

**The Escambia County Public Schools
Foundation for Excellence, Inc.**

**A Component Unit of the Escambia
County District School Board**

Financial Statements

June 30, 2018



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRIcpa.com



The Escambia County Public Schools Foundation for Excellence, Inc.
Table of Contents
June 30, 2018

REPORT

Independent Auditors' Report 1

FINANCIAL STATEMENTS

Statement of Financial Position 3

Statement of Activities 4

Statement of Cash Flows 5

Notes to Financial Statements 6

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* 11

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Escambia County Public Schools Foundation for Excellence, Inc.
Pensacola, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of The Escambia County Public Schools Foundation for Excellence, Inc. (a nonprofit organization and a component unit of the Escambia County School District), 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 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 The Escambia County Public Schools Foundation for Excellence, Inc. as of June 30, 2018, and the results of its operations and its cash flows for the year then ended in conformity 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 November 7, 2018 on our consideration of The Escambia County Public Schools Foundation for Excellence, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 Escambia County Public Schools Foundation for Excellence, Inc.'s internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
November 7, 2018

**The Escambia County Public Schools Foundation for Excellence, Inc.
Statement of Financial Position**

June 30,

2018

Assets

Cash	\$	393,664
Certificates of deposit		273,345
Accounts receivable		25,783
Promises to give		1,400
Prepaid expenses		2,494
Cash designated for future expenses		22,500
Property and equipment, net		510
<hr/>		
Total assets	\$	719,696
<hr/>		

Liabilities and Net Assets

Liabilities

Accounts payable	\$	2,981
<hr/>		

Net assets

Unrestricted		
Board designated		22,500
Undesignated		113,260
Temporarily restricted		580,955
<hr/>		
Total net assets		716,715
<hr/>		
Total liabilities and net assets	\$	719,696
<hr/>		

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

**The Escambia County Public Schools Foundation for Excellence, Inc.
Statement of Activities**

<i>Year ended June 30, 2018</i>	Unrestricted			Temporarily Restricted	Total
	Board Designated	Other	Total		
Support and revenue					
Contributions and grants	\$ -	\$ 577,461	\$ 577,461	\$ 201,903	\$ 779,364
In-kind support	-	49,903	49,903	-	49,903
Event and other support income	-	142,654	142,654	-	142,654
Interest income	-	265	265	-	265
Net assets released from restrictions	-	174,065	174,065	(174,065)	-
Total support and revenue	-	944,348	944,348	27,838	972,186
Expenses					
Program services					
Educational grants	-	97,129	97,129	-	97,129
School enrichment	-	163,693	163,693	-	163,693
Scholarships	-	211,243	211,243	-	211,243
Educational enhancements	-	313,910	313,910	-	313,910
Total program services	-	785,975	785,975	-	785,975
Supporting services					
General and administrative	-	118,916	118,916	-	118,916
Total expenses	-	904,891	904,891	-	904,891
Change in net assets	-	39,457	39,457	27,838	67,295
Net assets - beginning of year	69,853	26,450	96,303	553,117	649,420
Transfers (out)/in	(47,353)	47,353	-	-	-
Net assets - end of year	\$ 22,500	\$ 113,260	\$ 135,760	\$ 580,955	\$ 716,715

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

**The Escambia County Public Schools Foundation for Excellence, Inc.
Statement of Cash Flows**

<i>Year ended June 30,</i>	2018
Operating activities	
Change in net assets	\$ 67,295
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation expense	255
Bad debt expense	7,000
Change in operating assets and liabilities:	
Accounts receivable	(188)
Prepaid expenses	(2,494)
Promises to give	11,900
Accounts payable	2,768
Net cash provided by operating activities	86,536
Net increase in cash	86,536
Cash at beginning of year	329,628
Cash at end of year	\$ 416,164

The above is included in the accompanying statement of financial position under the following captions:

Cash	\$ 393,664
Cash designated for future expenses	22,500
	\$ 416,164

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

The Escambia County Public Schools Foundation for Excellence, Inc.

Notes to Financial Statements

NOTE 1: NATURE OF ORGANIZATION

The Escambia County Public Schools Foundation for Excellence, Inc. (“the Foundation”) is a not-for-profit corporation organized under the laws of the State of Florida. The Foundation was formed in September 1986 for the purpose of raising funds for supplementing and assisting the Escambia County Public School District (“the District”). The Foundation operates exclusively to receive, hold, invest, and administer property and to make expenditures to or for the benefit of public pre-kindergarten through twelfth grade, adult vocational and community education programs in Escambia County, Florida. The Foundation also receives support through private contributions from individuals and businesses and various fund-raising projects. The Foundation is a direct support organization of the School District as authorized by Chapter 237.40 F.S. and therefore is considered a component unit of the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Revenue Recognition

Revenues received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Amounts uncollected are recorded as accounts receivable. When the collectability of a receivable becomes questionable, an allowance is established. At June 30, 2018, the Foundation considers all receivables fully collectable.

Unconditional promises to give are recognized as revenues or gains in the period received and as receivables for unconditional promises to give. Conditional promises to give are recognized only when the conditions on which they depend on are substantially met and the promises become unconditional. The Foundation had no conditional promises to give at June 30, 2018. In the opinion of management, all promises to give as included in contributions receivable are collectable. No allowance for uncollectable contributions is provided.

Donations made in the form of publicly traded stock or similar investments are liquidated upon receipt of the donation and revenue recognized on the cash value received from the sale transaction.

The Escambia County Public Schools Foundation for Excellence, Inc.
Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-kind Support

The Foundation receives donated services and office space from the District. When applicable, donated materials are reported as contribution revenue at their fair market value at the time of donation. Contributed professional 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. Donated office space is recorded at the fair rental values of comparable space.

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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Property and Equipment

Acquisitions of property and equipment of \$1,000 or more are capitalized at cost or, if donated, at estimated fair market value at the time of donation. If donors stipulate how or for how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Assets acquired and maintained by individual programs and schools are not capitalized in the Foundation's accounting records. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Property and equipment	5 - 7 years
------------------------	-------------

Restricted Resources

Support that is restricted by the donor is reported as an increase in unrestricted assets if the restriction expires in the reporting period in which the support is recognized. All other donor or grantor-restricted resources are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. At June 30, 2018, the Foundation had no permanently restricted assets.

The Escambia County Public Schools Foundation for Excellence, Inc.
Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Board Designated Net Assets

In October 1990, the Board of Directors internally designated ten percent of all contributions received, except those exempted by specific Board action. These unrestricted net assets have been placed in a special fund as a reserve for future expenses. These funds and invested earnings will accumulate in a separate account for a period of not less than ten years from the date of the establishment of this policy.

Contributions that will be exempted by Board policy are funds to support recognition banquets or other public events, Partners in Education funds, contributions for purchases of supplies and/or equipment for specific schools, and other contributions such as grants which may be exempted by majority vote of the Board. As of June 30, 2018, the Foundation held \$22,500 in cash designated for future expenses as presented in the accompanying statement of financial position.

Income Taxes

The Foundation is a tax-exempt organization as described under Internal Revenue Code Section 501(c)(3). Therefore, no provision for taxes has been made in the financial statements. Contributions to the Foundation qualify for the charitable contribution deduction under Section 170 of the Internal Revenue Code.

Date of Management's Review

In preparing the financial statements, the Foundation's management has evaluated subsequent events and transactions for potential recognition or disclosure through November 7, 2018, which is the date the financial statements were available to be issued.

NOTE 3: CERTIFICATES OF DEPOSIT

At June 30, 2018, the Foundation had \$273,345 of monies in three certificates of deposit at two local financial institutions. The carrying value of these certificates is based on cost which approximates fair market value. Terms of these investments are for 6 to 12 months with automatic renewals, maturing July through October 2018, with interest earned at rates of 0.05%.

NOTE 4: PROMISES TO GIVE

Unconditional promises to give are reported at net realizable value if, at the time the promise is made, payment is expected to be received in one year or less. Unconditional promises to give that are expected to be collected in more than one year are reported at the fair value which is materially the same as the carrying amount. At June 30, 2018, amounts that are estimated to be collected in one year or less totaled \$1,400.

**The Escambia County Public Schools Foundation for Excellence, Inc.
Notes to Financial Statements**

NOTE 5: AVAILABLE CREDIT

The Foundation has a credit card through a local bank with a limit of \$10,000. As of June 30, 2018, the Foundation had a balance of \$871 on the credit card.

NOTE 6: CONCENTRATIONS

The Foundation maintains bank accounts that are insured by the Federal Deposit Insurance Corporation (FDIC), which provides coverage up to \$250,000 per bank. The Foundation has cash balances on deposit at June 30, 2018 that exceed the balance insured by the FDIC.

The Foundation's services are funded primarily through the involvement of the local business community, grants from Take Stock in Children, and area organizations in coordination with the Escambia County School District. The Foundation's ability to provide the same level of services is dependent on the continued funding from these sources.

NOTE 7: IN-KIND SUPPORT

In-kind support is summarized as follows:

Year ended June 30,	2018
Salaries and benefits	\$ 35,761
Office expense	9,360
Supplies	4,782
	<u>\$ 49,903</u>

These non-cash amounts were recognized as donations and as general and administrative expenses for the year ended June 30, 2018. The assistant administrator's salary, insurance benefits, and office expenses are provided by the District.

NOTE 8: FEES FOR TEMPORARILY RESTRICTED ACCOUNTS

Effective July 1, 2018, the Foundation will assess a \$25 one-time fee on all restricted accounts that are open as of July 1, 2018. Going forward, the Foundation will charge a 3% fiscal agent fee on all new deposits and donations designated for restricted fund accounts. In addition to the above fiscal agent fee, if a deposit or donation is made with a debit or credit card, the Foundation will charge a minimum of 4% convenience fee, not to exceed 5%.

The Escambia County Public Schools Foundation for Excellence, Inc.
Notes to Financial Statements

NOTE 9: RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available as detailed below for the purposes established by each donor or program:

<i>As of June 30,</i>	2018
Programs	
Professional Learning Workshops	\$ 33,342
Quintessential Training	25,655
Workforce - Fire Fighter - PFHS	25,514
Grants for Excellence	25,036
Workforce - Criminnal Justice - EHS	22,428
Laptop Computers	14,543
Athletics	7,173
Social Studies	6,340
Community Involvement	5,880
Wendy's Golden Apple Academy	5,782
Workforce - ECE Academies	5,502
Positive Behavior Support	5,294
Others (Less than \$5,000 individually)	62,402
Total Programs	244,891
Schools	
West Florida HS - Cox and GP Academies	50,965
3 Year Old Pre-K	39,000
Superintendent - Superintendent's Circle	23,654
Workman Orchestra	23,328
Cordova Park Elementary School	12,635
Scenic Heights Main Acct	12,442
Roy Hyatt Environmental Serv	12,091
United Way	11,424
Global Learning Main	10,281
Technology	6,750
WHS Tennis	6,429
Cook Elementary Main Acct	6,343
Success Academy	5,626
Early Learning	5,429
Tate High Main Acct	5,023
Others (Less than \$5,000 individually)	104,644
Total Schools	336,064
Total Temporarily Restricted Net Assets	\$ 580,955



Other Information

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 Board of Directors and Members
The Escambia County Public Schools Foundation for Excellence, Inc.
Pensacola, Florida

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 Escambia County Public Schools Foundation for Excellence, Inc. ("the Foundation"), a nonprofit organization, 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, and have issued our report thereon dated November 7, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation'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 Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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. We did identify a deficiency in internal control, identified as control number 2015-001 in the accompanying table that we consider to be a significant deficiency.

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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation'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*.

Foundation's Response to Findings

The Foundation's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Foundation's response was not subject 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 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
November 7, 2018

**The Escambia County Public Schools Foundation for Excellence, Inc.
Internal Control Findings**

CONTROL NUMBER	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
2015-001	SD	Revenues and Bank Reconciliations	As a result of its limited staff size and turnover, the Foundation may not always be able to fully segregate incompatible accounting duties such as cash collection, preparation of deposits, recording transactions in QuickBooks, and reconciling bank accounts. The Foundation has improved documentation and processing of cash receipts; however, additional improvements and oversight are recommended.	We recommend the Foundation continue building internal control measures to reduce the risk of error or misappropriation. These measures could include items such as: 1) submitting monthly or quarterly statements to entities that have temporarily restricted equity account balances; 2) ensuring receipts are maintained using a chronological numbering system/log for all funds received and deposited, and 3) having a board member or other employee not responsible for any cash functions review, date, and initial each monthly bank statement and reconciliation.	We recognize certain duties are not always sufficiently segregated because of our limited staff size and change in staffing; however, we are continuing efforts to improve internal control measures such as those suggested. At a minimum, the Foundation's Board will continue providing increased monthly oversight of accounting and financial reporting as a mitigating control.