  
are an integral part of this statement.

**BAKER COUNTY EDUCATION FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and revenue</b>			
Private contributions	\$ 22,088	\$ 8,058	\$ 30,146
Payroll deduction contributions	18,337	-	18,337
In-kind donations	2,000	-	2,000
Funds from license plates	723	-	723
Interest income	40	91	131
Grants	19,582	-	19,582
Special events	11,100	-	11,100
Net assets released from restrictions:			
Restricted funds expended	3,000	(3,000)	-
Total support and revenue	<u>76,870</u>	<u>5,149</u>	<u>82,019</u>
<b>Expenses and other</b>			
Program services:			
Scholarships	19,800	-	19,800
Program enhancements	36,167	-	36,167
Total program services	<u>55,967</u>	<u>-</u>	<u>55,967</u>
Supporting services:			
General and administrative	2,687	-	2,687
Fundraising	5,443	-	5,443
Total supporting services	<u>8,130</u>	<u>-</u>	<u>8,130</u>
Total expenses	<u>64,097</u>	<u>-</u>	<u>64,097</u>
<b>Change in net assets</b>	12,773	5,149	17,922
<b>Net assets, beginning of year</b>	52,822	11,043	63,865
<b>Net assets, end of year</b>	<u>\$ 65,595</u>	<u>\$ 16,192</u>	<u>\$ 81,787</u>

The accompanying notes to financial statements  
are an integral part of this statement.

**BAKER COUNTY EDUCATION FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<b>Cash flows from operating activities</b>	
Change in net assets	\$ 17,922
Net cash provided by operating activities	<u>17,922</u>
<b>Cash flows from investing activities</b>	
Purchases of certificates of deposit (reinvested interest)	(111)
Liquidation of certificates of deposit	<u>2,100</u>
Net cash provided by investing activities	<u>1,989</u>
<b>Net increase in cash and cash equivalents</b>	<u>19,911</u>
<b>Cash and cash equivalents, beginning of year</b>	28,425
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 48,336</u></u>

The accompanying notes to financial statements  
are an integral part of this statement.

**BAKER COUNTY EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the significant accounting policies and practices of the Baker County Education Foundation Inc. (the Foundation), which affect the accompanying financial statements:

(a) **Nature of operations**—The Foundation is a nonprofit organization established to provide charitable and educational aid to the District School Board of Baker County, Florida.

(b) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make various estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

(c) **Financial statement presentation**—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. The Foundation has no permanently restricted net assets. Temporarily restricted and unrestricted net assets are defined as follows:

(i) **Temporarily restricted net assets**—Net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation and/or the passage of time.

(ii) **Unrestricted net assets**—Net assets which represent resources generated from operations or that are not subject to donor-imposed stipulations. Unrestricted net assets include contributions designated to a particular program or fund for which the use or purpose is unrestricted.

(d) **Basis of accounting**—In accordance with generally accepted accounting principles, the financial statements have been prepared on the accrual basis of accounting.

(e) **Contributions**—Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is not restricted by the donor is reported as an increase in unrestricted net assets. 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 (that is when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.

(f) **Expense classifications**—

(i) *Program Services* consists primarily of scholarships awarded to high school students and employees of the Baker County District school system and grants to schools in the District.

(ii) *Supporting Services* are expenses that provide for the overall support and direction of the Foundation.



**BAKER COUNTY EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

(1) **Summary of Significant Accounting Policies:** (Continued)

(g) **Donated services**—Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers also sometimes provide services throughout the year that are not recognized as contributions in the financial statements since revenue recognition criteria were not met.

(h) **Income taxes**—Management of the Foundation considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to the Foundation's status as a not-for-profit entity under section 501(c)(3) of the Internal Revenue Code. Management believes the Foundation met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax; therefore, no provision for income taxes has been provided in these financial statements. The Foundation's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

(i) **Cash and cash equivalents**—For purpose of the statement of cash flows, the Foundation considers only highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

(j) **Certificates of deposit**—Investments in certificates of deposit with original maturities of greater than three months are recorded at cost, which represents purchases of certificates of deposits plus accrued interest. Investment income is included in the statement of activities. The certificates bear interest ranging from .10% to .75%. The certificates of deposit are federally insured by the FDIC.

(k) **Subsequent events**—In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through January 10, 2019, the date the financial statements were available to be issued.

(l) **Recently issued accounting pronouncements**—The Financial Accounting Standards Board (FASB) and other entities issued new or modifications to, or interpretations of, existing accounting guidance during 2018 and earlier years. The Foundation has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements, does not believe that any other new or modified principles will have a material impact on the Foundation's reported financial position or operations in the near term.

*ASU 2016-14, Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*—This new standard will substantially change the format for financial reporting that is currently required. Primarily, the statement of financial position will change for the classification of net assets when donor restrictions apply to two categories and in the statement of activities, the amount of the changes in the two categories of net assets will be shown rather than that of the currently required three classes. Additional enhanced disclosures will also be required among other reporting requirements. This comprehensive new standard will be effective for fiscal years beginning after December 15, 2017.

**BAKER COUNTY EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

(1) **Summary of Significant Accounting Policies:** (Continued)

*ASU 2016-01, Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*—This new standard makes targeted improvements in the recognition, measurement, presentation, and disclosure of financial instruments. This standard is effective for fiscal years beginning after December 15, 2018.

*ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*—This new standard will clarify whether a transaction should be considered a contribution or an exchange transaction and to determine whether a contribution is conditional. This standard is effective for fiscal years beginning after December 15, 2018 and may be adopted earlier.

(i) **Temporarily Restricted Net Assets:**

Temporarily restricted net assets at June 30, 2018, are available for the following scholarships and programs:

Bud Rhoden Scholarship	\$ 266
America Contest	200
Kim Brannan Memorial	9,004
Finley Scholarship	164
Colby Hodges Scholarship	6,558
Total	<u>\$ 16,192</u>

(2) **Concentrations of Credit Risk:**

The Foundation's cash balances were covered by Federal depository insurance or by collateral held by the Board's custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.