

**CHARLOTTE LOCAL EDUCATION
FOUNDATION, INC.**

FINANCIAL STATEMENTS

June 30, 2018 and 2017

TABLE OF CONTENTS

	Page No.
INDEPENDENT AUDITORS' REPORT	2 - 3
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES	5
STATEMENTS OF FUNCTIONAL EXPENSES	6 - 7
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9 - 12
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 <i>GOVERNMENT AUDITING STANDARDS</i>	13 - 14

Summers, Westby & Schiller

Certified Public Accountants

222 Nesbit Street • Punta Gorda, FL 33950
Mailing: P.O. Box 510308 • Punta Gorda, FL 33951-0308
Phone: 941-639-2146 • Fax: 941-639-0558 • 1-800-282-0156 (FL)

Samuel C. Summers, CPA
Margaret J. Westby, CPA
Donna J. Schiller, CPA

Donna M. Tripp, CPA
Kathryn Ingebretsen, CPA, CAM

Independent Auditors' Report

To The Board of Directors
Charlotte Local Education Foundation, Inc.
Port Charlotte, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Charlotte Local Education Foundation, Inc., which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, cash flows and functional expenses for the years 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 audits. We conducted our audits 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 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 Charlotte Local Education Foundation, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2018 on our consideration of the Charlotte Local 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 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 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 the Charlotte Local Education Foundation, Inc.'s internal control over financial reporting and compliance.

Summers, Westby + Schiller CPAs
Summers, Westby & Schiller CPAs
Punta Gorda, Florida

October 17, 2018

CHARLOTTE LOCAL EDUCATION FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	June 30, 2018	June 30, 2017
ASSETS		
Assets		
Cash and cash equivalents	\$ 51,907	\$ 85,697
Accounts receivable	21,964	12,667
Inventory	6,300	6,200
Prepaid tuition scholarships	863,293	867,381
Prepaid dormitory contracts	15,059	15,059
Total Assets	\$ 958,523	\$ 987,004
 LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses	\$ 15,870	\$ 14,564
Total liabilities	15,870	14,564
Net Assets		
Unrestricted	21,794	21,610
Temporarily restricted	920,859	950,830
Total Net Assets	942,653	972,440
Total Liabilities and Net Assets	\$ 958,523	\$ 987,004

Read independent auditors' report and
accompanying notes to financial statements.

CHARLOTTE LOCAL EDUCATION FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	June 30, 2018	June 30, 2017
CHANGES IN UNRESTRICTED NET ASSETS		
REVENUES		
Contributions	\$ 67,391	\$ 49,504
In-Kind income	1,200	1,200
Interest income	68	60
Other income	-0-	1,519
Total Unrestricted Revenues	68,659	52,283
 NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of program restrictions	274,846	349,019
Total Unrestricted Revenues and Reclassifications	343,505	401,302
 EXPENSES		
Program services	311,722	328,274
Management and general	18,483	22,729
Fundraising	13,116	33,146
Total expenses	343,321	384,149
Increase (Decrease) in Unrestricted Net Assets	184	17,153
 CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contribution and other income	190,401	251,556
State matching scholarship funds	32,337	17,538
Gain on scholarship repackaging	6,730	54,374
In-Kind income	15,400	15,050
Interest income	7	13
Net assets released from restrictions	(274,846)	(349,019)
Increase (Decrease) in Temporarily Restricted Net Assets	(29,971)	(10,488)
INCREASE (DECREASE) IN NET ASSETS	(29,787)	6,665
NET ASSETS BEGINNING OF YEAR	972,440	965,775
NET ASSETS AT END OF YEAR	\$ 942,653	\$ 972,440

Read independent auditors' report and
accompanying notes to financial statements.

CHARLOTTE LOCAL EDUCATION FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND RAISING	TOTALS
COMPENSATION AND RELATED EXPENSES				
Salaries and benefits	\$ 115,653	\$ 3,000	\$ -0-	\$ 118,653
Total Compensation and Related Expenses	<u>115,653</u>	<u>3,000</u>	<u>-0-</u>	<u>118,653</u>
GRANTS AND ALLOCATIONS				
Program expenses	67,489	-0-	13,116	80,605
Teacher of the Year	12,070	-0-	-0-	12,070
Scholarship value used	75,492	-0-	-0-	75,492
Other grants and scholarships	17,964	-0-	-0-	17,964
Total Grants and Allocations	<u>173,015</u>	<u>-0-</u>	<u>13,116</u>	<u>186,131</u>
ADMINISTRATION				
Occupancy and utilities	7,500	1,200	-0-	8,700
Supplies and other administrative costs	8,177	4,805	-0-	12,982
Postage and marketing	1,674	7	-0-	1,681
Professional fees	5,063	7,267	-0-	12,330
Insurance	-0-	1,101	-0-	1,101
Conferences and meetings	640	1,103	-0-	1,743
Total Administration Expenses	<u>23,054</u>	<u>15,483</u>	<u>-0-</u>	<u>38,537</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 311,722</u>	<u>\$ 18,483</u>	<u>\$ 13,116</u>	<u>\$ 343,321</u>

Read independent auditors' report and
accompanying notes to financial statements.

CHARLOTTE LOCAL EDUCATION FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND RAISING</u>	<u>TOTALS</u>
COMPENSATION AND RELATED EXPENSES				
Salaries and benefits	\$ 88,599	\$ 3,000	\$ -0-	\$ 91,599
Contract services	15,840	-0-	-0-	15,840
Total Compensation and Related Expenses	<u>104,439</u>	<u>3,000</u>	<u>-0-</u>	<u>107,439</u>
GRANTS AND ALLOCATIONS				
Program expenses	64,575	-0-	33,146	97,721
Teacher of the Year	14,888	-0-	-0-	14,888
TSIC tutoring	485	-0-	-0-	485
Scholarship value used	111,588	-0-	-0-	111,588
Other grants and scholarships	13,275	-0-	-0-	13,275
Total Grants and Allocations	<u>204,811</u>	<u>-0-</u>	<u>33,146</u>	<u>237,957</u>
ADMINISTRATION				
Occupancy and utilities	7,500	1,200	-0-	8,700
Supplies and other administrative costs	8,300	4,810	-0-	13,110
Postage and printing	1,174	436	-0-	1,610
Professional fees	1,687	10,753	-0-	12,440
Insurance	-0-	1,400	-0-	1,400
Conferences and meetings	363	1,130	-0-	1,493
Total Administration Expenses	<u>19,024</u>	<u>19,729</u>	<u>-0-</u>	<u>38,753</u>
TOTAL FUNCTIONAL EXPENSES	<u><u>\$ 328,274</u></u>	<u><u>\$ 22,729</u></u>	<u><u>\$ 33,146</u></u>	<u><u>\$ 384,149</u></u>

Read independent auditors' report and
accompanying notes to financial statements.

CHARLOTTE LOCAL EDUCATION FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	June 30, 2018	June 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
INCREASE (DECREASE) IN NET ASSETS	\$ (29,787)	\$ 6,665
ADJUSTMENTS TO RECONCILE INCREASE (DECREASE) IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Prepaid tuition scholarships value used	75,492	78,533
Prepaid dormitory contracts value used	-0-	33,055
State matching funds for scholarship purchases	(32,337)	(17,538)
Gain on scholarship repackaging	(6,730)	(54,374)
(Increase) decrease in:		
Accounts receivable	(9,297)	568
Inventory	(100)	(200)
Increase (decrease) in:		
Accrued expenses	1,306	(9,315)
Net Cash Provided by (Used in) Operating Activities	(1,453)	37,394
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of prepaid scholarships	(32,337)	(17,539)
Net Cash Provided by (Used in) Investing Activities	(32,337)	(17,539)
CASH FLOWS FROM FINANCING ACTIVITIES		
	-0-	-0-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(33,790)	19,855
CASH AND CASH EQUIVALENTS AT BEGINNING OF FISCAL YEAR		
	85,697	65,842
CASH AND CASH EQUIVALENTS AT END OF FISCAL YEAR		
	\$ 51,907	\$ 85,697

Read independent auditors' report and
accompanying notes to financial statements.

CHARLOTTE LOCAL EDUCATION FOUNDATION, INC.
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017
NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

Organization and Nature of Activities

Charlotte Local Education Foundation, Inc. (the “Foundation”) was incorporated as a Florida not-for-profit corporation on April 16, 1985. The Foundation’s mission is “for scientific, educational, and charitable purposes, to enhance the quality of programs administered and supported by the Charlotte County Board of Education.” The Foundation’s support comes primarily from the business and individual donors’ contributions and volunteer services.

Basis of Presentation

Financial statement presentation follows the United States Generally Accepted Accounting Principles for Not-for-Profit Organizations. 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 had no permanently restricted net assets at June 30, 2018 and 2017.

Donated Assets

Donated marketable securities and other non-cash donations are recorded as support at their estimated fair value at the date of donation.

Donated Services

No amounts, other than those disclosed in Note 5, have been reflected in the financial statements for donated services. The Foundation pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific programs, campaign solicitations, and various committee assignments. The Foundation and related programs received more than 5,000 volunteer hours during each of the years ended June 30, 2018 and 2017.

Cash and Cash Equivalents

The Foundation considers all monies in banks and unrestricted highly liquid investments, if any, with an initial maturity of three months or less to be cash equivalents.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restriction. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restrictions expire 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 (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.

CHARLOTTE LOCAL EDUCATION FOUNDATION, INC.
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017
NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies (continued)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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.

Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to credit risk currently include cash and cash equivalents. The Foundation maintains its cash in accounts at high quality financial institutions in Charlotte County, Florida. As of June 30, 2018 and 2017, no deposits at any one financial institution were in excess of the \$250,000 insurance provided through the Federal Deposit Insurance Corporation.

Inventory

Inventory consisted of school supplies most of which were donated to the Foundation's Teacher Supply Depot program. These supplies were recorded at their estimated fair value on the date of donation.

Equipment

The Foundation capitalizes all expenditures for property and equipment in excess of \$250. Equipment is recorded at cost, or if donated, at fair market value at the date of acquisition. Assets are depreciated over their estimated useful lives using the straight-line method.

Reclassifications

Certain amounts have been reclassified in the June 30, 2017 financial statements to conform to the June 30, 2018 presentation.

Income Taxes

The Foundation operates as a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation's Federal Return of Organization Exempt from Income Tax (Form 990) for 2015, 2016, and 2017 are subject to examination by the IRS, generally for three years after they are filed.

**CHARLOTTE LOCAL EDUCATION FOUNDATION, INC.
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017
NOTES TO FINANCIAL STATEMENTS**

Note 2 – Cash and Cash Equivalents

Cash consisted of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Petty cash	\$ 284	\$ 284
Checking accounts	8,805	48,119
Savings accounts	<u>42,818</u>	<u>37,294</u>
	<u>\$ 51,907</u>	<u>\$ 85,697</u>

At June 30, 2018 and 2017, cash and cash equivalents includes \$38,703 and \$58,529 respectively, of funds related to temporarily restricted net assets.

Note 3 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Take Stock in Children	\$ 905,639	\$ 919,548
Other	8,549	19,883
Teacher Supply Depot	6,300	6,200
Education License Plate Programs and Grants	<u>371</u>	<u>5,199</u>
	<u>\$ 920,859</u>	<u>\$ 950,830</u>

There were no permanently restricted net assets as of June 30, 2018 and 2017.

Note 4 – Statement of Cash Flows

The Foundation did not participate in any noncash investing and financing activities during the fiscal years ended June 30, 2018 and 2017 and no payments relating to income taxes or interest expense were made during these fiscal years.

Note 5 – Related Party Transactions and In-Kind Contributions

The Foundation is considered a direct support organization related to the Charlotte County School Board (the “Board”). The Foundation’s office and related utilities have been provided by the Board since May 2002 and in-kind revenue, as well as occupancy, utilities and program expense, of \$8,700 for the fiscal years ended June 30, 2018 and 2017 have been recognized by the Foundation.

**CHARLOTTE LOCAL EDUCATION FOUNDATION, INC.
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017
NOTES TO FINANCIAL STATEMENTS**

Note 6 – Prepaid Scholarships

The Foundation, through its donors, has purchased 135 scholarship contracts. As of June 30, 2018 and 2017, the Foundation owns 94 scholarship contracts, with a cost of \$863,293 and 99 scholarship contracts, with a cost of \$867,381 respectively. Of the 94 contracts owned at June 30, 2018, eight were purchased in the current fiscal year, at a cost of \$64,675 and six were obtained through repackaging of unused credits which resulted in a gain of \$6,730 from the Florida Prepaid College Foundation. Of the 99 contracts owned at June 30, 2017, two were purchased in the fiscal year then ended, at a cost of \$35,077 and seven were obtained through repackaging of unused credits which resulted in a gain of \$54,374. Through the Florida Prepaid College Foundation, the state of Florida matches, dollar for dollar, the Foundation's cost of scholarship contracts.

Upon graduation, students are awarded scholarships. As of June 30, 2018, 64 Charlotte County students are currently utilizing prepaid contracted scholarships. The remaining contracts have been designated for future graduates.

Scholarship activity for the years ended June 30, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 867,380	\$ 856,463
Scholarships purchased	64,675	35,076
Gain on repackaged scholarships	6,730	54,374
Value used	<u>(75,492)</u>	<u>(78,533)</u>
Ending balance	<u>\$ 863,293</u>	<u>\$ 867,380</u>

During the year ended June 30, 2015, the state awarded six prepaid dormitory contracts to current scholarship recipients. A donation of \$72,738 representing the value of these contracts was recorded in these financial statements for 2015. During the year ended June 30, 2018 and 2017, \$-0- and \$33,055 of dormitory contracts were utilized by recipients.

Note 7 – Subsequent Event

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 17, 2018, the date that the financial statements were available to be issued.

Summers, Westby & Schiller

Certified Public Accountants

222 Nesbit Street • Punta Gorda, FL 33950
Mailing: P.O. Box 510308 • Punta Gorda, FL 33951-0308
Phone: 941-639-2146 • Fax: 941-639-0558 • 1-800-282-0156 (FL)

Samuel C. Summers, CPA
Margaret J. Westby, CPA
Donna J. Schiller, CPA

Donna M. Tripp, CPA
Kathryn Ingebretsen, CPA, CAM

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*

October 17, 2018

To the Board of Directors of
Charlotte Local 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 the Charlotte Local Education Foundation, Inc. (a nonprofit organization), which comprises 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, and have issued our report thereon dated October 17, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charlotte Local 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 the Charlotte Local Education Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Charlotte Local Education Foundation, Inc.'s financial statements are free of 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*.

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 result of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Summers, Westby & Schiller CPAs

Summers, Westby & Schiller CPAs
Punta Gorda, Florida