

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

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

**Financial Statements**

**June 30, 2019**



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

[CRIcpa.com](http://CRIcpa.com)



**The Escambia County Public Schools Foundation for Excellence, Inc.**  
**Table of Contents**  
**June 30, 2019**

**REPORT**

Independent Auditors' Report 1

**FINANCIAL STATEMENTS**

Statement of Financial Position 3

Statement of Activities 4

Statement of Functional Expense 5

Statement of Cash Flows 6

Notes to Financial Statements 7

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* 13

## **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, 2019, and the related Statements of Activities, Functional Expenses 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, 2019, 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.

### **Emphasis of Matter**

As discussed in Note 2 to the financial statements, management has adopted Financial Accounting Standards Board ASU 2016-14, Not-for-Profit Entities (Topic 958); this new standard requires changes to be made in how net assets are classified based on Donor restrictions and has added multiple new disclosures. Our opinion is not modified with respect to that matter.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2019 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 solely 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

October 23, 2019

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

*June 30,* **2019**

---

**Assets**

Cash	\$	377,842
Certificates of deposit		273,345
Accounts receivable		25,618
Promises to give		554
Property and equipment, net		255
<hr/>		
Total assets	\$	677,614
<hr/>		

**Liabilities and Net Assets**

Liabilities

Accounts payable	\$	782
<hr/>		

Net assets:

Without donor restrictions		160,168
With donor restrictions		516,664
<hr/>		
Total net assets		676,832
<hr/>		
Total liabilities and net assets	\$	677,614
<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, 2019</i>	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>Support and revenue</b>			
Contributions and grants	\$ 590,062	\$ 88,900	\$ 678,962
In-kind support	44,791	-	44,791
Event and other support income	78,519	-	78,519
Interest income	294	-	294
Net assets released from restrictions	153,191	(153,191)	-
<b>Total support and revenue</b>	<b>866,857</b>	<b>(64,291)</b>	<b>802,566</b>
<b>Expenses</b>			
Program services			
Educational grants	97,310	-	97,310
School enrichment	139,007	-	139,007
Take Stock In Children (TSIC)	311,461	-	311,461
Educational enhancements	214,438	-	214,438
<b>Total program services</b>	<b>762,216</b>	<b>-</b>	<b>762,216</b>
Supporting services			
General and administrative	80,233	-	80,233
<b>Total expenses</b>	<b>842,449</b>	<b>-</b>	<b>842,449</b>
<b>Change in net assets</b>	<b>24,408</b>	<b>(64,291)</b>	<b>(39,883)</b>
<b>Net assets - beginning of year</b>	<b>135,760</b>	<b>580,955</b>	<b>716,715</b>
<b>Net assets - end of year</b>	<b>\$ 160,168</b>	<b>\$ 516,664</b>	<b>\$ 676,832</b>

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

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

*Year ended June 30, 2019*

	Program Services					Supporting Services	
	Educational Grants	School Enrichment	Take Stock in Children	Educational Enhancements	Total		
					Program Services	Management and General	Total
Donated payroll and benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,791	\$ 44,791
Contract labor	-	-	102,470	-	102,470	9,760	112,230
Grants	97,310	-	-	-	97,310	-	97,310
Professional fees	-	-	-	-	-	16,150	16,150
Depreciation	-	-	-	-	-	255	255
Direct teacher/student support	-	139,007	-	214,438	353,445	-	353,445
Event costs	-	-	-	-	-	2,706	2,706
Insurance	-	-	-	-	-	1,759	1,759
Memberships	-	-	-	-	-	2,594	2,594
Scholarships	-	-	208,991	-	208,991	-	208,991
Supplies	-	-	-	-	-	1,580	1,580
Travel	-	-	-	-	-	308	308
Other	-	-	-	-	-	330	330
<b>Total</b>	<b>\$ 97,310</b>	<b>\$ 139,007</b>	<b>\$ 311,461</b>	<b>\$ 214,438</b>	<b>\$ 762,216</b>	<b>\$ 80,233</b>	<b>\$ 842,449</b>

*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>	<b>2019</b>
<b>Operating activities</b>	
Change in net assets	\$ (39,883)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation expense	255
Change in operating assets and liabilities:	
Accounts receivable	165
Prepaid expenses	2,494
Promises to give	846
Accounts payable	(2,199)
<b>Net cash provided by operating activities</b>	<b>(38,322)</b>
<b>Net increase in cash</b>	<b>(38,322)</b>
<b>Cash at beginning of year</b>	<b>416,164</b>
<b>Cash at end of year</b>	<b>\$ 377,842</b>

*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*

The Foundation reports gifts of cash and other assets with donor restrictions when they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Net assets are primarily released from donor restrictions when donor-imposed purpose restrictions are satisfied.

Amounts uncollected are recorded as program receivables. When the collectability of a receivable becomes questionable, an allowance is established. At June 30, 2019, 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, 2019. In the opinion of management, all promises to give as included in contributions receivable are collectable. No allowance for uncollectable contributions is provided.

When applicable, 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
------------------------	-------------

***Functional Expenses and Management Allocations***

Salaries and other expenses that are associated with a specific program are charged directly to that program. Salaries and other expenses that benefit more than one program are allocated to the various programs based on each program's volume of activity relative to the specific expense. For the year ended June 30, 2019, management did not allocate any donated payroll or benefits to program services.

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

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Net Assets***

Net Assets without Donor Restrictions - These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest and dividends from operating investments, less expenses incurred in providing program-related services, and performing administrative functions.

Net Assets with Donor Restrictions - These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or purpose of the restriction is accomplished. The Foundation's net assets with donor restrictions consist of funds totaling \$516,664 at June 30, 2019.

***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 October 23, 2019, which is the date the financial statements were available to be issued.

***New Accounting Pronouncement***

During the year ended June 30, 2019, the Foundation adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 – Not-for-Profit Entities: Presentation of Financial Statements of Not-for Profit Entities (ASU 2016-14). This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. As a result of implementing this pronouncement, certain net asset amounts have been reclassified relating to donor restrictions.

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

**NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Foundations primary sources of support are contributions and grants. The following table reflects the Foundations financial assets as of June 30, 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, charitable remainder trusts, and annuities.

June 30,	2019
Cash	\$ 377,842
Certificates of deposit	273,345
Accounts receivable	25,618
Promises to give	554
	677,359
Contractual or donor-imposed restrictions:	
Cash restricted by donors to specific uses	(516,664)
	\$ 160,695

**NOTE 4: CERTIFICATES OF DEPOSIT**

At June 30, 2019, 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 2019, with interest earned at rates from 0.05% to 0.20%.

**NOTE 5: 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, 2019, amounts that are estimated to be collected in one year or less totaled \$554.

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

**NOTE 6: AVAILABLE CREDIT**

The Foundation has a credit card through a local bank with a limit of \$10,000. As of June 30, 2019, the Foundation had a balance of \$782 on the credit card.

**NOTE 7: 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, 2019 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 8: IN-KIND SUPPORT**

In-kind support is summarized as follows:

Year ended June 30,	<b>2019</b>
Salaries and benefits	\$ 35,431
Office expense	9,360
	<u>\$ 44,791</u>

These non-cash amounts were recognized as donations and as general and administrative expenses for the year ended June 30, 2019. The assistant administrator's salary, insurance benefits, and office expenses are provided by the District.

**NOTE 9: FEES FOR RESTRICTED ACCOUNTS**

Effective July 1, 2018, the Foundation assessed 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 10: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available as detailed below for the purposes established by each donor or program:

<i>As of June 30,</i>	<b>2019</b>
<b>Programs</b>	
Laptop Computers	\$ 28,443
Grants for Excellence	13,732
Professional Learning Workshops	11,946
Quintessential Training	11,718
Workforce Fire Fighters - PFHS	10,709
Athletics	9,349
Workforce - ECE Academies	8,681
Workforce Criminal Justice - EHS	7,908
Community Involvement	6,958
Scholarship	6,773
Social Studies	6,580
Wendy's Golden Apple Academy	5,757
Kids Tag Art	5,696
Others (Less than \$5,000 individually)	61,601
<b>Total Programs</b>	<b>195,851</b>
<b>Schools</b>	
WFHS Cox and GP Academics	46,774
3 year-old Pre-K	40,843
Superintendent's Circle	21,584
Scenic Heights Main Acct	13,546
United Way	11,399
Global Learning Main	10,780
Roy Hyatt Environmental Serv	9,677
Workman Orchestra	9,615
Cordova Park Elementary School	7,809
Cook Elementary Main Acct	7,773
WHS Basketball	7,447
Technology	6,725
WHS Tennis	6,404
Brown-Barge Main Acct	6,340
Reg Sci & Engr Fair	6,042
Early Learning	5,344
Others (Less than \$5,000 individually)	102,711
<b>Total Schools</b>	<b>320,813</b>
<b>Total net assets with donor restrictions</b>	<b>\$ 516,664</b>



# 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, 2019, and the related statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 23, 2019.

**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 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 over financial reporting 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 have not been identified. We did identify one deficiency in internal control that we consider to be a material weakness, as defined above. See the accompanying Internal Control Findings Schedule for the material weakness identified.

### **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  
October 23, 2019

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

CONTROL NUMBER	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
2019-001	MW	Revenue and Expense Recognition for Restricted Activities	As part of the financial close process, certain errors were made in reporting revenues and expenses associated with restricted programs. The amounts were originally recorded directly in equity accounts. These closing entry errors caused contribution and grant revenues and related program expense accounts to be materially misstated.	We recommend the Foundation continue building internal control measures to reduce the risk of errors in recording revenues and expenses that originate in equity accounts.	We are adding increased oversight with the addition of an Executive Director which we anticipate will help reduce the amount and frequency of year-end audit adjustments.