

**DESOTO COUNTY  
EDUCATION FOUNDATION, INC.  
(A COMPONENT UNIT OF THE DISTRICT SCHOOL  
BOARD OF DESOTO COUNTY, FLORIDA)  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**DESOTO COUNTY EDUCATION FOUNDATION, INC.**  
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**JUNE 30, 2019**

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# Wicks, Brown, Williams & Co., CPA's LLP

140 S. Commerce Avenue, Sebring, Florida 33870-3601  
(863) 382-1157 • Fax: (863) 382-4507

Charles F. Wicks, C.P.A. (1911 - 1996)  
J. Richard Brown, C.P.A. (1940 - 1997)  
W. Bruce Stratton, C.P.A., Retired  
Cheryl M. Williams, C.P.A., P.A.  
C. Mark Cox, C.P.A., P.A.  
John W. Davis, C.P.A., P.A.  
Charles P. Cox, C.P.A., P.A.

April D. Harris, C.P.A.

Lake Placid  
(863) 699-5544

Okeechobee  
(863) 763-2354

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
DeSoto County Education Foundation, Inc.  
Arcadia, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of DeSoto County Education Foundation, Inc. (a nonprofit organization), a component unit of the DeSoto County District School Board, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the DeSoto County Education Foundation, Inc.'s basic financial statements as listed in the table of contents.

### *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 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 of 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.

DeSoto County Education Foundation, Inc. (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of DeSoto County Education Foundation, Inc., as of June 30, 2019, and the respective changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2019, on our consideration of DeSoto County 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 the effectiveness of DeSoto County Education Foundation, Inc.'s 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 DeSoto County Education Foundation, Inc.'s internal control over financial reporting and compliance.



Wicks, Brown, Williams & Co., CPA's LLP  
Sebring, Florida

November 8, 2019

**DESOTO COUNTY EDUCATION FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019**  
**(UNAUDITED)**

As management of the DeSoto County Education Foundation, Inc. (Foundation), we offer the readers of the Foundation's financial statements this narrative overview and analysis of the financial activities of the Foundation for the fiscal years ended June 30, 2019 and 2018.

**Overview of the Financial Statements**

The Foundation meets the criteria in Government Auditing Standards Board (GASB) Statement 14, as amended, for being reported as a component unit of the District School Board of DeSoto County. As explained in Note 1 of the Notes to Financial Statements, the Foundation is a not-for-profit organization and uses enterprise fund accounting and financial reporting for purposes of complying with the requirements of GASB Statement 34. Required financial statements for enterprise funds are described below:

The *Statement of Net Position* presents information on all assets, liabilities and net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial condition of the Foundation is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information showing how the Foundation's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the event occurs, regardless of the timing of related cash flows.

The *Cash Flow Statement* presents all increases and decreases in cash and cash equivalents during the fiscal year. This statement also includes a reconciliation of income (or loss) from operations to net cash provided (or used) by operating activities.

**Financial Analysis**

As noted above, net position may serve over time as a useful indicator of a government's financial position. The assets of the Foundation exceeded its liabilities at June 30, 2019 and 2018 by \$425,066 and \$406,871 respectively. These amounts represent the Foundation's net position at June 30, 2019 and 2018. Of total net position, \$49,328 and \$42,774, respectively, are unrestricted for an increase of \$6,554 and may be used to meet the Foundation's obligations. At June 30, 2019 and 2018, the Foundation had \$375,738 and \$364,097, respectively, for an increase of \$11,641 to net position restricted by donors or grants.

The Foundation has no capital assets. In addition, the Foundation has no long-term debt.

**DeSoto County Education Foundation Inc.'s Net Position**

	<b>2019</b>	<b>2018</b>	<b>Increase (Decrease)</b>
Total assets	\$ 425,066	\$ 406,871	\$ 18,195
Total liabilities	-	-	-
Net position:			
Restricted	375,738	364,097	11,641
Unrestricted	49,328	42,774	6,554
Total net position	\$ 425,066	\$ 406,871	\$ 18,195

**DeSoto County Education Foundation, Inc.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019**  
**(UNAUDITED)**

Total net position for the year ended June 30, 2019 increased by \$18,195 from the prior year. The increase of \$6,554 in the unrestricted portion of net position for the year ended June 30, 2019 was due largely to an increase in unrestricted donations to fund general and administrative expenses. The increase in restricted net position of \$11,641 for the year ended June 30, 2019 was primarily due to donations received for future scholarships being higher than the amounts paid out during the year.

**DeSoto County Education Foundation Inc.'s Changes in Net Position**

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
<b>Revenues:</b>			
Contributions	\$ 71,522	\$ 78,286	\$ (6,764)
Contributions - scholarships	41,846	36,292	5,554
Nonoperating - interest income	1,540	2,470	(930)
<b>Total revenues</b>	<u>114,908</u>	<u>117,048</u>	<u>(2,140)</u>
<b>Expenses:</b>			
Program expenses:			
Scholarships	30,205	42,038	(11,833)
Grant awards	8,500	33,450	(24,950)
Donations to schools	16,142	3,835	12,307
Backpack project	-	13,061	(13,061)
Family literacy	15,335	18,503	(3,168)
General and administrative	26,531	24,145	2,386
<b>Total expenses</b>	<u>96,713</u>	<u>135,032</u>	<u>(38,319)</u>
Change in net position	18,195	(17,984)	36,179
Net position - beginning of year	406,871	424,855	(17,984)
Net position - end of year	<u>\$ 425,066</u>	<u>\$ 406,871</u>	<u>\$ 18,195</u>

Total revenues decreased from the prior year by \$2,140. Total expenses decreased from the prior year by \$38,319. The key elements of these changes are as follows:

- In 2019, the Foundation's total combined contributions to benefit students, restricted and unrestricted, decreased \$1,210. The major decrease is comprised of a decrease of \$5,000 in contributions, which is due mainly to not receiving the grant from the Florida Literacy Coalition, as well as event support decreased \$2,500. In the current year, several new scholarships were established, with donations of \$5,100.
- In 2019, the Foundation's overall expenses decreased \$38,319. This decrease is primarily comprised of three items: a decrease of \$11,833 in scholarships paid out, a decrease of \$13,061 from funds that were designated for the Backpack project contributed in the prior year to All Faith Food Bank's food pantry mission, and a decrease of \$3,168 for family literacy grant.

**DESOTO COUNTY EDUCATION FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019**  
**(UNAUDITED)**

The Foundation is not required to legally adopt a budget; therefore, no budgetary information is included.

This financial report is designed to provide a general overview of the Foundation's finances for all those interested in the Foundation's finances. Questions concerning the information provided in this report or requests for additional information should be addressed to the Executive Director, The DeSoto County Education Foundation, Inc., P.O. Box 1903, Arcadia, FL 34265.

**DESOTO COUNTY EDUCATION FOUNDATION, INC.**  
STATEMENT OF NET POSITION  
JUNE 30, 2019

**Assets:**

Cash and cash equivalents - unrestricted	\$ 44,339
Cash and cash equivalents - restricted	<u>380,727</u>
Total assets	<u>425,066</u>

**Net Position:**

Restricted for scholarships:	
Expendable	368,594
Nonexpendable	2,000
Restricted for grants/projects	5,144
Unrestricted	<u>49,328</u>
Total net position	<u>\$ 425,066</u>

The accompanying notes are an integral part of the financial statements.



**DESOTO COUNTY EDUCATION FOUNDATION, INC.**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2019**

<b>Operating Revenues:</b>	
Contributions	\$ 71,522
Contributions - scholarships	41,846
Total operating revenues	<u>113,368</u>
<b>Operating Expenses:</b>	
Program expenses:	
Scholarships	30,205
Grant awards	8,500
Donations to schools	16,142
Family literacy	<u>15,335</u>
Total program expenses	70,182
General and administrative	<u>26,531</u>
Total operating expenses	<u>96,713</u>
Income from operations	<u>16,655</u>
<b>Nonoperating Revenues (Expenses):</b>	
Interest income	<u>1,540</u>
Total nonoperating revenues (expenses), net	<u>1,540</u>
Change in net position	18,195
<b>Total Net Position - beginning of year</b>	<u>406,871</u>
<b>Total Net Position - end of year</b>	<u><u>\$ 425,066</u></u>

The accompanying notes are an integral part of the financial statements.

**DESOTO COUNTY EDUCATION FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

<b>Cash Flows From Operating Activities:</b>	
Cash receipts from contributions, grants, and fees	\$ 113,368
Payments to scholarship recipients	(30,205)
Payments to vendors for other program expenses	(39,977)
Payments to vendors for general and administrative expenses	(26,531)
Net cash provided by operating activities	<u>16,655</u>
 <b>Cash Flow From Investing Activities:</b>	
Interest income	<u>1,540</u>
Net cash provided by investing activities	<u>1,540</u>
Net increase in cash and cash equivalents	18,195
<b>Cash and Cash Equivalents - beginning of year</b>	<u>406,871</u>
<b>Cash and Cash Equivalents - end of year</b>	<u><u>\$ 425,066</u></u>
 <b>Classified As:</b>	
Unrestricted cash and cash equivalents	\$ 44,339
Restricted cash and cash equivalents	<u>380,727</u>
Total cash and cash equivalents	<u><u>\$ 425,066</u></u>
 <b>Reconciliation of Income from Operations to Net Cash Provided by Operating Activities:</b>	
Income from operations	\$ 16,655
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Change in assets and liabilities:	
Net cash provided by operating activities	<u><u>\$ 16,655</u></u>

The accompanying notes are an integral part of the financial statements.

**DESOTO COUNTY EDUCATION FOUNDATION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The DeSoto County Education Foundation, Inc. (“Foundation”), a not-for-profit corporation, was established on May 19, 1997. Its purpose is to focus the private sector upon enhancing the quality of and support for public education.

**Reporting Entity**

The Foundation provides specific financial benefits to the School District. Under the criteria established in Governmental Accounting Standards Board (GASB) 14, as amended, the Foundation is a component unit of the District School Board of Desoto County (School District).

**Basis of Presentation**

The Foundation, being a component unit of a local government, has elected to prepare its financial statements in accordance with accounting standards established by the GASB. In accordance with the provisions of GASB 34 as amended, the Foundation uses enterprise fund accounting and financial reporting. For financial reporting purposes, the Foundation is presented as a stand alone enterprise fund.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The financial statements of the Foundation are reported using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time the liability is incurred.

The basic financial statements required for enterprise funds by GASB 34 are a statement of net position or a balance sheet; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. The Foundation consists of only one fund.

The Foundation distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with the Foundation’s principal ongoing operations. The principal operating revenues of the Foundation are contributions and grant activities. Operating expenses are those costs incurred in connection with Foundation programs and general and administrative costs. All revenues and expenses not meeting the above criteria are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Foundation’s policy to use restricted resources first, then unrestricted resources as they are needed.

The Foundation is not required to legally adopt a budget; therefore, no budgetary information is included.

**Cash and Cash Equivalents**

For the purpose of the Statement of Cash Flows, the Foundation considers cash and cash equivalents to be cash on hand, cash in banks, and all highly liquid investments with an initial maturity of three months or less when acquired, including restricted cash.

**DESOTO COUNTY EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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.

**Income Tax Status**

The Foundation is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code and, has been classified as an organization other than a private foundation. Therefore, no provisions for federal or state income tax are included in these financial statements.

**Net Position**

Net position is divided into three categories:

- *Investment in capital assets* – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding and was used to finance those assets of which the Foundation has none at June 30, 2019.
- *Restricted net position* – consist of amounts constrained to specific purposes by their providers (such as grantors and contributors), through grant agreements or contributor restrictions.
- *Unrestricted* – all other net position are reported in this category.

**NOTE 2 – CONCENTRATION OF CREDIT RISK**

**Cash**

Custodial credit risk is the risk that in the event of a bank failure, the Foundation’s deposits may not be returned to it. The Foundation maintained deposits in a single financial institution, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC), which is \$250,000. As of June 30, 2019, the Foundation’s uninsured cash balances totaled \$192,558. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks related to deposits.

Cash and cash equivalents at June 30, 2019, including restricted amounts, consists of:

Demand deposits	\$ 175,066
Certificates of deposit	<u>250,000</u>
Total cash and cash equivalents	<u><u>\$ 425,066</u></u>

**NOTE 3 – RELATED PARTY TRANSACTIONS**

As described in Note 1, the Foundation is a component unit of the DeSoto County District School Board. Because the operations of the Foundation and the School District are so closely interrelated, the grant activities for Foundation grants are performed by the School District and then reimbursed by the Foundation. During the year, the Foundation reported expenses of \$36,288 that the School District incurred for a voluntary prekindergarten program, literacy program, and grant related program expenses.

**DESOTO COUNTY EDUCATION FOUNDATION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 4 – RESTRICTED CASH AND CASH EQUIVALENTS**

Restricted cash and cash equivalents represent contributions received that were restricted by the donor for scholarships to be awarded or grant activity.

**NOTE 5 – RESTRICTED NET POSITION**

Restricted net position restricted for scholarships represents funds received from various donors for scholarship programs. The \$2,000 nonexpendable portion is a permanent fund, the income of which is to be used to purchase trophies for the outstanding male and female athletes. The funds restricted for grants/projects must be used in accordance with its corresponding contract or agreement.

**NOTE 6 – COMMITMENTS**

At June 30, 2019, the Foundation has awarded but not paid \$42,975 of scholarships. These scholarship payments will be funded from restricted cash and recorded as expenses at the time the student provides the required documentation for the payment of the award.

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Okeechobee  
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## INDEPENDENT AUDITOR'S 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*

Board of Directors  
DeSoto County 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 business-type activities of DeSoto County Education Foundation, Inc. (a non-profit organization), a component unit of the DeSoto County District School Board, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated November 8, 2019.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the DeSoto County Education 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.


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 the DeSoto County Education Foundation Inc.'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*.

**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 Foundation'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
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Wicks, Brown, Williams & Co., CPA's LLP  
Sebring, Florida

November 8, 2019